



光大证券
EVERBRIGHT SECURITIES

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

2021 Annual Report



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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 12th meeting of the sixth session of the Board of the Company. The number of Directors that should attend the Board meeting was 13 and the number of Directors having voted at the Board meeting was 13. None of the Directors or Supervisors has made any objection to this report.
- III. Unless otherwise specified, the financial data disclosed in this report are prepared in accordance with the International Financial Reporting Standards and have been audited by Ernst & Young, who then issued a standard unqualified audit report thereon. Unless otherwise stated, the financial data set out in this report are denominated in RMB.
- IV. Yan Jun, the person-in-charge of the Company and Liu Qiuming, the person-in-charge of accounting affairs, and Mou Haixia, the head of accounting department, declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this annual report.
- V. The profit distribution proposal or proposal on transfer of capital reserve into share capital reviewed by the Board for the Reporting Period

The Company's profit distribution proposal for 2021 that was considered and approved at the 12th 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, 2021, a cash dividend of RMB2.28 per 10 shares (tax inclusive) is proposed to be distributed to all holders of A Shares and H Shares, with total cash dividend amounting to RMB1,051,259,581.69. The above distribution proposal will be submitted before the general meeting of the Company for consideration and is subject to the approval by the Company's shareholders at the general meeting before implementation.

- VI. Forward-looking statements included in this report, including future plans and development strategies, do not constitute substantial commitment of the Company to investors. Investors should be reminded of the investment risk.
- VII. There was no appropriation of funds on a non-recurring basis by the Company's controlling shareholders or their related parties during the Reporting Period.
- VIII. The Company has not provided any external guarantees in violation of the prescribed decision-making procedures during the Reporting Period.
- IX. The Company prepared this annual report in both English and Chinese versions. In the event of any discrepancies in interpretation between the English version and Chinese version, the Chinese version shall prevail.

SECTION I DEFINITIONS AND WARNING OF MATERIAL RISKS

I. Definitions

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

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 cash flows
AUM	Assets under management
Board, Board of Directors	the board of Directors of the Company
CDR	China Depository Receipt
China or PRC	the People's Republic of China excluding, for the purpose of this annual report, Hong Kong, Macau and Taiwan
CMBN	Commercial mortgage-backed notes
collateralized stock repurchase	a transaction in which a qualified borrower pledges his shares or other securities held as collaterals to obtain financing funds from a qualified lender, and agrees to repay the funds on a future date to release the pledge
Company, our Company, the parent company or Everbright Securities	Everbright Securities Company Limited (光大證券股份有限公司)
connected transaction(s)	has the meaning ascribed to it under the Hong Kong Listing Rules currently in effect and as amended from time to time
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
EBSHK	Everbright Securities Financial Holdings Limited (光大證券金融控股有限公司), a wholly-owned subsidiary of the Company
EBSIHK	Everbright Securities International (HK) Limited, a wholly-owned subsidiary of EBSHK
ETF	exchange-traded fund
Everbright Asset Management	Shanghai Everbright Securities Asset Management Co., Ltd. (上海光大證券資產管理有限公司), a wholly-owned subsidiary of the Company

SECTION I DEFINITIONS AND WARNING OF MATERIAL RISKS

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

SECTION I DEFINITIONS AND WARNING OF MATERIAL RISKS

IFRS	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by 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 all the collateral from the clients of margin financing and securities lending business (including the amount of cash and the market value of securities held in margin securities account) to the margin balance of clients (the sum of the amount of margin loans purchased, the latest market value of securities lent and any accrued interest and fees)
margin financing and securities lending	provision of collateral by investors to securities firms to borrow funds for securities purchases (margin financing) or to borrow and sell securities (securities lending)
MOF	Ministry of Finance of the PRC (中華人民共和國財政部)
MOM	manager of managers, an asset management investment tool
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 2021 (January 1, 2021 to December 31, 2021)
SAFE	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
Sci-tech Innovation Board	the science and technology innovation board launched by the Shanghai Stock Exchange
SFC	the Securities and Futures Commission of Hong Kong

SECTION I DEFINITIONS AND WARNING OF MATERIAL RISKS

SFO	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
SHKC	Sun Hung Kai & Co. Limited, a connected person of the Company at subsidiary level during the Reporting Period
SSE	Shanghai Stock Exchange
Supervisor(s)	the supervisor(s) of the Company
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 units.

II. Warning of Material Risks

The Company has described in detail of the risks that it may be exposed to in this report. Please refer to the relevant statements in "VII. Management 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.

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. Company Information

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

Registered capital and net capital of the Company:

	As at December 31, 2021	<i>Unit: RMB</i> As at December 31, 2020
Registered capital	4,610,787,639.00	4,610,787,639.00
Net capital	44,011,986,210.00	40,337,555,050.59

Business scope of the Company:

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

Qualification of each of the businesses of the Company:

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

II. Contact Person and Information

Secretary to the Board and Representative of Securities Affairs

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

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

III. Basic Information

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

IV. Information Disclosure and Place of Inspection

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

V. Information on the Company's Shares

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

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

Increase of registered capital in 2002

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

Restructuring into a joint stock company in 2005

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

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

Increase of registered capital in 2007

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

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

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

Private placement of A Shares in 2015

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

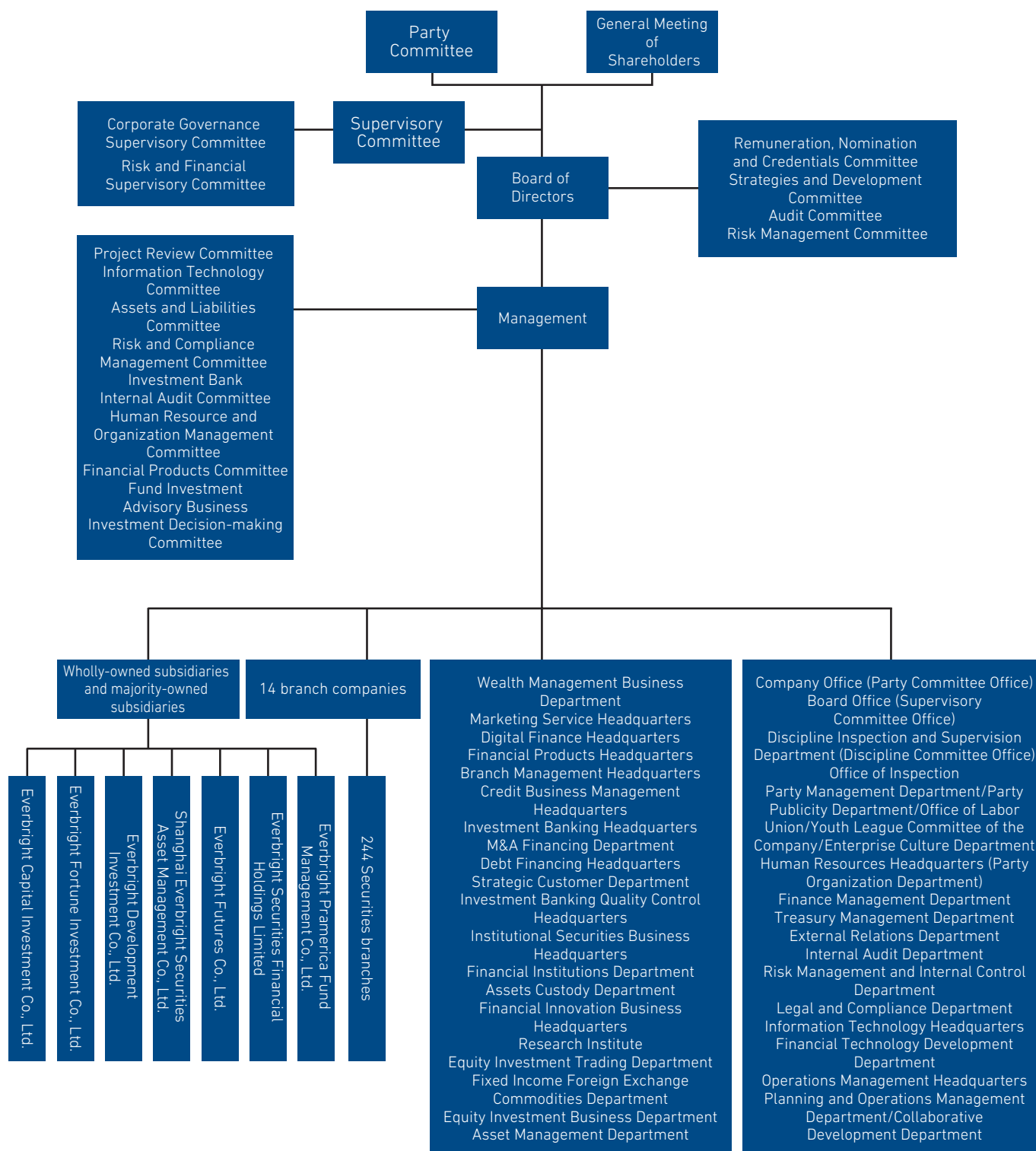
Public offering of H Shares and listing on the Hong Kong Stock Exchange in 2016

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

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(II) ORGANIZATION STRUCTURE

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



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

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

Name	Registered Capital	Shareholding Percentage	Registered Address	Date of Establishment	Person in Charge and Contact Number
Everbright Futures	RMB1.5 billion	100%	6th Floor, No. 729, Yanggao South Road, China (Shanghai) Pilot Free Trade Zone	April 8, 1993	Wen Minggang (聞明剛) 021-80212288
Everbright Asset Management	RMB200 million	100%	26th Floor, Tower 3, No. 799, Yanggao South Road, China (Shanghai) Pilot Free Trade Zone	February 21, 2012	Xiong Guobing (熊國兵) 021-22169999
Everbright Fortune	RMB2 billion	100%	Rooms 801-803, No. 1508 Xinzha Road, Jing'an District, Shanghai	September 26, 2012	Yu Huinan (于薈楠) 021-68815586
EBSHK	HK\$5.065 billion	100%	12/F, Everbright Centre, 108 Gloucester Road, Wan Chai, Hong Kong	November 19, 2010	Li Mingming (李明明) 852-39202828
Everbright Development	RMB500 million	100%	Room 209, Western District, Level 2, No. 707 Zhangyang Road, China (Shanghai) Pilot Free Trade Zone	June 12, 2017	Chen Hu (陳濤) 021-22167121
Everbright Pramerica	RMB160 million	55%	6th Floor, Tower One, BFC, No. 558 Zhongshan East Second Road, Huangpu District, Shanghai	April 22, 2004	Liu Xiang (劉翔) 021-80262888
Everbright Capital	RMB4 billion	100%	8th Floor, No. 1508 Xinzha Road, Jing'an District, Shanghai	November 7, 2008	Guo Yongjie (郭永潔) 021-61061986

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

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

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VII. Other Relevant Information

Accounting firm engaged by the Company (Domestic):	Name	Ernst & Young Hua Ming LLP (Special General Partnership)
	Business address	Level 16, Ernst & Young Tower, Oriental Plaza, No.1 East Chang'an Avenue, Beijing, China
	Name of signatory accountants	Wang Ziqing (王自清), Chen Qi (陳奇)
Accounting firm engaged by the Company (International):	Name	Ernst & Young
	Business address	22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
	Name of signatory accountants	Leung Shing Kit
Domestic legal advisor:	King & Wood Mallesons	
International legal advisor:	Clifford Chance	
A Share Registrar:	China Securities Depository and Clearing Corporation Limited, Shanghai Branch	
H Share Registrar:	Computershare Hong Kong Investor Services Limited	

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	2021 (RMB' 000)	2020 (RMB' 000)	Variance as compared to the last corresponding period	2019 (RMB' 000)
Operating results				
Revenue and other income	21,897,834	21,033,981	4.11%	15,352,397
Profit before income tax	4,668,206	3,998,811	16.74%	1,218,853
Net profit attributable to shareholders of the Company	3,484,332	2,334,078	49.28%	567,945
Net cash from (used in) operating activities	(3,483,986)	13,255,982	(126.28)%	29,000,071
	(RMB/share)	(RMB/share)		(RMB/share)
Earnings per share				
Basic earnings per share	0.72	0.50	44.00%	0.12
Diluted earnings per share	0.72	0.50	44.00%	0.12
Profitability indicator				
Weighted average return on net assets	6.43%	4.74%	Increased by 1.69 percentage points	1.20%

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Item	As of December 31, 2021 (RMB' 000)	As of December 31, 2020 (RMB' 000)	Variance as compared to the last corresponding period	As of December 31, 2019 (RMB' 000)
Scale indicators				
Total assets	239,107,601	228,736,384	4.53%	204,090,347
Total liabilities	180,512,339	175,541,283	2.83%	155,071,539
Accounts payable to brokerage clients	70,224,000	60,102,708	16.84%	45,710,991
Equity attributable to shareholders of the Company	57,865,595	52,448,880	10.33%	47,444,725
Total equity of owners	58,595,262	53,195,101	10.15%	49,018,808
Total share capital ('000 shares)	4,610,788	4,610,788	–	4,610,788
Net assets per share attributable to shareholders of the Company (RMB/share) ^{Note 1}	11.47	10.94	4.84% Decreased by 3.16 percentage points	10.29
Gearing ratio ^{Note 2}	65.30%	68.46%		69.05%

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

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

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

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

Unit: Yuan Currency: RMB

Item	As at the end of the Reporting Period	As at the end of last year
Core net capital	39,011,986,210.00	38,337,555,050.59
Subordinate net capital	5,000,000,000.00	2,000,000,000.00
Net capital	44,011,986,210.00	40,337,555,050.59
Net assets	59,759,332,945.86	54,730,159,173.85
Provisions for risk capital	15,503,193,167.50	14,258,287,766.18
On-balance sheet and off-balance sheet assets	159,231,623,926.31	155,526,085,434.03
Risk coverage ratio (%)	283.89	282.91
Capital leverage ratio (%)	26.29	26.24
Liquidity coverage ratio (%)	244.46	209.17
Net stable funding ratio (%)	155.69	164.25
Net capital/Net assets (%)	73.65	73.70
Net capital/Liabilities (%)	46.85	41.45
Net assets/Liabilities (%)	63.61	56.24
Value of proprietary trading of equity securities and equity derivatives/Net capital (%)	8.22	25.27
Value of proprietary trading of non-equity securities and non-equity derivatives securities/Net capital (%)	149.17	166.95

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. In order to conform with relevant requirements, the preparation basis of part of the items in the financial statements for the current period has been adjusted as compared with that for the same period last year. Accordingly, the amounts of part of the items at the beginning of the period have been adjusted to meet the preparation basis requirements for the year.

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

SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

1. Profitability information

RMB: million

	2021	2020	2019	2018	2017
Revenue and other income	21,897.8	21,034.0	15,352.4	13,482.6	14,761.2
Total expenses	17,296.3	17,125.0	14,209.0	13,154.8	10,766.9
Profit before income tax	4,668.2	3,998.8	1,218.9	305.4	4,077.7
Profit for the year – attributable to shareholders of the Company	3,484.3	2,334.1	567.9	103.3	3,016.5

2. Asset information

RMB: million

	As of December 31, 2021	As of December 31, 2020	As of December 31, 2019	As of December 31, 2018	As of December 31, 2017
Total assets	239,107.6	228,736.4	204,090.3	205,779.0	205,864.4
Total liabilities	180,512.3	175,541.3	155,071.5	157,021.2	155,841.7
Accounts payable to brokerage clients	70,224.0	60,102.7	45,711.0	35,965.9	41,060.3
Equity attributable to shareholders of the Company	57,865.6	52,448.9	47,444.7	47,203.0	48,575.9
Total share capital	4,610.8	4,610.8	4,610.8	4,610.8	4,610.8

3. Key financial indicators

	2021	2020	2019	2018	2017
Basic earnings per share (RMB)	0.72	0.50	0.12	0.02	0.65
Diluted earnings per share (RMB)	0.72	0.50	0.12	0.02	0.65
Weighted average return on net assets	6.43%	4.74%	1.20%	0.21%	6.26%
Gearing ratio	65.30%	68.46%	69.05%	71.29%	69.65%
Net assets per share attributable to shareholders of the Company (RMB/share)	11.47	10.94	10.29	10.24	10.54

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) Principal business during the Reporting Period

In 2021, by adhering to the leadership of the Party, the Company continued to enhance its capability to serve the development of real economy by focusing on its principal business of brokerage and promoted the rolling optimization of medium and long-term strategies, gradually improved the business synergy ecosystem, contributing to a solid and effective internal and external collaboration, strict risk compliance and control strengthening, and making the Company's competition advantages observable gradually. The Company also accelerated the transformation and upgrading of traditional business, and made breakthroughs in innovative business, achieving the year-on-year growth of main financial indicators. During the Reporting Period, the Company was awarded AA rating in A class again and shortlisted in the first batch of regulatory "white list" of the CSRC, and obtained Class-A appraisal in the assessment on the practice of cultural construction of securities firms. During the Reporting Period, the Company recorded a revenue of RMB21.9 billion, representing a year-on-year increase of 4% and a net profit attributable to shareholders of the parent company of RMB3.5 billion, representing a year-on-year increase of 49%.

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	2021				2020			
	Segment revenue		Segment expenses		Segment revenue		Segment expenses	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Wealth management business segment	13,847,394	63%	10,495,767	61%	11,491,984	55%	9,295,703	54%
Corporate financing business segment	2,161,079	10%	978,460	6%	2,341,644	11%	1,106,753	6%
Institutional customer business segment	1,269,805	6%	375,706	2%	1,199,059	6%	422,160	2%
Investment trading business segment	(11,385)	0%	483,230	3%	2,575,134	12%	574,109	3%
Asset management business segment	1,925,245	9%	865,178	5%	2,236,931	11%	1,043,960	6%
Equity investment business segment	1,220,468	6%	1,921,350	11%	(467,451)	(2)%	2,485,254	15%

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 2021, this business segment achieved revenue of RMB13.8 billion, accounting for 63% of the Group's total revenue.

Market environment

In 2021, the A-share market showed structural differentiation as evidenced by SSE Index rising by 4.8%, the CSI 300 Index falling by 5.2%, and the ChiNext Price Index rising by 12%. The securities trading volume and activity in the market continued to increase as reflected by the annual turnover of over RMB256 trillion; the average daily turnover of stock bases of RMB1.1 trillion, a year-on-year increase of 25%. The rapid growth of the product scale of professional institutions such as mutual funds and private funds was driven by the continuous inflow of foreign capital and enhanced transformation of wealth management of securities companies, which boosted the growth of the scale of and income from financial products sold by securities companies on a commission basis. In 2021, the balance of margin financing and securities lending in the entire market continued to grow. As of the end of 2021, the balance of margin financing and securities lending in the entire market was RMB1,832.191 billion, an increase of 13.17% from the end of 2020. Among them, the margin financing balance was RMB1,712.051 billion, an increase of 15.52% from the end of 2020; the securities lending balance was RMB120.140 billion, a decrease of 12.30% from the end of 2020. The scale of stock pledge business in the entire market continued to decline.

In 2021, the national futures market continued to experience growth. According to statistics from the China Futures Association, in 2021, the accumulated trading volume and the accumulated turnover in the national futures market recorded a year-on-year increase of 22% and 33%, respectively. Customers' equity reached RMB1,184.734 billion as at the end of the period, a year-on-year increase of 43.65%.

Affected by the increase of stamp duty and industrial policies, the Hang Seng Index closed at 23397.67 points at the end of 2021, representing a 14.1% decline.

SECTION III REPORT OF THE BOARD

Operational measures and performance

(1) Retail business

In 2021, the Company carried out the retail business to accelerate the transformation of the wealth management and established the “financial product system, asset allocation system and securities investment and advisory system” to create core competitiveness for the transformation.

Throughout the year of 2021, the Company has been promoting the transformation and development of the retail business. Firstly, the Company actively built the “Golden Sunshine” service brand and launched three service brands of Golden Sunshine housekeeper, Golden Sunshine investment consulting and Golden Sunshine configuration, to develop a “N+1+1+1” service system, and promote investment advisory information, investment advisory consultancy, investment portfolios, live streaming on investment advisory and other wealth services. Secondly, the Company carried out targeted marketing strategy for the enhancement of marketing organization, with a focus on three tasks of expanding customers for capital increase, product sales and professional investors. The Company paid close attention to the market opportunities and developed key businesses by carrying out marketing activities such as “Wining at the Beginning” and “Striving for the Best”. Thirdly, the Company implemented the account opening project to achieve coordinated linkage. The Company has jointly promoted the “110+ Plan” with China Everbright Bank and launched “Cloud Sharing” and “Benefit Sharing” and other innovative activities to continuously improve efficiency of customer base expansion. Fourthly, the Company improved the professionalism and strengthened the assessment to promote the transformation of the marketing team, and accelerated the recruitment, cultivation and assessment of wealth managers to eliminate inefficient manpower. The Company also carried out research and study of professional skills, practice and competition through a series of competition and training projects such as “Light Source Classroom”, “Special Training Camp for A-level Staff” and “Camp of Core Competence Forging for Regional Wealth Director”, so as to accelerate the cultivation of professional marketing team, thus improving quality and efficiency. Fifthly, the mechanism optimization and management upgrading promoted the implementation of the reform plan of branch management system, and continuously improved the efficiency of network, personnel and operation. Sixthly, the fund investment advisory pilot qualification was officially approved, laying a foundation for in-depth promotion of professional investment advisory services.

The Company was awarded the “Top Ten ETF Sellers” of SSE in 2021. Branch at Wucheng Main Street, Chengdu, Branch at Sanbei West Street, Cixi and Branch at Hongfu Road, Nancheng, Dongguan were awarded the “Top 100 ETF Branches” of SSE in 2021. The Company’s Golden Sunshine APP was awarded the “Best Professional Intelligent Service APP of the Year” of the 7th Brokerage App Billboard.

As all the amount of proxy sales of products, products under management and customer coverage of the Company recorded an effective year-on-year increase, the transformation of the wealth management business continuously achieved effects. In 2021, the sales amount of the mutual funds (non-monetary funds) increased by 22% year-on-year, and the sales amount of equity private products increased by 127% year-on-year. The sales amount of financial products was RMB47.4 billion, a year-on-year increase of 21%. According to the statistics of the Asset Management Association of China as at the end of 2021, the total scale of the stock + hybrid mutual funds of the Company was RMB20.3 billion and the total scale of mutual funds in the non-monetary market was RMB21.7 billion. The Company actively developed broker settlement products for mutual funds, and issued 13 settlement products of public securities companies in total, with a total amount of RMB15.4 billion.

As of the end of 2021, the Company’s market share (including seat leasing) of net income from securities trading on behalf of customers ranked the 16th in the market, the same as the end of 2020. 730,000 new accounts were opened throughout the year, an increase of 35% year-on-year. The total number of customers reached 4.81 million, an increase of 17% from the end of 2020, and customers’ total assets increased to RMB1.43 trillion.

SECTION III REPORT OF THE BOARD

(2) Margin financing and securities lending business

In 2021, the Company's margin financing and securities lending business actively seized market opportunities to strengthen its regional marketing, established a multi-factor pricing mechanism and strictly controlled the business concentration, and continuously optimized the business structure to maintain the growth of business scale. As of the end of 2021, the Company's margin financing and securities lending balance was RMB45.038 billion, an increase of 3.20% from the end of 2020. Among them, the margin financing balance was RMB43.962 billion. As at the end of 2021, the maintenance margin ratio of the Company's margin financing and securities lending business was 276.25%.

(3) Stock pledge business

In 2021, in respect of the stock pledge business, the Company strictly controlled the quality of projects to resolve existing risks. As of the end of 2021, the Company's stock pledge balance was RMB3.658 billion, a decrease of 39.01% from the end of 2020, of which, the balance of the Company's own funds was RMB1.784 billion, a decrease of 56.74% from the end of 2020. The weighted average performance guarantee ratio of the Company's stock pledge projects was 97.49%, while the weighted average performance guarantee ratio of self-funded projects was 125.64%.

(4) Futures brokerage business

The Company mainly develops future brokerage business through its wholly-owned subsidiary, Everbright Futures. In 2021, Everbright Futures firmly seized opportunities in market expansion, adhered to the institutional development strategy, and unswervingly advanced towards the orientation of business innovation and transformation. Customer interests continued hiking and the market share recorded new highs. Everbright Futures has been awarded the Excellent Member Gold Award issued by Dalian Commodity Exchange for the four consecutive years, and won 3 individual awards for OTC market construction, agricultural product service and option market service; Everbright Futures has been accredited as the Excellent Member of the Year by Zhengzhou Commodity Exchange for the five consecutive years and received 14 commendations, including industrial services, institutional services and excellent risk management companies; Everbright Futures has won the Excellent Investment and Research Team Award issued by Shanghai Futures Exchange for the two consecutive years.

In 2021, Everbright Futures achieved an average daily margin of the customers of RMB21.6 billion, an increase of 99.63% year-on-year; and a market share of 2.61% in trading volume, an increase of 0.17 percentage points from the end of 2020. With the original omission of serving the real economy, it helps enterprises control price risk through warehouse receipt services and OTC options. In 2021, the trading volume of Everbright Futures represented 1.56%, 1.86%, 3.58%, 4.10% and 1.34%, respectively, of the total trading volume of China Financial Futures Exchange, Shanghai Futures Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange and the Energy Center. The cumulative market share of stock options trading of Everbright Futures in SSE was 2.21%.

(5) Overseas wealth management and brokerage business

The Company develops overseas wealth management and brokerage business through its Hong Kong subsidiary. By upholding the core service concept of customer-oriented, in 2021, Hong Kong subsidiaries continued to deepen customer hierarchical management and provide customers with diversified product platforms and professional wealth management services. The Company was awarded several prizes, such as the prize for outstanding wealth and stock management platform of financial institutions by the Bloomberg Businessweek/Chinese Version, "2021 Junding Award in China Securities Industry" – Junding Award for China Securities Industry Hong Kong Stock Broker, and the Best Hong Kong Broker in The Asset.

SECTION III REPORT OF THE BOARD

As of the end of 2021, the total number of overseas securities brokerage customers was 142,000, a year-on-year increase of 3.65%, of which the number of high-net-worth customers was 10,000, a year-on-year increase of 8.80%. According to the Hong Kong Stock Exchange, the market share of Hong Kong stock brokerage business was 0.34%, down 0.07 percentage points from the end of 2020.

Outlook for 2022

In 2022, the Company is committed to building an integrated wealth business platform. The retail business will speed up the implementation of the "Ten Million Customer Project" and promote the transformation and upgrading of wealth management focusing on the efficiency of stock assets, institutional brokerage business and asset management fees. The Company will enrich the product system by giving play to the value of fund investment consulting business, and improve the breadth and depth of the optimal public and private product pools; more efforts will be made to acquire customers through online high-quality channels, and coordinate to expand the customer base; the Company will continue to promote the asset allocation business of "Golden Sunshine 30" and improve the professional service ability of the investment advisory team. The risk control of margin financing and securities lending business will be strengthened through the extensive application of technological means to concentrate on institutional customers, high-quality customers and small and medium-sized customers, thus constantly improving the professional service level and customer experience. The stock pledge business will serve the Company's core customers through continuously improving the comprehensive service ability and fully meeting the financing needs of small and medium-sized enterprises. Everbright Futures will launch an online platform for marketing to serve industrial, institutional and retail customers. It will be immersed in research services and industrial services, and take advantage of its professional value as a risk management subsidiary to promote innovative business and optimize risk management business. Overseas wealth management business will carry out platform integration, improve management efficiency, promote cross-border collaboration and enhance customer stickiness.

2. Corporate financing business segment

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

In 2021, the business segment achieved business income of RMB2.2 billion, accounting for 10% of the Company's total revenue.

Market environment

In 2021, the reformation on registration system made steady progress. The establishment of Beijing Stock Exchange and the market maker system in Science and Technology Innovation Board brought increase to investment banking business. As of the end of 2021, the total amount of equity funds raised in the A-share market was RMB1.82 trillion, representing a year-on-year increase of 7.82%; the number of IPOs increased compared with 2020. The amount of IPO funds raised was RMB535.146 billion, representing a year-on-year increase of 13.87%.

In 2021, the bond underwriting amount of securities firms was RMB15.23 trillion, representing a year-on-year increase of 12.53%. Default events in the bond market continued to show the trend of spreading, further increasing the difficulty of bond underwriting business; in view of the intensifying market competition, the underwriting fee rate continued to decline; bond resources were further concentrated among top securities firms, resulting in the increasingly obvious echeloned ranking of bond underwriting amount.

SECTION III REPORT OF THE BOARD

Operational measures and performance

(1) Equity financing business

In 2021, the Company accelerated professional transformation on the investment banking sector, newly established the manufacturing finance department and emerging industry financing department and made in-depth industry research, to facilitate business development. The Company deep plowed the main area such as Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area, focused on strategic emerging industries and high-quality technological innovation enterprises, and provided high-quality investment banking services. In 2021, the Company completed 14 IPO programs and 6 refinancing programs, including programs with market influence such as the IPO of Three Gorges Energy, “the leading enterprise in the new energy power generation”, and non-public offering of shares by China Eastern Airlines. The Company was granted the “Junding Award for China Securities Industry All-round Investment Bank” and “Junding Award for China Securities Industry Growth Enterprise Market Investment Bank” by the “2021 Junding Award in China Securities Industry”.

In 2021, the Company recorded total equity underwriting amount of RMB17.777 billion, an increase of 2.96% year-on-year, of which IPO financing scale was RMB11.645 billion, an increase of 7.17% year-on-year. The number of the main equity underwriters was 23 (excluding exchangeable corporate bonds); the Company had abundant projects in its pipeline, with 18 IPOs being reviewed by official supervision organs, and sufficient refinancing and M&A reserve projects.

(2) Debt financing business

In 2021, the Company closely followed policy guidance when conducting debt financing business, continued to consolidate the underwriting strength of superior varieties and enhanced financing innovation. The Company undertook several products that are the first in the market, such as the first mutual REITs on water in the PRC, the first ABN program on state subsidy tariffs as well as the first corporate bond on technological entrepreneurship of central enterprise groups. The Company continued to optimize business structure by increasing the proportion of local government bonds, asset securitization and other varieties, and won the “2021 Outstanding and Dedicated Institution – Non-Bank Underwriters for Local Bond”. By underwriting several green bonds, including the first batch of corporate bonds on carbon neutrality in the PRC and green panda notes on rural revitalization and the first batch of corporate bonds on carbon neutrality on stock exchanges in the PRC, the Company actively responded to the call of the government and performed our obligation of supporting the development of green finance. The Company took the initiative in underwriting carbon neutral special bonds, and contributed to the issue of 17 carbon neutrality special financing bonds by its clients, including the carbon neutrality bonds of China Huaneng Group. The Company was awarded the “Outstanding Underwriter for Local Government Bonds in 2021” and “Outstanding Bond Broker” by the Shanghai Stock Exchange, and the “Outstanding Interest Rate Bond Underwriter” and “Outstanding Institution in Fixed Income Business Innovation in 2020” by the Shenzhen Stock Exchange. It was also awarded the Best Bond Underwriter Award, the Excellence Award of the Best Credit Bond Underwriter, the Best Asset-Backed Securities Underwriter, and the Best ABN Underwriting Award and other honors in the selection of 2021 Wind Best Investment Banks.

SECTION III REPORT OF THE BOARD

In 2021, the number of underwriting projects for corporate bonds was 1,132, representing a year-on-year slight decrease. The underwriting amount was RMB363.133 billion, with a market share of 3.21%, ranking 9th in the industry. Among them, the underwriting amount of asset securitization business was RMB86.6 billion, ranking 9th in the industry; the underwriting amount of local government bonds was RMB78.661 billion, ranking 8th in the industry. The Company ranked 4th in the industry in terms of revenue from corporate bonds where the Company acted as the lead underwriter in 2021, up 1 place over 2020.

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

Type of bonds	Underwriting amount (RMB100 million)	Number of issued projects	Industry ranking
Interbank products (including medium-term notes, short-term financing bonds and private placement notes)	530.41	158	5
Corporate bonds	807.63	186	11
Asset securitization	866	138	9
Non-policy financial bonds	603.21	53	12
Local government bonds	786.61	397	8
Others	29.73	9	/

(3) Overseas investment banking business

The Company conducts its overseas investment banking business mainly through its Hong Kong subsidiary. In 2021, the Hong Kong subsidiary maintained high business growth in the debt capital market and completed 41 overseas bond underwriting projects during the year, sharply jumping 7 places to 12th in the ranking of Chinese-funded securities firms in the Hong Kong market by a third-party agency. In addition, the Hong Kong subsidiary also completed 7 IPO underwriting projects in H-share market and 3 financial consulting projects.

(4) Financial leasing business

The Company conducts its finance lease business mainly through Everbright Leasing, a majority-owned subsidiary of the Company. In 2021, Everbright Leasing adhered to professional operations and actively carried out business transformation to serve the real economy. In 2021, a total of 15 new projects had been launched, with a total investment of RMB1.05 billion in financial leasing business.

Outlook for 2022

In 2022, in terms of equity financing business, the Company will increase project reserves, deepen its operation in key areas, seize the opportunity in the “three new economy” and conduct in-depth research on industries. It will also take IPO business as the core and steadily accumulate experience in refinancing, mergers and acquisitions and restructuring projects, so as to gradually achieve balanced business development. The Company will continue to enhance practice quality, further strengthen the construction of pricing and sales capabilities of investment bank, and consolidate the foundation of investment bank project pricing to improve its issuance and sales of investment bank projects following market rules. The Company will continue to expand the coverage of its debt financing business, dig into strategic customers, and seize market opportunities with its business innovation capabilities. It will also continue to consolidate the underwriting strength of superior varieties and achieve the balanced development of major varieties. Meanwhile, it will promote the implementation of business models of “investment banking + commercial banks”, “investment banking + investment” and “investment banking + platforms” through coordinated empowerment. In terms of finance leasing business, the Company will continue to deepen the business transformation and keep stable asset scale.

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, overseas institutional sales business and financial innovation business.

In 2021, the business segment realized revenue of RMB1.3 billion, accounting for 6% of the Group's total revenue.

Market environment

In 2021, the seat trading commission increased significantly because of the great growth in the scale of commissions from mutual funds. As the competition for institutional trading business was increasing, the strategic layout and tactical play of each securities firm tend to diversify. The investment research ability is still the core competitiveness and the advantages of leading companies were highlighted. The total management scale of private equity institutions continued to improve, and the issuance scale of broker settlement products for mutual funds increased substantially. The Company increased the number of subsidiaries engaged in bank wealth management and increased investment in product net value, transaction execution, asset allocation management and other aspects and further expanded the development space for prime brokerage business. Institutional customers put forward increasingly higher requirements on the professional, personalized and diversified services of brokers, OTC derivatives business gradually became the important competition area of institutional business.

Operational measures and performance

(1) Institutional trading business

In 2021, the Company was devoted to building service brand of Everbright through further exploring investment research service, optimizing product portfolio, providing multi-channel development and service for professional institutional investors, extracting value from key customers and consolidating traditional business advantages in serving mutual fund and insurance asset management sectors. In 2021, the income from institutional trading business of the Company increased substantially, in which the income from seat commission recorded a year-on-year increase of 28.05%, the income from mutual fund seat commission recorded a year-on-year increase of 32.99%. The market share of seat commission was 2.91%, representing a decrease of 0.47 percentage points as compared to the end of 2020.

(2) Prime brokerage business

In 2021, for commercial banks and wealth management subsidiaries, private equity institutions and trust and other financial institutions, the Company provided one-stop integrated financial services based on trading system, investment research, fund-raising, capital intermediary and FOF/MOM investment extended with other services to create the prime brokerage service brand. As of the end of 2021, the Company had cumulatively cooperated with a total of 1,229 private equity institutions, representing an increase of 10.22% compared with that of the end of 2020, and introduced a total of 3,641 PB products, representing an increase of 18.52% compared with that of the end of 2020. There were 1,943 existing PB products, representing an increase of 15.59% compared with that of the end of 2020.

SECTION III REPORT OF THE BOARD

(3) Asset custody and outsourcing business

In 2021, the Company focused on its principal business as a securities company, and further developed the custody and outsourcing business targeting private equity investment funds. It continued to make use of the effect of custody and outsourcing business to attract customers and actively seek for cooperation opportunities in the area of mutual fund, private equity fund and trust scheme and expand quality customers group and consolidate the outsourcing business on the trust service to gradually build a brand of mutual fund custodian. The Company further improved its risk control, security assurance, operational capabilities and professional standards of asset custody and outsourcing business, and passed certification of International Standard on Assurance Engagements (ISAE) 3402. As of the end of 2021, the scale of private equity fund outsourcing services of the Company amounted to RMB99.1 billion, representing an increase of 114.97% compared with that of the end of 2020. The scale of fund custodian amounted to RMB48.2 billion, representing an increase of 598.55% compared with that of the end of 2020. The scale of trust share registration services amounted to RMB225.8 billion, representing an increase of 14.45% compared with that of the end of 2020. In 2021, the Company had 11 new mutual funds under custody, with a total amount of RMB2.6 billion.

(4) Investment research business

In 2021, adhering to the positioning of “research- first” in the investment research business, the Company developed seven special research direction guided by “three new economies”. Adhering to closely integrating new development concept with research planning, the Company strengthened the research guiding of capacity, organized and planed a series of thematic studies on carbon neutrality and new energy vehicle industry chain, which closely focused on policy priorities and market hot spots like new energy vehicles, common prosperity, Sino-US relations, carbon neutrality, Beijing Stock Exchange. The Company held 1 big online strategy meeting for investors and 1,023 phone meetings, published 4,914 research reports and provided 15,127 services for institutional clients including 15,204 roadshows and anti-roadshows and 516 inspections. As of the end of 2021, the Company researched and followed 643 A share-listed companies and 161 overseas listed companies, with an increasing market influence.

(5) Overseas institutional trading business

In 2021, the institutional client business from Hong Kong subsidiaries continued to enhance the promotion of investment research service, preliminarily realized synergistic effect of mutual empowerment between institutional client business and wealth management business. It formed a diversified interactive environment and further cooperation with fund companies through putting quality fund products on the wealth management platform to build business ecology circles.

(6) Financial innovation business

In 2021, the Company established the head office on the financial innovation business. With exchange-traded and off-exchange-traded derivative financial instruments as the starting point, the Company built a financial ecosystem of institutional customers with professional and systematic quality services, deeply met the demands of institutional customers and other customers, steadily carried out return swaps and OTC options business, constantly optimized the product structure, and met the diversified demands of customers. The Company continued to optimize the exchange option market maker business, increase market maker quotation and dynamic hedging management, and actively undertook the obligations of market maker for the Shanghai Stock Exchange 50ETF options, the Shanghai and Shenzhen Stock Exchanges 300ETF options and market maker of CSI 300ETF stock index options of China Financial Futures Exchange.

SECTION III REPORT OF THE BOARD

Outlook for 2022

In 2022, the institutional trading business continues to deeply explore key customers values, expand the coverage of customers, facilitate coordination and linkage of internal business and improve the level of institutional customer service. For the prime brokerage business, the Company will continue to explore the client demands of commercial banks and wealth management subsidiaries, private funds, trusts companies and listing companies, integrate the resources of trading, research, fund-raising, capital intermediary and other comprehensive resources to form closed-loop services covering extensive financial customers. For the asset custodian business, the Company will continue to focus on the expansion of the custody and outsourcing services for private equity investment funds, mutual funds and other securities products and explore the outsourcing business of standard product trust and family trust and business opportunities for cooperation with peer securities firms to achieve intensification in funds operation. The investment research business will focus on the core business, continue to build a special research area, improve the coverage rate of institutional customers and promote research ability and market influence. The financial innovation business will boost the efforts in increasing the investment in system construction, continue to enrich the product type, enhance hedging transaction ability, give full play to the synergy of the company's multiple business lines and improve comprehensive service ability to customers.

4. Investment trading business segment

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

In 2021, the business segment realized income of RMB-11 million.

Market environment

Since 2021, sectors of the domestic equity market have rotated frequently, featuring an obvious industry differentiation. During the year, SSE Composite Index recorded an increase of 4.8% and CSI 300 Index recorded a decrease of 5.2%. Bond market was greatly affected by the liquidity, policy anticipation and other factors, with the yield rate tapering towards the end of the year and the fluctuation of yield rate curve moving down, and term spread and credit spread narrowing. The yield rate at the end of year hit an annual low and a record low over the past 10 years.

Operational measures and performance

(1) Proprietary equity investment business

In 2021, for the proprietary equity investment business, the Company mainly focused on directional investment, continuously improved the investment and research system, promoted the optimization of business model, and reinforced the foundation for the allocation of diversified assets. However, due to the impact of the market downturn, the expected revenue target was not realized.

(2) Proprietary fixed income investment business

In 2021, for the proprietary fixed income investment business, the Company implemented sound investment strategy in a volatile market and recorded satisfactory investment returns; on the premise of strengthening the research, the Company also moderately increased the investment scale of convertible bonds (mainly in finance) to improve portfolio flexibility. Meanwhile, the Company paid attention to prevent risk, consolidated the ability of credit evaluation and strictly implemented the whitelist system. The Company actively and properly participated in infrastructure REITs and other innovative varieties, studied financing through derivatives portfolios and other innovative over-the-counter financing models, and expanded floating income receipts and other structured financial products.

SECTION III REPORT OF THE BOARD

Outlook for 2022

In 2022, the Company will continue to enhance investment research capabilities, decision-making capabilities and management capabilities for the proprietary equity investment business, actively promote the transformation of business model, and reduce the reliance of portfolio returns on the market direction based on the Company's risk appetite, decrease the drawdown and volatility and improve the performance stability. The Company will continue to stabilize investment performance for proprietary fixed income investment business, improve investment scale timely, make investment layouts scientifically and choose the right time to allocate investments in medium-long term.

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 2021, the business segment realized income of RMB1.9 billion, accounting for 9% of the Group's total revenue.

Market environment

2021 is the last year for the implementation of new regulations on asset management. The securities asset management industry has been undergoing continuous adjustment and transformation. The scale of the products under active management grew steadily, and the industry was gradually returning to the origin of asset management business. The securities firms were actively establishing asset management subsidiaries, applying for the qualification of mutual funds management business and accelerating the public offering transformation of massive collective products. The competition in the asset management industry will be further intensified under the trend of unified regulatory rules in the future. As of the end of December 2021, the AUM of mutual funds amounted to RMB25.56 trillion, excluding ETF feeder funds, representing an increase of 15.03% from the end of 2020. The explosive growth of the scale of equity funds drove the continuous overall growth of the mutual funds.

Operational measures and performance

(1) Asset management business

The Company mainly conducts asset management business through its wholly-owned subsidiary, Everbright Asset Management. In 2021, Everbright Asset Management adhered to the "customer-centric" operational philosophy, continuously expanded its investment strategies, diversified its product lines and vigorously developed institutional business. It made every effort to promote the public offering transformation of massive collective products and complete the rectification according to new regulations on asset management. During the year, it had an aggregate of 14 massive collective products approved by regulators, with the public offering transformation rate ranking top in the industry. Meanwhile, Everbright Asset Management enhanced its active management capabilities, increased its efforts in product research and development and issuance, and achieved the steady growth of the scale of assets under active management. In 2021, Everbright Asset Management was awarded the "2021 Golden Bull Prize for the Collective Securities Assets Manager" (2021金牛券商集合資產管理人), the "Three-year Hybrid Golden Bull Asset Management Plan" (三年期混合型金牛資管計劃), the "Junding Award for Asset Management Plan on Fixed-income Assets" for the securities industry in China (中國證券業固收資管計劃君鼎獎), the "Junding Award for Asset Management Team of Fixed-income Assets" for the securities industry in China (中國證券業資管固收團隊君鼎獎), etc.

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As of the end of 2021, the total AUM of Everbright Asset Management amounted to RMB374.679 billion, representing an increase of 60.38% from the end of 2020, of which the assets under active management amounted to RMB338.6 billion and the scale of the assets under active management accounted for 90.3% in the total AUM, representing an increase of 15.8 percentage points from the end of 2020. According to the statistics released by the Asset Management Association of China, as of the end of 2021, the monthly average private equity assets under active management of Everbright Asset Management amounted to RMB267.317 billion, ranking 6th among all securities firms.

(2) Funds management business

In 2021, Everbright Pramerica has strengthened its cooperation with agencies, and expanded various cooperative channels, to support the issuance of equity products. It has launched 7 new equity products in 2021, including Everbright Ruiying, with a raising scale of RMB11.4 billion. It has been actively promoting the construction of retail channel to accelerate the launch of retail products. To enhance product layout, Everbright Pramerica has designed and developed various types of mutual securities investment funds and wealth management products for special accounts. It constantly improves its investment and research capabilities to create high-performance products. As of the end of 2021, Everbright Pramerica has managed 67 mutual funds and 35 products for special accounts under management and the total AUM amounted to RMB108.9 billion. The AUM of mutual funds amounted to RMB97.9 billion, the size of mutual funds excluding currency wealth management was RMB77.2 billion, and the size of stocks and hybrid funds are RMB29.3 billion, representing an increase of 35.6% from the end of 2020.

(3) Overseas asset management

As of the end of 2021, the assets under active management of the overseas asset management business amounted to HK\$2.807 billion, representing a year-on-year increase of 15%. Our star product, Everbright Income Focus Fund, obtained Five Stars Rating both in overall rating and three-year rating by Morningstar, Inc.

Outlook for 2022

In 2022, Everbright Asset Management will continue to promote the public offering transformation and the application of qualification of mutual funds management; strengthen channel construction, fully tap the potential of synergy; make increasing efforts to investment and research and prepare for the public offering transformation in channel, system, product and other areas, to develop Everbright Asset Management brand with extraordinary investment performance. Everbright Pramerica will expand product pool, speed up the design and launch of equity-type and "fixed-income+" products; deeply focus on retail and institutional channel, strengthen the investment and research team building and the application of financial technology, so as to improve investment performance and cultivate star fund manager and famous funds with huge popularity in the market. The overseas asset management business will continue to strengthen investment and research capabilities, diversify product lines and consolidate product investment performance.

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 2021, the business segment realized income of RMB1.2 billion, accounting for 6%.

Market environment

In 2021, the private equity investment fund market showed the trend of continuous growth. The fund-raising was fully accelerating. The growth rate of the number and scale of recorded funds was recovering. Medical health, IT and informatization and high-end manufacturing remained investment hotspots. Meanwhile, the amount and number of energy investment cases continue to increase driven by the relevant policy of "carbon neutrality". Benefited from the steady operation of IPO on the Sci-tech Innovation Board and the ChiNext stock market, the withdrawal end showed a steady trend. With the opening of Beijing Stock Exchange, the construction of transfer platform for private equity share and mature development of S fund, the withdrawal channel became more diversified. The increasing withdrawal rate motivated the continuous recovery of fund-raising and investment and the industry entered into a virtuous circle.

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 2021, for direct investment projects and existing fund business, Everbright Capital continued to take measures to rectify such business according to the regulatory requirements and strengthened post-investment management of the existing investment projects, properly facilitate risks solving and addressing. Everbright Development continued to improve internal management system and enhance management effectiveness and refined level, and guaranteed the stable operation of existing products. It steadily advanced the withdrawal of projects.

(2) Alternative investment business

The Company mainly conducts alternative investment business through its wholly-owned subsidiary, Everbright Fortune. Everbright Fortune actively monitored market situation and orderly proceeded relevant business on follow-up investment in the Sci-tech Innovation Board and direct equity investment 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 of projects. It actively attended the strategic placing on the Sci-tech Innovation Board of the Company. As of the end of 2021, it has completed follow-up investment in nine companies on the Sci-tech Innovation Board.

Outlook for 2022

In 2022, Everbright Capital will continuously strengthen risk control and compliance management, adhere to prudent and stable operation, enhance post-investment management of existing direct investment and fund business to ensure legal and compliant operations. Everbright Development will strengthen internal coordination, explore and promote investment funds in new energy infrastructure and carbon neutrality fields. Everbright Fortune will steadily advance strategic placing investment projects in the Sci-tech Innovation Board and ChiNext stock market, and actively expand equity investment and other businesses; focus on excellent enterprises with core competitiveness in key areas; continue to provide value-added services to investees with the advantages of securities brokerage platform.

SECTION III REPORT OF THE BOARD

(II) 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, 2021, Everbright Futures had total assets, net assets and net profit for 2021 amounting to RMB27.979 billion, RMB2.404 billion and RMB340 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, 2021, Everbright Asset Management had total assets, net assets and net profit for 2021 amounting to RMB3.720 billion, RMB2.922 billion and RMB668 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, 2021, Everbright Capital had total assets, net assets and loss for 2021 amounting to RMB2.870 billion, RMB-2.976 billion and RMB534 million, respectively.

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

As of December 31, 2021, Everbright Fortune had total assets, net assets and loss for 2021 amounting to RMB2.033 billion, RMB1.907 billion and RMB66 million, respectively.

5. Everbright Securities Financial Holdings Limited is a company with limited liability incorporated under the laws of Hong Kong with a registered capital of HK\$5.065 billion on November 19, 2010, and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding and financial services with China Everbright Securities International Limited (formerly known as Everbright Sun Hung Kai Company Limited) as the main operational and management platform. As of December 31, 2021, under IFRs measures, China Everbright Securities International Limited had total assets of HK\$8.49 billion and net assets of HK\$3.24 billion, and net profit in 2021 of HK\$289 million.

As of December 31, 2021, Everbright Securities Global Limited (光大證券環球有限公司) (formerly known as Everbright Securities (International) Limited), the other subsidiary of EBSHK, under IFRs measures, had total assets of HK\$1.756 billion and net assets of HK\$337 million, and a loss of HK\$117 million in 2021.

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, 2021, Everbright Development had total assets, net assets and net profit for 2021 amounting to RMB1.284 billion, RMB597 million and RMB15 million, respectively.

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

As of December 31, 2021, Everbright Leasing had total assets, net assets and net profit for 2021 amounting to RMB2.887 billion, RMB1.247 billion and RMB37 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, 2021, Everbright Pramerica had total assets, net assets and net profit for 2021 amounting to RMB1.559 billion, RMB1.206 billion and RMB163 million, respectively.

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

As of December 31, 2021, Dacheng Fund had total assets, net assets and net profit for 2021 amounting to RMB4.820 billion, RMB2.869 billion and RMB389 million, respectively.

SECTION III REPORT OF THE BOARD

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

Despite the effects of the pandemic, floods, surging commodity prices and various short-term factors in 2021, China's economy maintained the momentum of steady development. According to the National Bureau of Statistics, China's GDP expanded 8.1% year on year and 5.2% on average in two years with the CPI jumping 0.9% year on year. While achieving accelerated economic recovery, China maintained the general stability of consumer prices, leaving spaces for structural adjustments to its policies. With monetary and fiscal policies prioritizing "autonomy" and stability, China implemented precision regulation and maintained fairly steady marginal loosening operation on liquidity when major countries initiated tight policies. As a result of the PPI maintaining at a high level, the increasingly cooling down of the property industry, the regional reoccurrence of the pandemic and other structural problems since the second half of the year, the pressures on steady growth increased and the profitability of enterprises started to decline.

The CSRC fully practiced the concept of "system establishment, non-intervention and zero tolerance" and guided intermediary institutions to better serve real economies and support SMEs, technology innovation and green development. On the one hand, the institutional regulation was stricter and the responsibilities of intermediary institutions increased significantly. From the Opinions on Strictly Cracking down Illegal Securities Activities issued by the General Office of the CPC Central Committee and the General Office of the State Council to the "traffic lights on capitals" proposed at the Central Economic Work Conference, regulatory authorities have continuously strengthened the responsibility of intermediaries as "watchdog" with a significant increase in punishment cases on illegal activities during the year. On the other hand, the "marketized, legalized and internationalized" construction sped up and the reform of the capital market was increasingly deepened with accelerated development. The small and medium enterprises (SME) board merged with the Shenzhen Stock Exchange's main board; the thresholds on investor access to the NEEQ were loosened; the NEEQ Select was upgraded and Beijing Stock Exchange was established; and the multi-tiered market system was increasingly perfected. The issuance pricing on pilot segments under the registration-based IPO system sped up marketization and the central authorities further raised requirements on the full implementation of the registration-based IPO system, increasingly consolidating the foundations for the high-quality development of the capital market. Cross-border wealth management and southbound trading on bonds were implemented successively and the first wholly foreign-owned securities company and fund were approved, further deepening the two-way opening and development of the capital market.

The operating results of securities firms generally maintained a growth momentum. According to the Securities Association of China, 140 securities firms achieved a total revenue of RMB502.410 billion in 2021. Among their operating revenue from principal activities, the revenue from brokerage business was RMB154.518 billion, the net revenue from investment banking business was RMB69.983 billion, the net revenue from investment consulting business was RMB5.457 billion and the net revenue from asset management business was RMB31.786 billion; the net profit was RMB191.119 billion. As of the end of 2021, the total assets of the securities industry were RMB10.59 trillion, the net assets were RMB2.57 trillion and the net capital was RMB2.00 trillion.

SECTION III REPORT OF THE BOARD

III. The Company's Businesses for the Reporting Period

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

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

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

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

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

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

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 – 1. Analysis of the major items of the consolidated statement of profit or loss" under Section III "Report of the Board" in this report.

Of which: Overseas assets reached RMB19.2 billion, representing 8% of the total assets.

Overseas assets are derived from the investment in a Hong Kong subsidiary, EBSHK. Please refer to "I. Discussion and analysis on business operation – (II) Analysis on principal subsidiaries and investee companies" under Section III "Report of the Board" in this report for details.

SECTION III REPORT OF THE BOARD

V. Analysis on Core Competitive Strengths during the Reporting Period

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

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

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

Everbright Group, the controlling shareholder of Everbright Securities, was promoted and established by the MOF and Huijin Company. It has a complete set of financial services licenses and featured businesses related to people's livelihood. China Everbright Group is a state-owned large-scale comprehensive finance holding group characterized by its overall finance, the integration of industry and finance, the combined advantages of Chinese Mainland and Hong Kong, ranking among the Global 500. Its application for the establishment of a financial holding company has been accepted firstly. The Company always adheres to the red genes of the Group and unswervingly takes the development path of building a first-class securities firm with Chinese characteristics. It is devoted to serving people's increasing demands for upgraded wealth management and the direct financing demands of real economies, undertakes responsibilities and missions of central enterprises and enjoys a high social reputation and credit.

(III) Distinctive synergy in establishing the customer ecosystem

Everbright Group has built up the six E-SBU (Strategic Business Units) coordinated development mechanism of "wealth, investment, investment banking, tourism, healthcare and environmental protection" and promoted the sharing of resources with the Group to develop a world-class financial holdings group with Chinese characteristics. The Company has led the establishment of the "big investment banking E-SBU" and deeply participated in the establishment of great wealth, great investment, great environmental protection and other featured E-SBU to fully mobilize resources within the Group and support its own business development. Meanwhile, the Company will build an ecosystem of coordinated business development and provide diversified, integrated and one-stop financial products and services to domestic and overseas customers under the "customer-centric" operational philosophy. Full onshore and offshore coordination and distinctive ecosystem of coordination continuously provide drivers to the Company to deepen customer drainage, reinforce cross sales and provide high value-added services.

(IV) Class-A appraisal on cultural construction and talents to hold positions through competition

The Company actively practiced the culture concept of "compliance, integrity, professionalism and prudence" and deepened the leading role of Party building and cultural empowerment. It obtained Class-A appraisal in the assessment on the practice of cultural construction of securities firms in 2020. Currently, the Company continues to develop core values and established a cultural system with "Four Cores and Eight Backbones" with the new culture of Everbright as genes and marketization as the orientation, achieving outstanding results in cultural construction. Meanwhile, the Company vigorously advanced the reform of "Eight Capability", strengthened the tenure system management and performance appraisal on cadres and further highlighted the value orientation of talents. It fully advanced the "7, 8, 9" project and broke bottlenecks on the development of young talents. Various "post-1985" and "post-1990" business cadres took management positions. Currently, the Company has new talents and the carder team is high-efficient. Over 70% of medium cadres hold master's degree or above.

SECTION III REPORT OF THE BOARD

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

The Company increased R&D inputs year by year, continued to empower business development, operation management and intensive management and control and actively promoted the transformation of the wealth management business. As one of the core members of Everbright Group, the Company shares the wealth management gene and brand value of a national big financial holding platform. In recent years, the Company stably improved services and increasingly enhanced the innovation ability for the wealth business. It was included in the whitelist of the CSRC, obtained the qualification for pilot on mutual fund investment advisory business and was awarded the 3rd New Fortune Best Investment Advisor and other honors. The Company actively explored and built industry-leading cross-border service capabilities and continuously consolidated leading advantages in overseas wealth management business. It was awarded the prize of the "Best Broker in Hong Kong" of The Asset Magazine for the fourth time and was awarded the "Prize for the Best Financial Services in the Guangdong-Hong Kong-Macao Greater Bay Area" as well as four prizes at the "Prizes for Financial Institutions in 2021" by Bloomberg Businessweek.

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	2021		2020		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
Fee and commission income	9,345,505	43%	9,201,865	44%	143,640	2%
Interest income	6,245,276	29%	5,843,168	28%	402,108	7%
Net investment gains	1,438,456	7%	2,246,316	11%	(807,860)	(36)%
Other income and gains	4,868,597	22%	3,742,632	18%	1,125,965	30%
Total revenue and other income	21,897,834		21,033,981		863,853	4%

In 2021, the revenue and other income of the Company amounted to RMB21.90 billion, representing a year-on-year increase of 4%. In particular, fee and commission income amounted to RMB9.35 billion, representing a year-on-year increase of 2%, which was mainly due to a year-on-year increase in average daily stock trading volume and active trading in the futures market. Interest income amounted to RMB6.25 billion, representing a year-on-year increase of 7%, which was mainly due to an increase in interest on margin financing and securities lending and deposits with other financial institutions, which was partially offset by a decrease in interest on collateralized stock repurchase and financial leasing. Net investment gains amounted to RMB1.44 billion, representing a year-on-year decrease of 36%, which was mainly due to the fluctuation in the directional investment performance. Other income and gains amounted to RMB4.87 billion, representing a year-on-year increase of 30%, which was mainly due to an increase of income from commodities trading.

SECTION III REPORT OF THE BOARD

Table 2 Major expenditure items

Unit: RMB' 000

Item	2021	2020	Increase/decrease	
			Amount	Percentage
Fee and commission expenses	1,513,415	1,496,567	16,848	1%
Interest expenses	3,740,079	3,729,173	10,906	0%
Staff costs	4,115,982	3,734,887	381,095	10%
Depreciation and amortization expenses	585,731	707,833	(122,102)	(17)%
Tax and surcharges	97,063	83,382	13,681	16%
Other operating expenses	6,116,509	4,878,219	1,238,290	25%
Provision for contingent liabilities	733,123	1,549,750	(816,627)	(53)%
Impairment losses	250	-	250	N/A
Credit loss expense	394,172	945,161	(550,989)	(58)%
Total	17,296,324	17,124,972	171,352	1%

In 2021, total expenses amounted to RMB17.30 billion, representing a year-on-year increase of 1%. In particular, fee and commission expenses amounted to RMB1.51 billion, representing a year-on-year increase of 1%, which was mainly due to the increase in trading volume of brokerage business, leading to an increase in sync with the increase in fee and commission income. Interest expenses amounted to RMB3.74 billion, remaining stable as compared to that of same period of last year. Staff costs amounted to RMB4.12 billion, representing a year-on-year increase of 10%, which was mainly due to the increase in contributions to pension schemes and other social welfare. Depreciation and amortization expenses amounted to RMB586 million, representing a year-on-year decrease of 17%, which was mainly due to the decrease in amortization of other intangible assets. Tax and surcharges amounted to RMB97 million, representing a year-on-year increase of 16%, which was mainly due to the increase in revenue. Other operating expenses amounted to RMB6.12 billion, representing a year-on-year increase of 25%, which was mainly due to the increase in commodities trading expenses. Provision for contingent liabilities amounted to RMB733 million, representing a year-on-year decrease of 53%, which was mainly due to the decrease in estimated debt provision of MPS matters during the Reporting Period. Impairment losses increased by RMB0.25 million, which was the provisions for impairment loss on inventory by the subsidiaries. Credit loss expenses amounted to RMB394 million, representing a year-on-year decrease of 58%, which was mainly due to the decrease in the provisions for impairments for margin accounts and financial assets purchased under resale agreements.

2. Cash flows

In 2021, the cash and cash equivalents of the Company recorded a net increase of RMB2.74 billion, of which:

The net cash flows used in operating activities were RMB3.48 billion, mainly due to the increase in financial instruments at fair value through profit or loss, which was partially offset by the increase in accounts payable to brokerage clients.

The net cash flows from investing activities were RMB6.68 billion, mainly due to the disposal of financial assets for investment purpose at fair value through other comprehensive income, which was partially offset by the purchases of investments classified as receivables and other investments.

The net cash flows used in financing activities were RMB462 million, mainly due to the repayment of debt financing instruments during the Reporting Period, which was partially offset by the amounts received from the issuance of bonds 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, 2021		December 31, 2020		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
Non-current assets	31,295,166		32,066,488		(771,322)	(2.41)%
Property and equipment	836,894	0.35%	883,098	0.39%	(46,204)	(5.23)%
Right-of-use asset	696,901	0.29%	822,268	0.36%	(125,367)	(15.25)%
Goodwill	928,322	0.39%	955,342	0.42%	(27,020)	(2.83)%
Other intangible assets	257,413	0.11%	216,240	0.09%	41,173	19.04%
Interest in associates and joint ventures	1,004,204	0.42%	1,093,419	0.48%	(89,215)	(8.16)%
Financial assets measured at amortized cost	1,787,443	0.75%	4,188,421	1.83%	(2,400,978)	(57.32)%
Debt instruments at fair value through other comprehensive income	11,675,724	4.88%	12,330,427	5.39%	(654,703)	(5.31)%
Equity instruments at fair value through other comprehensive income	559,564	0.23%	584,719	0.26%	(25,155)	(4.30)%
Refundable deposits	10,245,462	4.28%	7,858,108	3.44%	2,387,354	30.38%
Deferred tax assets	2,156,069	0.90%	1,749,542	0.76%	406,527	23.24%
Finance lease receivables	54,744	0.02%	493,234	0.22%	(438,490)	(88.90)%
Receivables arising from sale and-leaseback arrangements	851,140	0.36%	743,093	0.32%	108,047	14.54%
Other non-current assets	241,286	0.10%	148,577	0.06%	92,709	62.40%
Current assets	207,812,435		196,669,896		11,142,539	5.67%
Accounts receivable	1,939,085	0.81%	2,848,778	1.25%	(909,693)	(31.93)%
Finance lease receivables	593,616	0.25%	1,181,807	0.52%	(588,191)	(49.77)%
Receivables arising from sale and-leaseback arrangements	902,106	0.38%	591,165	0.26%	310,941	52.60%
Other receivables and prepayments	1,297,547	0.54%	1,730,997	0.76%	(433,450)	(25.04)%
Margin accounts receivable	48,445,768	20.26%	46,815,972	20.47%	1,629,796	3.48%
Debt instruments at fair value through other comprehensive income	1,422,355	0.59%	5,307,960	2.32%	(3,885,605)	(73.20)%
Equity instruments at fair value through other comprehensive income	-	-	4,593,864	2.01%	(4,593,864)	(100.00)%
Financial assets held under resale agreements	6,792,387	2.84%	5,279,946	2.31%	1,512,441	28.65%
Financial assets measured at amortized cost	2,349,176	0.98%	263,541	0.12%	2,085,635	791.39%
Financial assets at fair value through profit or loss	68,750,197	28.75%	58,452,676	25.55%	10,297,521	17.62%
Derivative financial assets	547,338	0.23%	65,946	0.03%	481,392	729.98%
Clearing settlement funds	403,315	0.17%	1,051,846	0.46%	(648,531)	(61.66)%
Cash held on behalf of brokerage clients	62,134,265	25.99%	52,378,308	22.90%	9,755,957	18.63%
Cash and bank balances	12,235,280	5.12%	16,107,090	7.04%	(3,871,810)	(24.04)%
Total assets	239,107,601		228,736,384		10,371,217	4.53%

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Item	December 31, 2021		December 31, 2020		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
Current liabilities	135,957,282		144,799,785		(8,842,503)	(6.11)%
Loans and borrowings	4,960,033	2.75%	5,939,413	3.38%	(979,380)	(16.49)%
Short-term debt instruments	7,244,956	4.01%	10,324,937	5.88%	(3,079,981)	(29.83)%
Placements from other financial institutions	13,692,415	7.59%	17,722,781	10.10%	(4,030,366)	(22.74)%
Accounts payable to brokerage clients	70,224,000	38.90%	60,102,708	34.24%	10,121,292	16.84%
Employee benefits payable	1,821,514	1.01%	1,707,895	0.97%	113,619	6.65%
Current tax liabilities	764,321	0.42%	1,472,633	0.84%	(708,312)	(48.10)%
Financial assets sold under repurchase agreements	19,863,912	11.00%	21,655,857	12.34%	(1,791,945)	(8.27)%
Financial liabilities at fair value through profit or loss	342,425	0.19%	1,996,059	1.14%	(1,653,634)	(82.84)%
Derivative financial liabilities	512,046	0.28%	307,647	0.18%	204,399	66.44%
Bonds payable due within one year	11,896,011	6.59%	18,243,518	10.39%	(6,347,507)	(34.79)%
Lease liabilities due within one year	249,072	0.14%	259,666	0.15%	(10,594)	(4.08)%
Contract liabilities	49,863	0.03%	765	0.00%	49,098	6418.04%
Other current liabilities	4,336,714	2.40%	5,065,906	2.89%	(729,192)	(14.39)%
Total assets less current liabilities	103,150,319		83,936,599		19,213,720	22.89%
Non-current liabilities	44,555,057		30,741,498		13,813,559	44.93%
Loans and borrowings	2,793,973	1.55%	1,068,103	0.61%	1,725,870	161.58%
Bonds payable	35,930,692	19.90%	23,775,649	13.54%	12,155,043	51.12%
Employee benefits payable	1,244	0.00%	2,295	0.00%	(1,051)	(45.80)%
Deferred tax liabilities	18,103	0.01%	14,002	0.01%	4,101	29.29%
Financial liabilities at fair value through profit or loss	-	-	616,136	0.35%	(616,136)	(100.00)%
Accrued liabilities	5,284,293	2.93%	4,551,975	2.59%	732,318	16.09%
Lease liabilities	461,820	0.26%	563,968	0.32%	(102,148)	(18.11)%
Contract liabilities	988	0.00%	181	0.00%	807	445.86%
Other non-current liabilities	63,944	0.04%	149,189	0.08%	(85,245)	(57.14)%
Total liabilities	180,512,339		175,541,283		4,971,056	2.83%
Net assets	58,595,262		53,195,101		5,400,161	10.15%

Except for the liabilities disclosed in this report, as at December 31, 2021, 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, 2021, the non-current assets of the Company amounted to RMB31.3 billion, representing a decrease of 2% as compared with that of the beginning of the year, which was mainly due to the decrease in financial assets measured at amortized cost, partially offset by the increase in refundable deposits.

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Current assets:

As of December 31, 2021, the current assets of the Company amounted to RMB207.8 billion, representing an increase of 6% as compared with that of the beginning of the year, which was mainly due to the increase in financial assets at fair value through profit or loss.

Current liabilities:

As of December 31, 2021, the current liabilities of the Company amounted to RMB136.0 billion, representing a decrease of 6% as compared with that of the beginning of the year, which was mainly due to the decrease in bonds payable due within one year and placements from other financial institutions, partially offset by the increase in accounts payable to brokerage clients.

Non-current liabilities:

As of December 31, 2021, the non-current liabilities of the Company amounted to RMB44.6 billion, representing an increase of 45% as compared with that of the beginning of the year, which was mainly due to the increase in bonds payable, loans and borrowings.

Borrowings and bond financing

Unit: RMB' 000

Item	2021	2020
Loans and borrowings	7,754,006	7,007,516
Short-term debt instruments issued	7,244,956	10,324,937
Long-term bonds	47,826,703	42,019,167
Total	62,825,665	59,351,620

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, 2021, the Company's gearing ratio was 65.30%, the Company's borrowings, commercial papers payable and bonds due within one year amounted to RMB24.1 billion, and the Company's net current assets, net of the above liabilities, amounted to RMB183.7 billion. Therefore, the liquidity risk exposure of the Company was not material.

(II) Analysis on operational information by industries

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

(III) Analysis on investments

As of the end of the Reporting Period, long-term equity investment of the Company amounted to RMB1.004 billion, representing a decrease of RMB89 million or 8.16% from the beginning of the year, which was mainly due to partial recovery of investments in associates and joint ventures. For details, please refer to the relevant disclosure in the financial report.

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1. Overall analysis on external equity investment

(1) Significant equity investment

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

(2) Significant non-equity investment

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

(IV) Material disposal of assets and equity interests

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

(V) Analysis on principal subsidiaries and investee companies

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

(VI) Structured entities under the control of the Company

As of end of 2021, the Company consolidated 24 structured entities, including asset management plans and partnerships. For asset management plans and partnerships that the Company acts as the manager and general partner or investment manager, the Company is of the view that it has control over certain asset management plans and partnerships taking into account various factors including the rights of making decision on its investment and the exposure to its variable returns, and includes them into the scope of consolidation. As at December 31, 2021, the net assets of the above structured entities within the scope of consolidation amounted to RMB15.4 billion.

(VII) Use of proceeds

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

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

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As of December 31, 2021, the proceeds from the Company's issuance of H Shares have been fully utilized as follows:

Intended use of net proceeds	Allocation of net proceeds (%)	Amount of net proceeds utilized up to December 31, 2021	Amount of net proceeds utilized during the year ended December 31, 2021	Balance of net proceeds unutilized as at December 31, 2021
<i>(RMB in millions)</i>				
(i) Developing capital intermediary business	59%	4,527.3	–	–
(ii) Funding operations of overseas business and inorganic expansion of onshore and offshore platforms	11%	868.1	–	–
(iii) Developing wealth management business and institutional securities business	20%	1,460.0	–	–
(iv) Funding working capital, establishing back-office systems and other general corporate purposes	10%	825.7	0.99	–

Note: The proceeds denominated in RMB raised from the issuance of H shares utilized have been calculated based on the actual foreign exchange rates, and the proceeds denominated in HK\$ raised from the issuance of H shares utilized have been calculated based on the then prevailing foreign exchange rates.

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

(VIII) Financing channels of the Company

The financing channels of the Company comprise equity financing and debt financing. In 2021, 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, assets backed plan backed by financing credit assets. The principal and interest of the debt financing instruments were all paid in a timely manner.

(IX) Analysis of the financing capability of the Company

As an A- and H-share listed securities firm with good market reputation and domestic and overseas financing capabilities, the Company attaches great importance to the maintenance of the relationship with counterparties of financing instruments and maintains a good partnership with commercial banks.

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

(I) Competitive landscape and development trend of the industry

In 2022, the capital market environment will become more complex with increasing competitive pressures from peer firms. The structural differentiation of the capital market will intensify and the business complexity will increase. Since the beginning of the year, major stock indexes have declined significantly and patterns become more changing. The full implementation of the registration-based IPO system brings about fundamental changes to the market pattern and business models. New restrictions on capital and further anti-corruption actions in the financial sector will present more challenges to securities companies' professional capabilities on investment and financing services and the decision-making and judgment on government policies. The CSRC and other competent authorities have reiterated that they will uphold the general principle of maintaining stability and improving efficiency and have raised the importance attached to capital regulation, responsibility of intermediaries and risk prevention and control to a new level. Practicing the strategies on new development stage, new development philosophy and new development paradigm and achieving high-quality development will be the core principle for the development of the securities industry. The business transformation and management reform of securities companies have been evolving rapidly.

(II) Company's development strategy

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

(III) Business plan

In 2022, the Company will further stick to strategic goal of "establishing a first-class investment bank in China", continue to deepen reform, enhance management and strive to realize high-quality development. The wealth management business segment of the Company will fully tap into the value of fundamentals, make full use of three tools, namely capital increase through customer acquisition, proxy sales of products and credit business, achieve breakthroughs in collaboration and develop an integrated wealth business platform. The corporate financing business segment will steadily promote the platform-based construction of big investment banks, improve per capita efficiency through the building of big teams and increase project reserves through in-depth regional penetration and professional industrial research to expand the market share. The institutional customer business segment will satisfy customer needs through capability driving and platform construction and vigorously promote the development of the institutional business to a new level. The investment trading business segment will study and judge policies on the macro situation in a scientific manner, optimize the allocation of principal assets and reduce directional dependence to improve the stability of income. The asset management business segment will focus on enhancement, enrich product portfolio, improve product performance and actively promote E-SBU coordination. The equity investment business segment will continue to advance streamlined management, focus on principal business, invest in strategic emerging industries and serve the real economy.

SECTION III REPORT OF THE BOARD

(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.

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

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 management department, treasury management department, operations management headquarters, board office (supervisory committee office), investment banking quality control headquarters and investment banking internal audit office. Each of departments, branches and subsidiaries of the Company conduct business within the scope of authorizations granted in accordance with the authorization management system of the Company, conduct risk self-control in a timely manner during business decision-making and development, and assume direct responsibility for the effectiveness of risk management.

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Each of the head of the Company's business departments, branches and subsidiaries shall undertake direct responsibility for comprehensive risk management within their respective business field. Each of the Company's business departments, branches and subsidiaries is responsible for carrying out businesses strictly within the 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.

3. *Measures against various risks*

(1) *Market risk*

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

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

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

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(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 investment concentration limit and the lower limit for debt investment rating, and closely monitoring the operating position and credit status of the bond issuers. For the financing business, the credit risk is controlled and managed through conducting risk education, credit investigation, credit extension, mark-to-market measures, risk alert, forced liquidation and judicial recourse for the clients, as well as establishing stringent standards for the scope and discount rate of collaterals, margin deposit ratios, and maintenance margin ratios. For the OTC derivatives business, the Company conducts due diligence, credit rating and scale control on the counterparties and applies the mark-to-market measures, collaterals supplement and disposal of collaterals to control the credit risk exposure from the counterparties.

(3) *Operational risk*

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

The Company has formulated administrative measures for the operational risk, specified the governance structure of the operational risk and strengthened the responsibilities and duties for managing each defense line of operational risk, in order to strictly control operational risks. The Company continues to improve the operational risk management system by strengthening the business process management and IT system construction, reinforcing the accountability system and reducing the possibility of operational risk. The Company has promoted the construction and operation of three tools for managing operational risk, and further enhanced its capabilities in managing the operational risk through in-depth self-assessment, enriched the key indicator system, and improved loss data collection mechanism. The Company continued to optimize the operational risk management system, and gradually promoted the online and standardized operational risk management. The Company attaches great importance to the identification and control of operational risks in innovative products and innovative businesses and standardizes the operating procedures so as to ensure that the overall operational risk faced by the Company is controllable and tolerable.

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(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 asset and liability and liquidity risk management, implement overall control over the capital resources and financing management of the Company, coordinate to satisfy the capital requirements, and carry out the operation and management of surplus funds. The risk management and internal control department of the Company is responsible for monitoring the implementation of limit system for overall liquidity risk of the Company.

For the purpose of preventing the liquidity risk prudently, the Company has formulated administrative measures for the liquidity risk, specified the objective, strategy, governance structure and reporting system relating to the liquidity risk management. Under assets and liabilities management and overall risk management policies, the Company persistently adheres to the strategy of robust risk management. The Company has adopted a proactive management and dynamic adjustment approach, and developed a tolerance and borrowing or lending management mechanism for the liquidity risks covering parent company and subsidiaries pursuant to the overall risks management policies. It has gradually improved the classification management framework for the liquidity risk of subsidiaries. The Company has established differentiated funds management patterns and a supporting mechanism for management, monitoring and alerts of liquidity risk limit based on the liquidity characteristics of different businesses. The Company has established an effective top-down monitoring system and bottom-up risk reporting system. In addition, the Company has developed a dynamic cash flow analysis model and a high-quality liquid asset realization model based on business behavior and customer needs, and continued to dynamically quantify liquidity risk exposure and response capabilities through stress tests and other methods, and reasonably measured the management cost of liquidity risks and explored to fully incorporate liquidity factors into the pricing system of funds.

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

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(5) *Information technology risk*

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

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

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

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

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

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

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

(6) *Reputational risk*

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

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

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

At present, the Company has achieved full coverage of the subsidiary's reputational risk prevention and control system, and each subsidiary has established system to prevent and dispose of reputational risk that matches its actual situation.

(7) *Compliance risk*

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

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

During the Reporting Period, the Company continued to improve the organizational structure of compliance management and optimize the compliance management and control mechanism. In terms of compliance management systems, the Company formulated 4 new systems and amended 17 systems based on the requirements of new regulations and established a system with 1 basic system, 1 implementation measure and 45 specific regulations, consolidating the performance of various compliance functions. In terms of the organizational structure of compliance management, the Board sets the targets on compliance management of the Company; the Supervisory Committee supervises the performance; the senior management of the Company implements the targets on compliance management; the chief compliance officer is accountable to the Board; and the legal and compliance department practically performs various compliance management functions.

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

The Company highly values risk management and has always been committed to building an overall risk management system which matches with the Company's strategic development objectives. During the Reporting Period, the Company continued to strengthen the Group's control, optimize the risk management organization structure, improve risk management system and mechanism, strengthen professional risk management and forward-looking control, increase the promotion on risk management culture and concept, enrich the risk management team, improve the risk management information systematization level, and promote the continuous improvement of the Company's overall risk management system. In 2021, the total amount of investment in risk management amounted to RMB93 million for the year, including investment in risk management system and technology, risk control related team expenditure, training and operating expenses.

The Company continues to strengthen its investment in compliance management: The first was to promote the development of compliance systems, upgrade compliance systems through underlying data construction and framework construction, improve compliance monitoring functions and compliance personnel database functions, and grasp the current information and status of compliance personnel in real time in order to effectively improve the efficiency of daily compliance personnel management. The second was to establish a pre-event risk control system for customer transaction behaviors to provide effective management and control methods for the management of abnormal customer transaction behaviors and reduce the risk of abnormal customer transactions. The third was to continuously to establish and improve the review system of investment bank interest conflicts, information isolation wall system, office telephone recording system, anti-money laundering system, and monitoring system for sensitive person. The fourth was to optimize the database of laws and regulations to facilitate employees of the Company to search on legal basis and punishment cases at any time, and improve employees' risk awareness and business development quality. The fifth was to further enrich the form and content of compliance training. The Company has hired internal and external experts to organize a number of compliance training, conduct targeted training on special topics, and provide door-to-door law services, etc., and actively provided targeted legal compliance training to relevant departments, so as to enhance the employees' awareness of legal compliance. During the Reporting Period, the amount of investment in compliance management system amounted to approximately RMB2 million.

The Company attaches great importance to the supporting role of information technology in the overall operation and continuous business development of the Company. It has invested a lot of resources to ensure continuous service capabilities of business and network security protection levels, improve application capabilities of information technology, optimize information technology systems, and actively explore financial technology empowerment for business development. The Company's investment in information technology (with reference to the statistical caliber of investment indicators for information system construction of securities companies) mainly includes: the depreciation and amortization expenses of IT fixed assets and intangible assets, research and development costs of new IT systems, the input to IT daily expenses, etc. The total investment in information technology (excluding asset management and staff remuneration) in 2021 was approximately RMB385.7426 million.

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 2021 annual profit distribution proposal, please refer to "X. Proposal of Profit Distribution or Capitalization from Capital Reserve Fund" of Section IV "Corporate Governance" in this report.

IX. Other Information

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

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

(II) Pre-emptive right

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

(III) Service contracts of Directors and Supervisors

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

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

(IV) Right of Directors and Supervisors to purchase shares

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

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

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

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

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

(VII) Permitted indemnity provision

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

SECTION III REPORT OF THE BOARD

(VIII) Management contracts

For the year ended December 31, 2021, no contract has been entered into for the management and administration of the entire or any material part of the business of the Group.

(IX) Major clients

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

In 2021, income generated from the five largest clients of the Company accounted for less than 30 % of the Group's total revenue and other income. The Group has no major suppliers due to the nature of our businesses.

(X) Reserves and reserves for profit distribution

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

(XI) Employees

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

(XII) Equity-linked agreements

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

(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, 2021, according to the information obtained by the Company and to the knowledge of the Directors, none of the Directors, Supervisors or chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which are taken or deemed to be held under such provisions of the SFO), or which would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Hong Kong Listing Rules to be notified to the Company and the Hong Kong Stock Exchange or which would be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein.

SECTION III REPORT OF THE BOARD

(XIV) Donations

During the Reporting Period, the Group's donations amounted to approximately RMB7,036,150.64 in total.

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

Shanghai, the PRC
March 24, 2022

SECTION IV CORPORATE GOVERNANCE

I. Description of Corporate Governance

(I) Corporate governance

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

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

During the Reporting Period, the Company convened 2 general meetings, 9 Board meetings, 6 meetings of the Supervisory Committee, 6 meetings of the Remuneration, Nomination and Credentials Committee, 5 meetings of the Audit Committee, 3 meetings of the Risk Management Committee and 1 meeting of the Strategies and Development Committee.

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

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

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

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

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

- (I) to formulate and review the corporate governance policies and practice of the Company and make recommendations to the Board;
- (II) to review and monitor the training and continuous professional development of the Directors and the senior management;
- (III) to review and monitor the Company's policies and practices on compliance with laws and regulatory requirements;

SECTION IV CORPORATE GOVERNANCE

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

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

II. Information on General Meeting

(I) Shareholders and the general meeting

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

According to Article 79 of the Articles of Association, the shareholder(s) severally or jointly holding 10% or more shares in the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting and shall submit such request to the Board of Directors in writing. The Board shall, in accordance with provisions of the law, administrative regulations and the Articles of Association, inform in writing to indicate whether the Board of Directors has agreed or disagreed to convene such extraordinary shareholders' meeting within 10 days upon receipt of the request. If the Board of Directors has agreed to hold such extraordinary shareholders' meeting, it shall serve a notice of the general meeting within five days after the Board of Directors has passed the board relevant resolution. The relevant shareholders' consent shall be sought in respect of any changes to the original proposal contained in such notice. If the Board of Directors does not agree to hold such extraordinary general meeting or fails to give any reply within 10 days upon receipt of such request, the shareholder(s) severally or jointly holding 10% or more shares in the Company shall have the right to propose to the Supervisory Committee to hold such extraordinary general meeting and shall propose to the Supervisory Committee in writing. If the Supervisory Committee agrees to hold such extraordinary general meeting, it shall serve a notice of such general meeting within five days upon receipt of such request. The relevant shareholders' consent shall be sought in respect of any changes to the original proposal contained in such notice. If it fails to give such notice of the general meeting within the period of time set forth above, the Supervisory Committee shall be deemed not to convene and preside over such general meeting. The shareholder(s) severally or jointly holding 10% or more shares in the Company for more than consecutive 90 days may proceed to convene and preside over such general meeting by itself.

In addition, according to Article 84 of the Articles of Association, when a general meeting of the Company is held, the Board of Directors, the Supervisory Committee and the shareholder(s) severally or jointly holding 3% or more shares in the Company shall have the right to make proposals regarding the matters to be resolved to the Company. The shareholder(s) severally or jointly holding 3% or more shares in the Company shall submit any temporary written proposals regarding the matters to be resolved to the convener 10 days before a general meeting is held. The convener shall give a supplementary notice of the general meeting and publicly announce the content of such temporary proposals within two days upon receipt of such proposal. Otherwise, the convener shall not change the proposals set out in the notice of general meeting or add any new proposals after the said notice announcement is served.

SECTION IV CORPORATE GOVERNANCE

(II) General meetings during the Reporting Period

Meeting	Date of meeting	Place of meeting	Enquiry index of the websites designated for publication of the resolutions	Date of disclosure of publishing the resolutions	Resolutions at the meeting
2020 annual general meeting	May 18, 2021	Jing'an International Plaza, No. 1508 Xinzha Road, Jing'an District, Shanghai, the PRC	http://www.sse.com.cn https://www.hkexnews.hk	May 18, 2021	The meeting considered and approved the following resolutions: <ol style="list-style-type: none"> To consider the Resolution in Respect of the 2020 Report of the Board of Directors of the Company To consider the Resolution in Respect of the 2020 Report of the Supervisory Committee of the Company To consider the Resolution in Respect of the 2020 Annual Report and its summary of the Company To consider the Resolution in Respect of the 2020 Profit Distribution Plan of the Company To consider the Proposal of Expected Ordinary Related Party (Connected) Transactions in 2021 of the Company To consider the Proposal of Proprietary Trading Businesses Scale in 2021 of the Company To consider the Proposal of the General Mandate to Issue Onshore and Offshore Debt Financing Instruments to the Company To consider the Proposal on Adjusting the Allowances of the Company's Independent Directors and External Supervisors
The first extraordinary general meeting in 2021	November 16, 2021	Jing'an International Plaza, No. 1508 Xinzha Road, Jing'an District, Shanghai, the PRC	http://www.sse.com.cn https://www.hkexnews.hk	November 16, 2021	The meeting considered and approved the following resolutions: <ol style="list-style-type: none"> The resolution of the re-appointment of external auditors for the year 2021 The resolution of entering into ordinary related party (connected) transactions framework agreement with China Everbright Group Corporation Limited The resolution regarding the election of Mr. Cai Minnan as a non-executive director of the Company

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

SECTION IV CORPORATE GOVERNANCE

III. Directors, Supervisors and Senior management

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

1. The current Directors, Supervisors and senior management

Name	Position (note)	Gender	Year of birth	Start of the term of office	Expiration of the term of office	Total pre-tax remuneration received from the Company during the Reporting Period (RMB Ten Thousand)	Whether received remuneration from any related party of the Company or not
Yan Jun	Chairman, Executive Director	Male	1970	July 3, 2019 April 28, 2019	December 14, 2023 December 14, 2023	285.57	No
Liu Qiuming	Executive Director, President	Male	1976	March 13, 2020 March 13, 2020	December 14, 2023 -	270.15	No
Song Bingfang	Non-Executive Director	Male	1971	August 13, 2018	December 14, 2023	0	Yes
Fu Jianping	Non-Executive Director	Male	1971	December 15, 2020	December 14, 2023	0	Yes
Cai Minnan	Non-Executive Director	Male	1979	November 16, 2021	December 14, 2023	0	Yes
Chan Ming Kin	Non-Executive Director	Male	1969	November 13, 2014	December 14, 2023	0	Yes
Tian Wei	Non-Executive Director	Male	1973	December 15, 2020	December 14, 2023	0	No
Yu Mingxiong	Non-Executive Director	Male	1977	December 15, 2020	December 14, 2023	0	Yes
Wang Yong	Independent Non-Executive Director	Male	1966	November 1, 2018	December 14, 2023	25.00	No
Po Wai Kwong	Independent Non-Executive Director	Male	1957	December 15, 2020	December 14, 2023	25.00	No
Ren Yongping	Independent Non-Executive Director	Male	1963	December 15, 2020	December 14, 2023	25.00	No
Yin Junming	Independent Non-Executive Director	Male	1972	December 15, 2020	December 14, 2023	25.00	No
Liu Yunhong	Independent Non-Executive Director	Male	1976	December 15, 2020	December 14, 2023	25.00	No
Liu Jiping	Chairman of the Supervisory Committee	Male	1964	June 9, 2005	December 14, 2023	272.17	No
Wu Chunsheng	Supervisor	Male	1963	December 15, 2020	December 14, 2023	0	Yes
Wang Hongyang	Supervisor	Male	1977	October 17, 2017	December 14, 2023	0	Yes
Yang Weirong	Supervisor	Male	1975	December 15, 2020	December 14, 2023	0	No
Zhu Wuxiang	External Supervisor	Male	1965	September 15, 2014	December 14, 2023	20.83	No
Cheng Fengchao	External Supervisor	Male	1959	December 15, 2020	December 14, 2023	20.83	No
Huang Qin	Employee Supervisor	Female	1975	September 23, 2014	December 14, 2023	334.17	No
Li Xianzhi	Employee Supervisor	Male	1965	October 17, 2017	December 14, 2023	230.70	No
Lin Jingmin	Employee Supervisor	Female	1983	November 12, 2021	December 14, 2023	13.66	No
Wang Zhong	Vice President	Male	1972	March 12, 2015	-	250.49	No
Mei Jian	Vice President	Male	1970	January 12, 2017	-	258.58	No
Zhu Qin	Vice President, Chief Compliance Officer, Chief Risk Officer, Secretary to the Board	Female	1970	December 31, 2019 February 27, 2020 December 31, 2019 February 6, 2017	-	253.86	No
Xiong Guobing	Senior expert	Male	1968	November 21, 2019	-	258.58	No
Wang Cuiting	Chairman of the Labor Union, Senior expert	Female	1966	November 21, 2019	-	258.60	No
Li Bingtao	Business Line Director	Male	1976	February 13, 2017	-	268.82	No
Dong Jie	Business Line Director	Female	1967	July 22, 2017	-	181.20	No
Fang Ye	Chief Information Officer	Male	1971	April 17, 2020	-	197.16	No
Liang Chunliang	Business Line Director	Male	1971	April 17, 2020	-	172.94	No
Total	/	/	/	/	/	3,673.31	/

SECTION IV CORPORATE GOVERNANCE

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

Name	Position (note)	Gender	Year of birth	Start of the term of office	Expiration of the term of office
Yin Lianchen	Director	Male	1966	September 15, 2014	September 30, 2021
Wang Wenyi	Employee Supervisor	Female	1966	November 7, 2011	November 12, 2021

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

Note 2: Mr. Yan Jun served as a Director of the Company since August 9, 2018, a vice president and an executive Director of the Company since April 28, 2019, and the chairman and an executive Director of the Company since July 3, 2019.

Note 3: The Company held the 2021 first extraordinary general meeting on November 16, 2021 and Mr. Cai Minnan was elected as a Director of the sixth session of the Board.

The Board of the Company received a letter of resignation from Mr. Yin Lianchen, our Director, on September 30, 2021. Mr. Yin Lianchen resigned as a director of the Company.

Note 4: The Company convened the nineteenth meeting of the fifth session of the employee representative meeting on November 12, 2021, and Ms. Lin Jingmin was elected as employee supervisor of the sixth session of the Supervisory Committee.

On June 30, 2021, the Supervisory Committee of the Company received a resignation report from Ms. Wang Wenyi, an employee supervisor. Ms. Wang Wenyi resigned from her position as an employee supervisor of the Company. Given that the resignation of Ms. Wang Wenyi will result in the proportion of employee supervisors among the members of the supervisory committee of the Company to be less than one-third, in accordance with the Company Law and the Articles of Association and other relevant requirements, the resignation of Ms. Wang Wenyi took effect after the election of a new employee supervisor at the employee representative meeting of the Company held on November 12, 2021.

Note 5: The total remuneration before tax received by the above independent Directors and external Supervisors from the Company includes the remuneration before tax received by them for the performance of duties from December 15, 2020 to December 31, 2020.

Note 6: According to the relevant requirements of the Rules for Governance of Securities Companies 《證券公司治理準則》, payment of more than 40% of annual performance-based remuneration for the senior management of the securities companies shall be deferred for a period of at least three years. Pursuant to the above requirements, during the Reporting Period, the following personnel have also received the performance bonuses of 2020 and deferred performance bonuses of previous years: Yan Jun (閔峻): RMB1,747,500; Liu Jiping (劉濟平): RMB1,380,600; Liu Qiuming (劉秋明): RMB1,543,600; Wang Zhong (王忠): RMB1,094,100; Mei Jian (梅鍵): RMB1,094,100; Zhu Qin (朱勤): RMB1,053,100; Xiong Guobing (熊國兵): RMB1,349,100; Wang Cuiting (王翠婷): RMB1,094,100; Li Bingtao (李炳濤): RMB909,400; Dong Jie (董捷): RMB1,186,300; Fang Ye (房擘): RMB1,152,000; Liang Chunliang (梁純良): RMB729,900.

Note 7: During the Reporting Period, Mr. Yin Lianchen did not receive remuneration from the Company, and Ms. Wang Wenyi received pre-tax remuneration totalling RMB961,500 from the Company.

Note 8: Mr. Li Bingtao receives remuneration from overseas subsidiaries of the Company when he worked outside of the PRC and after ceasing to hold overseas positions, he received remuneration from Everbright Securities. The above figure consists of the remuneration he received at home and abroad, and the HK\$ amounts have been converted to RMB.

SECTION IV CORPORATE GOVERNANCE

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

Name	Principal work experience
Yan Jun (閔峻)	Mr. Yan currently serves as the chairman and executive Director of the Company. He previously served at Industrial and Commercial Bank of China Limited ("ICBC", a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601398, Hong Kong Stock Exchange stock code: 1398) as deputy director of the credit department of communications and trade of the head office branch, deputy director and director of the third business department of the head office branch, vice general manager of the head office branch, executive director and vice president of ICBC Financial Leasing Co., Ltd., vice president and member of the party committee of Jiangxi Branch of ICBC and vice general manager and general manager of the special financing department (branch office) of the head office of ICBC; the officer of deepening reform and the executive deputy director of the Central Leading Group for Comprehensively Deepening Reforms of Everbright Group.
Liu Qiuming (劉秋明)	Mr. Liu currently serves as the executive Director and the president of the Company. He previously served as the head of the institutional customer business of Shenyin & Wanguo Securities Co., Ltd., the managing director of UBS Securities Co., Limited (瑞銀証券有限責任公司), an executive member of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司, a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601318, Hong Kong Stock Exchange stock code: 2318), the vice president of Ping An Securities Co., Ltd. (平安證券有限責任公司) and the chairman of the board and president of CMIG Capital Company Limited (中民投資本管理有限公司).
Song Bingfang (宋炳方)	Mr. Song is currently a non-executive Director of the Company, a director in the board office of China Everbright Group Ltd. and a director of China Youth Travel Group Limited (中國青旅集團有限公司). He previously served at China Investment Bank (中國投資銀行), China Development Bank (國家開發銀行) and China Everbright Bank (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601818, Hong Kong Stock Exchange stock code: 6818). During his tenure at China Everbright Bank, he took a temporary post as an assistant to director of the financial affairs office of the People's Government of Inner Mongolia Autonomous Region. He joined China Everbright (Group) Corporation on July 2010 and successively served as the director and assistant to the general manager of the strategic planning department, assistant to the director and deputy director of the office of the Board of Directors (and the Supervisory Committee), and the deputy director, senior expert and deputy director (director level) of the office of the Board of Directors.
Fu Jianping (付建平)	Mr. Fu is currently a non-executive Director of the Company, a senior expert of China Everbright Group Ltd. and the vice president of Everbright Yunfu Internet Co., Ltd. (光大雲付互聯網股份有限公司). He previously served at China Everbright Bank (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 601818, Hong Kong Stock Exchange stock code: 6818) as senior deputy manager of the strategic management department, as deputy director and director of the equity management department of China Everbright (Group) Corporation, as vice general manager of the equity management department and vice general manager of the investment and restructuring department of China Everbright Group Ltd.

SECTION IV CORPORATE GOVERNANCE

Name	Principal work experience
Cai Minnan (蔡敏男)	Mr. Cai is currently a non-executive Director of the Company, a vice president of China Everbright Limited (a company listed on the Hong Kong Stock Exchange, Hong Kong Stock Exchange stock code: 165). Mr. Cai was the vice commissioner for deep reform of China Everbright Group Ltd. and was responsible to promote various reform projects. He had served the State Council at the Office of the Leading Group for Coping with the International Financial Crisis, the Second Secretary Office of General Office and the Fourth Secretary Office of General Office, and was responsible for the national financial management and macroeconomic regulation. He had also served at the innovation department and the policy research bureau of the China Banking Regulatory Commission, and was tasked to promote financial innovation and cross-industry supervision coordination as well as international financial regulatory reform and formulation of the relevant regulatory rules.
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.
Tian Wei (田威)	Mr. Tian is currently a non-executive Director of the Company, director of the office of China State Construction Engineering Corporation Limited (中國建築股份有限公司, a company listed on the SSE, stock code: 601668), vice chairman of Central SOEs Industrial Investment Fund for Rural Industries Co., Ltd. (中央企業鄉村產業投資基金股份有限公司) and a director of China State Construction Finance Co., Ltd. Mr. Tian has served as assistant general manager of the financial department of China State Construction Engineering Corporation, deputy chief financial officer (team member) of China Construction America, Inc., assistant general manager, vice general manager and general manager of the investment department, and general manager of the financial department of China State Construction Engineering Corporation Limited (中國建築股份有限公司) and a director of CSCEC Capital (Hong Kong) Limited.

SECTION IV CORPORATE GOVERNANCE

Name	Principal work experience
Yu Mingxiong (余明雄)	<p>Mr. Yu is currently a non-executive Director of the Company, the director and general manager of China Shipbuilding Capital Limited (中國船舶資本有限公司) and a director of China Ships Group (Shenzhen) Marine Technology Research Institute Co., Ltd. (中國船舶集團(深圳)海洋科技研究院有限公司) and China Ships Chuanhai Agency Co., Limited (中國船舶船海經紀有限公司). He previously served as the deputy secretary of the Youth League Committee, secretary of the Youth League Committee, deputy director of the party member office of party member department, and director of the second audit office of the audit department of Aerospace Times Instrument Company (航天時代儀器公司) under China Aerospace Science and Technology Corporation, the director of discipline inspection and supervision legal office of the general department and deputy secretary of Discipline Inspection Commission of China Academy of Space Technology (中國空間技術研究院) under China Aerospace Science and Technology Corporation, the head of the audit and supervision department, the office director of major project and the head of the strategic planning department of AVIC Heavy Machinery Co., Ltd (中航重機股份有限公司, a company listed on the SSE, stock code:600765) under Aviation Industry Corporation of China, the director (part-time) of AVIC Shaanxi Hongyuan Aviation Forging Company Ltd. as well as the director (part-time) of Guizhou Anda Aviation Forging Co., Ltd., the secretary of Party Committee, vice general manager and director (temporary post) of Jiangxi Jinghang Aviation Forging & Casting Co., Ltd., and he worked as deputy director of the audit department of China Shipbuilding Industry Corporation and the general manager and the secretary to the Communist Party of China Party Branch of China Heavy Shipping Finance Co., Limited.</p>
Wang Yong (王勇)	<p>Mr. Wang is currently an independent non-executive Director of the Company, director of the Executive Committee of the China Enterprise Development and M&A Research Center, the assistant to the dean of the School of Economics and Management, Tsinghua University and the office director of the Business Scholars Program, director of the Cooperative Development Office and an independent director of Rici Healthcare Holdings Limited (瑞慈醫療服務控股有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 1526). He served as the project director of the Institute of Mechanical and Electrical, the deputy manager of the Mechanical and Electrical Equipment Plant, the manager of Water and Power Equipment Model Plant of China Institute of Water Resources and Hydropower Research (中國水利水電科學院), the deputy general manager of SRIT NETech Co., Ltd. (國研網絡數據科技有限公司), an independent director of Shenzhen Clou Electronics Co., Ltd. (深圳市科陸電子科技股份有限公司, a company listed on the SZSE, code: 002121) and Shenzhen Ocean's King Lighting Science & Technology Co., Ltd. (深圳市海洋王照明科技股份有限公司, a company listed on the SZSE, stock code: 002724).</p>
Po Wai Kwong (浦偉光)	<p>Mr. Po is currently an independent non-executive Director of the Company, China Securities Co., Ltd. (a company listed on the SSE and the Hong Kong Stock Exchange, SSE stock code: 661066, Hong Kong Stock Exchange stock code: 6066) and Citibank (Hong Kong) Limited, and he served as a member of the Advisory Committee of the Hang Seng Index in Hong Kong. He previously served as the executive director of the Hong Kong Insurance Authority, senior director of the Securities and Futures Commission (SFC) and director of the agency supervision division of the SFC, chairman of the No. 3 committee of supervision of market agencies of the International Organization of Securities Commissions and a member of the International Advisory Council of the CSRC.</p>

SECTION IV CORPORATE GOVERNANCE

Name	Principal work experience
Ren Yongping (任永平)	<p>Mr. Ren is currently an independent non-executive Director of the Company, an accounting professor of management school of Shanghai University, doctoral supervisor, academic director of MBA Center of Shanghai University and an independent director of Jiangsu Yangnong Chemical Co., Ltd. (江蘇揚農化工股份有限公司, a company listed on SSE, stock code: 600486), Jiangsu Rijiu Optoelectronics Jointstock Co., Ltd. (a company listed on the SZSE, stock code: 003015), Shanghai Jin Jiang International Travel Co., Ltd. (上海錦江國際旅遊股份有限公司, a company listed on the SSE, stock code: 900929) and Chuangzhi Technology (Jiangsu) Co., Ltd (unlisted company). He previously served as vice dean of management school and secretary of Party Committee of Shanghai University, lecturer, associate professor and professor of Jiangsu University, a director of Xingyuan Environment Technology Co., Ltd. (興源環境科技股份有限公司, a company listed on SZSE, stock code: 300266), and an independent director of Tengda Construction Group Co., Ltd. (騰達建設集團股份有限公司, a company listed on SSE, stock code: 600512), Kama Co., Ltd. (恒天凱馬股份有限公司, a company listed on SSE, stock code: 900953), Kehua Holdings Co., Ltd. (科華控股股份有限公司, a company listed on SSE, stock code: 603161), Jiangsu Hengshun Vinegar Industry Co., Ltd. (江蘇恆順醋業股份有限公司, a company listed on SSE, stock code: 600305) and other companies.</p>
Yin Junming (殷俊明)	<p>Mr. Yin is currently an independent non-executive Director of the Company, the secretary of the Party committee and accounting professor of the accounting school of Nanjing Audit University and an independent director of Jiangsu Canlon Building Materials Co., Ltd. (江蘇凱倫建材股份有限公司, a company listed on SZSE, stock code: 300715), Shuangdeng Group Co., Ltd., Anhui Shenjian New Materials Co., Ltd. (安徽神劍新材料股份有限公司, a company listed on SZSE, stock code: 002361), and Suning Universal Co., Ltd. (蘇寧環球股份有限公司, a company listed on SZSE, stock code: 000718). He was a dean of the accounting school of Nanjing Audit University, an associate professor at the Sias International College of Zhengzhou University and an accountant in the aircraft section of Nanchang Railway Bureau.</p>
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&A and Investment of Renmin University of China, an independent director of Bank of Guiyang Co., Ltd. (貴陽銀行股份有限公司, a company listed on SSE, stock code: 601997), Shanghai Electric Group Company Limited (上海電氣集團股份有限公司, a company listed on SSE and the Hong Kong Stock Exchange, SSE stock code: 601727, Hong Kong Stock Exchange stock code: 2727) and Sinolink Securities Co., Ltd. (國金證券股份有限公司, a company listed on SSE, stock code: 600109), an adjunct professor and tutor of postgraduates of Renmin University of China, Shanghai University of Finance and Economics and East China University of Political Science and Law. Mr. Liu has served as the head of Legal and Compliance Division of Guotai Asset Management Co., Ltd., the general manager of Investment Banking Department of Aerospace Securities Co., Ltd. and the general manager of the Investment Banking Department and the assistant to president of Hwabao Securities Co. Ltd.</p>

SECTION IV CORPORATE GOVERNANCE

Name	Principal work experience
Liu Jiping (劉濟平)	Mr. Liu is currently a chief Supervisor of the Company. From September 2002 to June 2005, he served as a Director of the Company. Mr. Liu previously served as a director, deputy head and head of the audit department of the Everbright Group, chief supervisor of Shanghai Everbright Convention & Exhibition Center Co., Ltd. (上海光大會展中心有限公司), a supervisor of Everbright Investment and Management Limited (中國光大投資管理公司), and a director of Everbright Financial Holding Asset Management Co., Ltd. (光大金控資產管理有限公司). Mr. Liu was also a deputy director and a director of the investment and audit division of the State Auditing Administration.
Wu Chunsheng (吳春盛)	Mr. Wu is currently a supervisor of the Company, a deputy secretary of the party committee and a chief Supervisor of Everbright Technology Limited, a senior expert of audit center, deputy general manager of audit department and the deputy secretary of the Disciplinary Committee of China Everbright Group Ltd. He previously served as the deputy director of finance department of Beijing Municipal Audit Bureau, deputy general manager of securities department and general manager of Gucheng Road sales department of China Jingu International Trust Co., Ltd. (中國金谷國際信託投資公司), director and assistant to the general manager of the audit department of China Everbright Group Ltd.
Wang Hongyang (汪紅陽)	Mr. Wang is currently a Supervisor of the Company, an executive director and vice president (in charge of finance & accounting) of China Everbright Limited (a company listed on the Hong Kong Stock Exchange, stock code: 165), a non-executive director of China Aircraft Leasing Group Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1848), a non-executive and non-independent director of Ying Li International Real Estate Limited (英利國際置業股份有限公司)(a company listed on the Singapore Exchange, stock code: 5DM.SGX) and others. Mr. Wang is also a non-practicing member of the Chinese Institute of Certified Public Accountants and a member of The Institute of Internal Auditors. He served as deputy chief financial officer of China Everbright Limited and worked at KPMG Huazhen LLP for over 15 years as a partner.
Yang Weirong (楊威榮)	Mr. Yang is currently a supervisor of the Company, a supervisor of Guangdong Hengfu Finance Leasing Co., Ltd. (廣東恒孚融資租賃有限公司), Baosteel Zhanjiang Iron & Steel Co., Ltd. (寶鋼湛江鋼鐵有限公司), Guangdong Yueao Cooperation and Development Fund Management Co., Ltd. (廣東粵澳合作發展基金管理有限公司), China Aviation Industry General Aircraft Co., Ltd. (中航通用飛機有限責任公司) and Guangdong Architectural Design & Research Institute Co., Ltd. (廣東省建築設計研究院有限公司), a general manager of Guangdong Hengjian Asset Management Co., Ltd. (廣東恒健資產管理有限公司) and the chairman of Guangdong State-owned Enterprise Restructuring and Development Fund Management Co., Ltd. (廣東國有企業重組發展基金管理有限公司). He was a vice minister of finance management department, a minister of audit department and a minister of risk control and legal affairs department of Guangdong Hengjian Investment Holding Co., Ltd. and a director of Guangdong Hengwan Equity Investment Fund Management Co., Ltd. (廣東恒萬股權投資基金管理有限公司).

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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. He is an independent director of Beijing Properties (Holdings) Co., Ltd. (北京建設控股有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 925), China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 1359), Visual (China) Cultural Development Co., Ltd. (視覺(中國)文化發展股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 000681), Shanghai Paineng Energy Technology Co., Ltd. (上海派能能源科技股份有限公司, a company listed on the SSE Star Market, stock code: 688063), Colour Life Services Group Co., Limited (彩生活服務集團有限公司, a company listed on the Hong Kong Stock Exchange, stock code: 1778), and a supervisor of Unisplendour Corporation Limited (紫光股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 000938). He was an independent director of China Fortune Land Development Co., Ltd. (華夏幸福基業股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600340), ZTE Corporation Co., Ltd. (中興通訊股份有限公司, a company listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, Shenzhen Stock Exchange stock code: 000063, Hong Kong Stock Exchange stock code: 763), Dongxing Securities Co., Ltd. (東興證券股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 601198), Rongxin Power Electronic Co., Ltd. (榮信電力電子股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 002123) and Offshore Oil Engineering Co., Ltd. (海洋石油工程股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600583).</p>
Cheng Fengchao (程鳳朝)	<p>Mr. Cheng is currently an external supervisor of the Company, a chairman of Zhongguancun Guorui Financial and Industrial Development Research Institute, vice chairman of the second session of the Mergers and Acquisitions Financing Committee of the China Association for Public Companies, a doctoral supervisor of Hunan University, a distinguished professor of the Chinese Academy of Social Sciences, an independent director of Minmetals Capital Co., Ltd. (五礦資本股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600390) and an independent director of Sinochem International Corporation (中化國際(控股)股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 600500). He served as a director of the Industrial and Commercial Bank of China and a director of the Agricultural Bank of China assigned by Central Huijin Investment Ltd., and a supervisor of China Everbright Group, an external supervisor of China Huarong Asset Management Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 2799), and an independent director of Beijing GeoEnviron Engineering & Technology, Inc. (a company listed on the Shanghai Stock Exchange, stock code: 603588).</p>
Huang Qin (黃琴)	<p>Ms. Huang is currently an employee Supervisor of the Company and the general manager of the Company's Zhejiang branch. She previously served as assistant to the general manager, deputy general manager and general manager of the Company's audit department, general manager of risk management, internal control department and internal audit department.</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 in Xiangcai Securities Company (currently known as Xiangcai Securities Co., Ltd.) as deputy general manager and general manager of Information Technology Department, general manager of Corporate Information Technology Department, director of innovation office and general manager of the audit department of the Company.
Lin Jingmin (林靜敏)	Ms. Lin is currently an employee Supervisor and an assistant to the general manager of the risk management and internal control department of the Company. Ms. Lin was an investment banking assistant at Shanghai investment bank department No.2 of the Company and was the person in charge of net capital and liquidity risk monitoring group at risk management department of the Company.
Wang Zhong (王忠)	Mr. Wang is currently a vice president of the Company. He served as an assistant to general manager of the Company's bonds division, deputy general manager of the Company's fixed income division (in charge of operations). Mr. Wang served as assistant president and vice president of Everbright Financial Holding Asset Management. He previously worked as a business director of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司, a company listed on SSE and the Hong Kong Stock Exchange, SSE stock code: 601211, Hong Kong Stock Exchange stock code: 2611) and the head of investment manager division of securities investment department in Haitong Securities Co., Ltd. (a company listed on SSE and Hong Kong Stock Exchange, SSE stock code: 600837, Hong Kong Stock Exchange stock code: 6837).
Mei Jian (梅鍵)	Mr. Mei is currently a vice president of the Company. He previously held various positions, including director of the office of the Board, director of the Company's general office, general manager of brokerage business division, secretary to the Board and assistant president.
Zhu Qin (朱勤)	Ms. Zhu is currently the vice president, chief compliance officer, chief risk officer, the secretary to the Board, and securities affairs representative. She previously worked as a project manager, senior manager and executive director of the fourth division of the Company's investment banking division, assistant to the director, deputy director and director of the Board office.
Xiong Guobing (熊國兵)	Mr. Xiong is currently a senior expert of the Company. Mr. Xiong has served in various positions, including general manager of the Company's audit department, general manager of the Company's risk management department, secretary of the commission for discipline inspection and vice president.
Wang Cuiting (王翠婷)	Ms. Wang currently served as chairman of the labor union and a senior expert of the Company. She previously served in various positions, such as secretary to the Board, director of the Board office, general manager of the Company's human resources department and vice president.
Li Bingtao (李炳濤)	Mr. Li is currently a business line director of the Company. He previously served as a professional adviser of the planning and development committee and vice minister level officer of the institutional supervision department of the CSRC, senior manager of the general office of Everbright Group, director of the Company's general office, and an employee supervisor of the Company.

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Name	Principal work experience
Dong Jie (董捷)	Ms. Dong is currently a business line director of the Company. She previously worked as a senior manager of budget finance department of Dalian branch of Bank of Communications, assistant to the president and vice president of Dalian branch of China Everbright Bank Company Limited.
Fang Ye (房擘)	The current chief information officer of the Company. He once served as IT manager in China of OSRAM (Foshan) Lighting Co., Ltd., IT manager in China of Donnelly (Shenzhen) Printing Co., Ltd., IT director in Asia of Donnelly (China) Investment Co., Ltd., IT director of Sinolink Securities Co., Ltd. (a Company listed on SSE, stock code: 600109), and general manager, director and member of the brokerage business executive committee of Internet financing business (financial technology) of Shanghai Internet Securities Branch of Sinolink Securities, etc.
Liang Chunliang (梁純良)	The current business director of the Company. He used to work in Hengtai Securities Co., Ltd. (a Company listed on the Hong Kong Stock Exchange, stock code: 1476) as the head of institutional development department and operation management department of Brokerage Headquarters, general manager of Jinan sales department and Shanghai sales department, and general manager of foreign brokerage business department. Worked in China Galaxy Securities Co., Ltd. (a company listed on SSE and Hong Kong Stock Exchange, SSE stock code: 601881, Hong Kong Stock Exchange stock code: 6881) as the general manager of Shanghai sales department, head of brokerage management headquarter, deputy director of brokerage management committee, general manager of wealth management headquarter and deputy director of wealth management committee, etc.

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

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

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

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

SECTION IV CORPORATE GOVERNANCE

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

1. Positions held in the shareholding companies

Name of employee	Name of shareholding companies	Positions held in the shareholding companies	Start of the term of office	Expiration of the term of office
Song Bingfang	China Everbright Group Ltd.	Director in the board office	June 2021	-
Fu Jianping	China Everbright Group Ltd.	Senior expert	December 2020	-
Cai Minnan	China Everbright Limited	Vice president, a member of the Management Decision Committee	June 2021	-
Chan Ming Kin	China Everbright Limited	General legal counsel	December 2007	-
Yu Mingxiong	China Shipbuilding Vantage Capitals Ltd. (中國船舶資本有限公司)	Director, general manager	May 2020	-
Wu Chunsheng	China Everbright Group Ltd.	Senior expert of audit center, deputy general manager of audit department	May 2000	-
Wu Chunsheng	China Everbright Group Ltd.	Deputy secretary of the Disciplinary Committee	November 2015	-
Wang Hongyang	China Everbright Limited	Executive director, vice president, a member of the Executive Committee and a member of the Management Decision Committee	October 2016	-

SECTION IV CORPORATE GOVERNANCE

2. Positions held in other companies

Name of employee	Name of other companies	Positions held in other companies	Start of the term of office	Expiration of the term of office
Song Bingfang	China Youth Travel Group Limited (中國青旅集團有限公司)	Equity shareholder (non-executive director)	April 2019	-
Fu Jianping	Everbright Yunfu Internet Co., Ltd.	Standing vice president	September 2018	-
Cai Minnan	Everbright Belt and Road Green Equity Investment Fund, L.P. (光大一帶一路綠色股權投資基金合夥企業(有限合夥))	Representative of executive partner	December 2019	-
Cai Minnan	Everbright Green Belt and Road Investment Management Co., Ltd. (光大綠色絲路投資管理有限公司)	Chairman	December 2019	-
Cai Minnan	Shaanxi Guangkong Caijin New Era Private Equity Management Co., Ltd. (陝西光控財金新時代私募基金管理有限公司)	Chairman, legal person	August 2021	-
Cai Minnan	Guangkong Low-carbon Technology Innovation (Hubei) Investment Fund L.P. (光控低碳科創(湖北)投資基金合夥企業(有限合夥))	Representative of executive partner	November 2021	-
Cai Minnan	CEL Capital Prestige Asset Management Co., Ltd.	Supervisor	October 2021	-
Cai Minnan	Beijing Guangkong Management Consultancy Services Co., Ltd. (北京光控管理諮詢服務有限公司)	Legal person, executive director, manager	October 2021	-
Cai Minnan	Everbright Venture Capital Jiangyin Co., Ltd. (光大創業投資江陰有限公司)	Legal person, chairman	January, 2022	-
Cai Minnan	Guangkong Caijin (Shaanxi) Advanced Manufacturing Investment L.P.	Representative of executive partner	February, 2022	-
Tian Wei	China State Construction Engineering Corporation Limited	Director of the office	October, 2020	-
Tian Wei	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)	Vice chairman	August 2019	-
Tian Wei	China State Construction Finance Co., Ltd.	Director	October 2019	-
Yu Mingxiong	China Ships Group (Shenzhen) Marine Technology Research Institute Co., Ltd. (中國船舶集團(深圳)海洋科技研究院有限公司)	Director	November 2021	-
Yu Mingxiong	China Ships Chuanhai Agency Co., Limited (中國船舶船海經紀有限公司)	Director	November 2021	-
Wang Yong	Rici Healthcare Holdings Limited	Independent director	June 2016	-
Po Wai Kwong	China Securities Co., Ltd.	Independent director	May 2021	-
Po Wai Kwong	Citibank (Hong Kong) Limited	Independent director	July 2021	-

SECTION IV CORPORATE GOVERNANCE

Name of employee	Name of other companies	Positions held in other companies	Start of the term of office	Expiration of the term of office
Ren Yongping	Jiangsu Yangnong Chemical Co., Ltd. (江蘇揚農化工股份有限公司)	Independent director	September 2021	August 2024
Ren Yongping	Jiangsu Rijiu Optoelectronics Jointstock Co., Ltd.	Independent director	December 2020	November 2023
Ren Yongping	Shanghai Jin Jiang International Travel Co., Ltd.	Independent director	December 2020	November 2023
Ren Yongping	Chuangzhi Technology (Jiangsu) Co., Ltd.	Independent director	June 2021	May 2024
Yin Junming	Jiangsu Canlon Building Materials Co., Ltd.	Independent director	December 2017	-
Yin Junming	Shuangdeng Group Co., Ltd.	Independent director	October 2020	-
Yin Junming	Anhui Shenjian New Materials Co., Ltd.	Independent director	January 2020	-
Yin Junming	Suning Universal Co., Ltd.	Independent director	October 2020	-
Liu Yunhong	Foresea Life Insurance Co., Ltd. (Shanghai) Research Institute	Head of the Institute	May 2019	-
Liu Yunhong	Bank of Guiyang Co., Ltd.	Independent director	July 2017	-
Liu Yunhong	Shanghai Electric Group Company Limited	Independent director	November 2020	-
Liu Yunhong	Sinolink Securities Co., Ltd.	Independent director	September 2020	-
Wu Chunsheng	Everbright Technology Co., Ltd.	Deputy secretary of the Party Committee, chairman of the Supervisory Committee	December 2021	-
Wang Hongyang	Everbright Aviation Investment Holdings Limited (光控航空投資控股有限公司) (formerly known as: China Everbright Aerospace Holdings Limited)	Director	June 2019	-
Wang Hongyang	China Everbright Structured Investment Holdings Limited	Director	June 2019	-
Wang Hongyang	China Everbright Success Holdings Limited	Director	June 2019	-
Wang Hongyang	China Asset Leasing Company Limited	Chairman	September 2020	-
Wang Hongyang	CALC Perpetual Bond Cayman I Limited	Director	December 2020	-
Wang Hongyang	Sun Empire Ventures Ltd.	Shareholder and director	September 2020	-
Wang Hongyang	China Everbright Senior Healthcare Company Limited	Director	March 2019	-
Wang Hongyang	Everbright Senior Healthcare Industrial Development Limited	Director	May 2019	-
Wang Hongyang	Everbright Prestige Capital Asset Management Co., Ltd.	Director	December 2016	-
Wang Hongyang	Chongqing Terminus Technology Co., Ltd.	Director	January 2019	-
Wang Hongyang	Arctic Green Energy Corporation Pte. Limited	Director	April 2019	-
Wang Hongyang	CEL Impetus Corporate Finance Pte. Ltd.	Director	November 2019	-
Wang Hongyang	Burke Porter Group, Ltd.	Director	January 2022	-

SECTION IV CORPORATE GOVERNANCE

Name of employee	Name of other companies	Positions held in other companies	Start of the term of office	Expiration of the term of office
Wang Hongyang	China Aircraft Leasing Group Holdings Limited	Director and member of the Strategy Committee	December 2021	
Wang Hongyang	Ying Li International Real Estate Limited	Director and a member of the Audit Committee and a member of the Risk Management Committee	December 2021	
Yang Weirong	Guangdong Hengfu Finance Leasing Co., Ltd.	Supervisor	November 2014	-
Yang Weirong	Baosteel Zhanjiang Iron & Steel Co., Ltd.	Supervisor	December 2016	-
Yang Weirong	Guangdong Yueao Cooperation and Development Fund Management Co., Ltd.	Supervisor	June 2017	-
Yang Weirong	China Aviation Industry General Aircraft Co., Ltd.	Supervisor	August 2019	-
Yang Weirong	Guangdong Architectural Design & Research Institute Co., Ltd.	Supervisor	July 2020	-
Yang Weirong	Guangdong Hengjian Investment Holding Co., Ltd.	General Manager	June 2021	-
Yang Weirong	Guangdong State-owned Enterprise Restructuring and Development Fund Management Co., Ltd.	Chairman	September 2021	
Zhu Wuxiang	China Cinda Asset Management Co., Ltd.	Independent director	October 2016	-
Zhu Wuxiang	Beijing Properties (Holdings) Limited	Independent director	January 2011	-
Zhu Wuxiang	Visual (China) Cultural Development Co., Ltd.	Independent director	October 2018	-
Zhu Wuxiang	Shanghai Paineng Energy Technology Co., Ltd.	Independent director	December 2019	-
Zhu Wuxiang	Colour Life Services Group Co., Limited	Independent director	March 2021	
Zhu Wuxiang	Unisplendour Corporation Limited	Supervisor	April 2005	-
Cheng Fengchao	Sinochem International Corporation	Independent director	November 2021	-
Cheng Fengchao	Minmetals Capital Co., Ltd.	Independent director	May 2019	-

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.
The basis for determining the remuneration of the Directors, Supervisors and senior management	Remuneration of the independent Directors and external Supervisors of the Company is determined with reference to that of similar listed companies in the same industry and based on actual situation of the Company. Remuneration of executive Directors, Supervisors holding a position in the Company and senior management is determined in accordance with the remuneration system of the Company and is also linked to position and performance.
Actual payment of remuneration of the Directors, Supervisors and senior management	Please refer to "(I) Changes in shareholding and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period" in this section for details.
Total remuneration actually obtained by the Directors, Supervisors and senior management at the end of the Reporting Period	During the Reporting Period, the total remuneration actually received by all existing Directors, Supervisors and senior management of Company amounted to RMB36.7331 million; in addition, the performance bonuses of 2020 and the deferred performance bonuses of previous years actually received by the Directors, Supervisors and senior management of Company in total amounted to RMB14.3338 million.

SECTION IV CORPORATE GOVERNANCE

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

Name	Position	Change	Reasons for change
Yin Lianchen	Director	Resigned	The Board of the Company received a letter of resignation from Mr. Yin Lianchen, our Director, on September 30, 2021. Mr. Yin Lianchen resigned as a director of the Company.
Cai Minnan	Director	Elected	The Company held the 2021 first extraordinary general meeting on November 16, 2021 and Mr. Cai Minnan was elected as a Director of the sixth session of the Board.
Wang Wenyi	Employee supervisor	Resigned	On June 30, 2021, the Supervisory Committee of the Company received a resignation report from Ms. Wang Wenyi, an employee supervisor. Ms. Wang Wenyi resigned from her position as an employee supervisor of the Company. Given that the resignation of Ms. Wang Wenyi will result in the proportion of employee supervisors among the members of the supervisory committee of the Company to be less than one-third, in accordance with the Company Law and the Articles of Association and other relevant requirements, the resignation of Ms. Wang Wenyi took effect after the election of a new employee supervisor at the employee representative meeting of the Company held on November 12, 2021.
Lin Jingmin	Employee supervisor	Elected	The Company convened the nineteenth meeting of the fifth session of the employee representative meeting on November 12, 2021, and Ms. Lin Jingmin was elected as employee supervisor of the sixth session of the Supervisory Committee.

SECTION IV CORPORATE GOVERNANCE

IV. Board of Directors and the Management

(I) Board of Directors

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

Composition of the Board

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

According to Article 117 of the Articles of Association, except for the first session of the Board of Directors of the Company, the candidates for the directors of any successive Board of Directors shall be nominated by the shareholders holding more than 3% (inclusive) of the shares or by three directors of the previous Board of Directors of the Company. The previous Board of Directors shall be responsible to prepare and submit a proposal to the general meeting for voting. Any shareholder holding more than 1% (inclusive) of the shares may nominate any candidates for independent directors.

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, 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, mergers, divisions, dissolution or changes of the form of the Company; to decide the Company's external investments, purchases and sales of assets, pledge of assets, external guarantees, trust management or to manage related parties transactions within the scope of authorization by a general meeting; to decide the establishment of the internal management organizations of the Company; to appoint or remove the president or the secretary to the Board of Directors nominated by the Chairman of the Board of Directors; to appoint or remove the vice president, assistant president, chief financial officer, chief compliance officer, chief risk officer and other officers nominated by the president and decide the remunerations and rewards and punishments thereof; to establish a basic management system of the Company; to prepare plans to amend the Articles of Association; to manage the matters related to the information disclosed by the Company; to make suggestions to a general meeting regarding the engagement or replacement of the accounting firm as the auditors of the Company; to receive the work report of the president of the Company and examine the work of the general manager; to be responsible to urge, examine and evaluate the establishment and implementation of various internal control systems of the Company and to undertake final responsibility for the validity of such internal control systems; to be responsible on deciding the compliance management objectives of the Company, and consider and adopt the basic compliance system of the Company and the annual and interim compliance report of the Company and receive the report from the chief compliance officer and to be responsible for the implementation of the compliance policies; to undertake ultimate responsibility for comprehensive risk management; to take responsibilities on deciding to acquire the shares of the Company in accordance with (3), (5) and (6) of Article 27 of the Articles of Association; other powers and duties conferred by the law, administrative regulations, department regulations and the Articles of Association.

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

SECTION IV CORPORATE GOVERNANCE

Duties and responsibilities of the management

According to the Articles of Association, the president is accountable to the Board of Directors and exercises the following powers and duties: to manage the operation of the Company, organize and implement the decisions of the Board of Directors and report to the Board of Directors; to organize and implement the annual plan and investment plan of the Company; to prepare the plan for the establishment of internal organizations of the Company; to formulate the basic management system of the Company; to formulate specific regulations of the Company; to nominate the vice presidents, assistant presidents, chief financial officer, chief compliance officer, chief risk officer and other senior officers identified by CSRC to be appointed or removed by the Board of Directors; to decide on the appointment or removal of any management personnel other than those required to be appointed or removed by the Board of Directors; to determine the salary, benefits, rewards and punishments of the employees of the Company and decide on the appointment and removal of such employees; to propose to the chairman of the Board of Directors to agree to convene any interim board meetings; to decide on the investment matters of the Company within the scope of authorization of the Board of Directors in accordance with the relevant regulations of the securities regulators. The Articles of Association stipulates that the Board of Directors of the Company could delegate its management and administrative authority to the management when necessary and provides clear guidance on the act of authorization. The senior management of the Company shall be appointed and dismissed by the Board of Directors. The office term for senior management shall be three years and eligible for re-appointment.

Chairman and president

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

V. Board meetings during the Reporting Period

Meeting	Date of meeting	Resolutions at the meeting
The second meeting of the sixth session of the Board	January 11, 2021	To consider and approve the proposal on the establishment of the Financial Innovation Business Headquarters
The third meeting of the sixth session of the Board	January 26, 2021	To consider and approve the following proposals: <ol style="list-style-type: none"> 1. The Proposal on the Formulation of the Administrative Measures for the Remuneration of Senior Management of Everbright Securities Company Limited (Trial) 2. The Proposal on the Formulation of the Evaluation Plan on the Senior Management of Everbright Securities Company Limited in 2020 3. The Proposal on the Provision for Estimated Liabilities and Asset Impairment

SECTION IV CORPORATE GOVERNANCE

Meeting	Date of meeting	Resolutions at the meeting
The fourth meeting of the sixth session of the Board	March 25, 2021	To consider and approve the following proposals: 1. The Proposal on the 2020 Annual Report of the Company and its Summary 2. The Proposal on the Work Report of the Board of Directors of the Company for the Year 2020 3. The Proposal on the Social Responsibility/ESG Report of the Company for the Year 2020 4. The Proposal on the Evaluation Report of Internal Control of the Company for the Year 2020 5. The Proposal on the Compliance Work Report of the Company for the Year 2020 6. The Proposal on the Integrity Management Report of the Company for the Year 2020 7. The Proposal on the Risk Assessment Report of the Company for the Year 2020 8. The Proposal on the Annual Special Report of the Information and Technology Management for the Year 2020 9. The Proposal on the Annual Profit Distribution Plan of the Company for the Year 2020 10. The Proposal on the Self-operated Business Scale of the Company for the Year 2021 11. The Proposal on the General Mandate to Issue Onshore and Offshore Debt Financing Instruments to the Company 12. The Proposal on Risk Preference of the Company for the Year 2021 13. The Proposal on the Company's Expected Ordinary Related Transactions for Year 2021 14. The Proposal on the Authorization on Management Granted by the Board of the Company for Year 2021 15. The Proposal on the Adjustment of Allowances for the Independent Directors of the Company 16. The Proposal to Convene the 2020 Annual General Meeting of the Company
The fifth meeting of the sixth session of the Board	April 29, 2021	To consider and approve the Report of the Company for the First Quarter of 2021
The sixth meeting of the sixth session of the Board	May 24, 2021	To consider and approve the Proposal on the Optimization Plan on the Enterprise Annuities of the Company
The seventh meeting of the sixth session of the Board	July 14, 2021	To consider and approve the Proposal on the Rolling Strategic Plan of Everbright Securities (2021-2025)

SECTION IV CORPORATE GOVERNANCE

Meeting	Date of meeting	Resolutions at the meeting
The eighth meeting of the sixth session of the Board	August 26, 2021	To consider and approve the following proposals: <ol style="list-style-type: none"> 1. The Proposal on the Renewal of the Appointment of the External Auditor for 2021 2. The Proposal on the Company's 2021 Interim Report and its Summary 3. The Proposal on the Risk Assessment Report of the Company for the First Half of 2021 4. The Proposal on the Risk Control Indicators of the Company for the First Half of 2021 5. The Proposal on the Written-off of Doubtful Accounts 6. The Proposal on the Special Authorization on the Written-off of Doubtful Accounts 7. The Proposal on Signing the Framework Agreement on Ordinary Related (Connected) Transactions with China Everbright Group Ltd. 8. The Proposal to Convene the 2021 First Extraordinary General Meeting
The ninth meeting of the sixth session of the Board	October 28, 2021	To consider and approve the following proposals: <ol style="list-style-type: none"> 1. The Proposal on the Report of the Company for the Third Quarter of 2021 2. The Proposal on the Amendment to the Risk Preference of the Company for the Year 2021 3. The Proposal on the Nomination of Mr. Cai Minnan as a Director Candidate of the Company
The tenth meeting of the sixth session of the Board	December 17, 2021	To consider and approve the following proposals: <ol style="list-style-type: none"> 1. The Proposal on the Evaluation and Remuneration Plan on Senior Management of the Company for the Year 2020 2. The Evaluation Plan on Senior Management of the Company for the Year 2021 3. The Proposal on the Amendment to the Measures on the Administration of Information Disclosure Matters of Everbright Securities Company Limited 4. The Proposal on the Amendment to the Measures of Registration of Insiders of Everbright Securities Company Limited

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 notice of regular meeting of the Board of Directors shall be served at least 14 days before such meeting, and shall state the date and venue of the meeting, the period of such meeting, the subject matters and agenda and the date of the notice.

SECTION IV CORPORATE GOVERNANCE

A board meeting shall be held only when more than half of the Directors are present. Unless otherwise provided in the Articles of Association, any resolutions made at a board meeting shall be passed by more than half of all Directors. If a Director is related to an enterprise in a resolution to be passed at a board meeting, such Director shall not exercise his/her voting rights or on behalf of any other Directors in respect of such resolution. Such board meeting may be held when more than half of non-related Directors are present; any resolutions made at such board meeting shall be passed by more than half of non-related Directors. If the number of non-related Directors present at such Board meeting is less than three, such matters shall be submitted to a general meeting for consideration. The Board meeting shall be held onsite in principle. When necessary, the temporary meeting of the Board of Directors may be held by video conference, telephone and facsimile or by way of an on-site meeting or other ways at the same time. A Director may attend any board meetings in person, and also may appoint in writing other Directors to attend such meeting on his/her behalf.

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

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

Note 1: The appointment of Mr. Cai Minnan as a director became effective from November 16, 2021. During the Reporting Period, Mr. Cai Minnan was required to attend 1 board meeting and attended 1 board meeting.

Note 2: Mr. Yin Lianchen has resigned on September 30, 2021. During the Reporting Period, Mr. Yin Lianchen was required to attend 7 board meetings and attended 7 board meetings.

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

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

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

(III) Objections raised by Independent Non-executive Directors

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

(IV) Training of Directors

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

During the Reporting Period, the Directors of the Company participated in the second batch of the first session of online training for directors and supervisors of listed companies in 2020 organized by the Listed Companies of Association of Shanghai, the training on qualifications of independent directors organized by the Shanghai Stock Exchange, the fourth follow-up training for independent directors of listed companies in 2021, the online live course on "Interpretations to Amendment (XI) to the Criminal Law" organized by the Securities Association of China and the Shanghai Securities Association, the third session of special training on corporate governance in 2021 organized by China Association for Public Companies, the advanced seminar for directors and supervisors of the companies listed inside and outside of China organized by the Hong Kong Institute of Chartered Secretaries.

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 Committee, the Remuneration, Nomination and Credentials Committee and the Strategies and Development Committee according to the Company Law, the Hong Kong Listing Rules and the relevant 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 Committee and the Remuneration, Nomination and Credentials Committee and an independent non-executive Director shall act as the chairman. At least one independent non-executive Director with more than 5 years' professional experience in accounting shall serve as a member on the Audit Committee. The establishment of any special committees under the Board of Directors shall be approved at a general meeting. During the Reporting Period, the special committee under the Board didn't raise any objection toward the related matters of the Company. In 2021, the special committees under the Board of Directors held a total of 15 meetings, of which the Audit Committee held five meetings, the Remuneration, Nomination and Credentials Committee held six meetings, the Risk Management Committee held three meetings and the Strategies and Development Committee held one meeting. In compliance with the relevant requirements of the Articles of Association and the rules of procedures for each committee, every special committee under the Board of Directors earnestly performed its duties, made use of the professional experience of its members, thus providing a strong support for decision-making of the Board of Directors. The composition of the special committee under the sixth session of the Board of Directors is set out as follows:

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

Note: In September 30, 2021, Mr. Yin Lianchen resigned from his position as a non-executive director of the Company, and he will no longer serve as a member of the Strategies and Development Committee and Risk Management Committee of the Board of the Company. In November 16, 2021, Mr. Cai Minnan was elected as a non-executive director of the sixth session of the Board at the EGM. Mr. Cai Minnan formally serves as a non-executive director of the Company, and a member of each of the Strategies and Development Committee and the Risk Management Committee under the Board from the date of approval at the EGM.

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

Audit Committee

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

1. to propose to engage or replace external auditors and monitor the business practice of such external auditors;
2. to monitor the internal audit system of the Company and its implementation;
3. to be responsible for communications between the internal auditors and external auditors;
4. to review the financial information of the Company and its disclosure; to monitor annual audit work and make a judgment as to the truthfulness, accuracy and completeness of the financial report and information subsequent to such audit and submit the same to the Board of Directors for consideration;
5. to review the internal control systems of the Company and audit any material related-party transactions; and
6. to be responsible for other matters authorized by the Board of Directors.

During the Reporting Period, the Audit Committee held 5 meetings.

Date of meeting	Contents of meeting	Important comments and suggestions
January 26, 2021	The first meeting of the sixth session of the Audit Committee	To listen to the audit plan and key concerns in audit of external auditors for 2020 To consider the Resolution in Respect of the Provision for Estimated Liabilities and Assets Impairment To consider the Unaudited Financial Statements of the Company for the Year 2020
March 12, 2021	The second meeting of the sixth session of the Audit Committee	Discussing the concerns such as financial statements and internal control for 2020 with accountants responsible for annual examination on site To consider the Resolution in Respect of the Financial Report of the Company in 2020 To listen to the Report of Performance of the Audit Committee of the Board in 2020 To consider the Resolution in Respect of the 2020 Annual Internal Control Evaluation Report of the Company To consider the Resolution in Respect of the Audit Report of Internal Control of the Company in 2020 To listen to the Internal Audit Report of the Company in 2020 To consider the Resolution in Respect of Expected Ordinary Related Transactions in 2021

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Date of meeting	Contents of meeting	Important comments and suggestions
March 25, 2021	The third meeting of the sixth session of the Audit Committee	<ul style="list-style-type: none"> To consider the Resolution in Respect of the Financial Report of the Company in 2020 To listen to the Report of Performance of the Audit Committee of the Board in 2020 To consider the Resolution in Respect of the 2020 Annual Internal Control Evaluation Report of the Company To consider the Resolution in Respect of the Audit Report of Internal Control of the Company in 2020 To listen to Internal Audit Report of the Company in 2020 To consider the Resolution in Respect of Expected Ordinary Related Transactions in 2021
August 27, 2021	The fourth meeting of the sixth session of the Audit Committee	<ul style="list-style-type: none"> To consider the Resolution in Respect of Re-appointment of External Auditors for 2021 To consider the Resolution in Respect of the Company's Financial Report for the First Half of 2021 To consider the Resolution on Signing a Framework Agreement for Ordinary Related (Connected) Transactions with China Everbright Group Company To listen to Internal Audit Report of the Company for the First Half of 2021
October 27, 2021	The fifth meeting of the sixth session of the Audit Committee	<ul style="list-style-type: none"> To consider the Resolution on the Report of the Company for the Third Quarter of 2021

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

Name	Position	Number of actual attendances/Number of meetings required attendance
Yin Junming (Chairman)	Independent non-executive Director	5/5
Fu Jianping	Non-executive Director	5/5
Chan Ming Kin	Non-executive Director	5/5
Po Wai Kwong	Independent non-executive Director	5/5
Ren Yongping	Independent non-executive Director	5/5

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 2021 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 2021 and issue relevant audit reports, the Audit 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 24, 2022, EY issued the standard unqualified audit reports to the Company within the scheduled time.

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

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

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

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

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

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

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

The Remuneration, Nomination and Credentials Committee selects new directors in accordance with the Policy on Diversity of Directors of Everbright Securities Company Limited, with a view to achieving the diversity objectives of board members. On the premise of compliance of the requirement under the Listing Rules, we will appoint at least 1 female representative at the Board by December 31, 2024.

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

Project	Type	Number	As a percentage of Board members
Gender	Male	13	100%
	Female	0	0%
Age	40-50	8	62%
	51-60	4	30%
	61-70	1	8%
Title	Executive director	2	15%
	Non-executive director	6	46%
	Independent non-executive director	5	39%
Length of term served as the Board members of the Company	Within 5 years (inclusive)	12	92%
	5-10 (not including 5 years, including 10 years)	1	8%
	Over 10 years (exclusive)	0	0%
Length of term served in securities and finance	Within 20 years	5	38%
	20-30 (not including 20 years, including 30 years)	5	38%
	Over 30 years (exclusive)	3	24%
Expertise or strength in economy/finance/accounting	N/A	12	92%

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

Date of meeting	Contents of meeting	Important comments and suggestions
January 26, 2021	The first meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution in Respect of the Formulation of the Administrative Measures for the Remuneration of Senior Management of Everbright Securities Company Limited (Trial) To consider the Resolution in Respect of the Formulation of the Evaluation Plan on the Senior Management of Everbright Securities Company Limited in 2020
March 24, 2021	The second meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution in Respect of the Adjustments to Allowances for the Independent Directors of the Company
May 24, 2021	The third meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution in Respect of the Optimization Plan on the Enterprise Annuities of the Company
August 27, 2021	The fourth meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution in Respect of the Assessment of Compliance Officer of the Company in 2020 To listen to the Report on the Special Assessment Opinion on Compliance of Senior Management of the Company in 2020
October 27, 2021	The fifth meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution on the Nomination of Mr. Cai Minnan as a Director Candidate of the Company
December 17, 2021	The sixth meeting of the sixth session of the Remuneration, Nomination and Credentials Committee	To consider the Resolution on Evaluation and Remuneration Plan for Senior Management of the Company for the Year 2020 To consider the Evaluation Plan for Senior Management of the Company for the Year 2021

SECTION IV CORPORATE GOVERNANCE

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

Name	Position	Number of actual attendance/number of required attendance
Ren Yongping (chairman)	Independent non-executive Director	6/6
Song Bingfang	Non-executive Director	6/6
Chan Ming Kin	Non-executive Director	6/6
Yin Junming	Independent non-executive Director	6/6
Liu Yunhong	Independent non-executive Director	6/6

Risk Management Committee

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

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

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

Date of meeting	Contents of meeting	Important comments and suggestions
March 24, 2021	The first meeting of the sixth session of the Risk Management Committee	To consider the Resolution in Respect of the Compliance Work Report of the Company in 2020 To consider the Resolution in Respect of the Risk Evaluation Report of the Company in 2020 To consider the Resolution in Respect of the Company's Risk Preference for 2021
August 27, 2021	The second 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 2021 To consider the Resolution on the Risk Control Indicators of the Company for the First Half of 2021 To consider the Resolution in Respect of the Plan on the Amendment to the Company's Risk Preference for 2021
October 27, 2021	The third meeting of the sixth session of the Risk Management Committee	To consider the Resolution on the Amendment to Company's Risk Preference for 2021

SECTION IV CORPORATE GOVERNANCE

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

Name	Position	Number of actual attendance/number of required attendance
Wang Yong (chairman)	Independent non-executive Director	3/3
Song Bingfang	Non-executive Director	3/3
Fu Jianping	Non-executive Director	3/3
Yin Lianchen (Resigned on September 30, 2021)	Non-executive Director	2/2
Cai Minnan (Appointed on November 16, 2021)	Non-executive Director	0/0
Po Wai Kwong	Independent non-executive Director	3/3
Liu Yunhong	Independent non-executive Director	3/3

Strategies and Development Committee

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

1. to research and make suggestions with respect to the long-term strategic plan of the Company;
2. to research and make suggestions with respect to any material financing plan required to be approved by the Board of Directors as stipulated in the Articles of Association;
3. to research and make suggestions with respect to any material capital operations and asset operation projects required to be approved by the Board of Directors as stipulated in the Articles of Association;
4. to research and make suggestions with respect to any other material matters affecting the development of the Company;
5. to examine the implementation of all such matters above; and
6. to be responsible for other matters authorized by the Board of Directors.

SECTION IV CORPORATE GOVERNANCE

The Rules of Procedure of the Strategies and Development Committee have been published on the websites of the Company and the Hong Kong Stock Exchange. During the Reporting Period, the Strategies and Development Committee held one meeting, and the details are set out as follows:

Date of meeting	Contents of meeting	Important comments and suggestions
June 30, 2021	The first meeting of the sixth session of the Strategies and Development Committee	To consider and approve the Proposal on the Rolling Strategic Plan of Everbright Securities (2021-2025)

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

Name	Position	Number of actual attendance/number of required attendance
Yan Jun (chairman)	Executive Director	1/1
Liu Qiuming	Executive Director	1/1
Fu Jianping	Non-executive Director	1/1
Yin Lianchen (Resigned on September 30, 2021)	Non-executive Director	1/1
Cai Minnan (Appointed on November 16, 2021)	Non-executive Director	0/0
Tian Wei	Non-executive Director	1/1
Yu Mingxiong	Independent non-executive Director	1/1
Wang Yong	Independent non-executive Director	1/1

Performance of other duties: During the Reporting Period, the members the special committees under the Board of the Company participated in the Company's special researches on basis trading and accounting treatment, through which they have obtained an in-depth understanding of, among others, the accounting treatment of various business lines of the Company and basis trading business, and provided a number of opinions and recommendations.

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.

For the year of 2021, in strict compliance with the relevant requirements of the Company Law, the Securities Law, the Articles of Association and the Rules of Procedures for the Supervisory Committee, the Supervisory Committee of the Company performed its duties earnestly and diligently.

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

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

SECTION IV CORPORATE GOVERNANCE

For the year of 2021, in strict compliance with the relevant requirements of the Company Law, the Securities Law, the Articles of Association and the Rules of Procedures for the Supervisory Committee, the Supervisory Committee of the Company performed its duties earnestly and diligently. During the Reporting Period, the Supervisory Committee of the Company held a total of six meetings, including two on-site meetings, one correspondence meeting and three meetings held on-site and through correspondence, and supervised the Company's legal compliance, financial status, and the duty performance by the Board of Directors and the Company's management.

During the Reporting Period, the details of the meetings of the Supervisory Committee are as follows:

Session of meeting	Date of meeting	Meeting resolutions
Second meeting of the sixth session of the Supervisory Committee	January 26, 2021	Considering and approving Resolution in Respect of Making Provision for Accrued Liabilities and Assets Impairment
Third meeting of the sixth session of the Supervisory Committee	March 24, 2021	Considering and approving: <ol style="list-style-type: none"> 1. Resolution in Respect of the Performance Evaluation Results of the Directors of the Company in 2020 2. Resolution in Respect of the Annual Report and Its Highlight of the Company for 2020 3. Resolution in Respect of the Risk Assessment Report of the Company in 2020 4. Resolution in Respect of the Work Report of the Supervisory Committee of the Company in 2020 5. Resolution in Respect of the Work Plan of the Supervisory Committee of the Company in 2021 6. Resolution in Respect of the Compliance Work Report of the Company in 2020 7. Resolution in Respect of the Evaluation Report of Internal Control of the Company in 2020 8. Resolution in Respect of the Social Responsibility Report/ESG Report of the Company in 2020 9. Resolution in Respect of Adjusting the Allowances for the External Supervisors of the Company
Fourth meeting of the sixth session of the Supervisory Committee	April 29, 2021	Considering and approving the Resolution in Respect of the First Quarterly Report of the Company in 2021
Fifth meeting of the sixth session of the Supervisory Committee	August 25, 2021	Considering and approving: <ol style="list-style-type: none"> 1. Resolution in Respect of the Interim Report and Its Highlight of the Company in 2021 2. Resolution in Respect of the Risk Assessment Report of the Company in the First Half of 2021 3. Resolution in Respect of Writing off Doubtful Debts

SECTION IV CORPORATE GOVERNANCE

Session of meeting	Date of meeting	Meeting resolutions
Sixth meeting of the sixth session of the Supervisory Committee	October 27, 2021	Considering and approving the Resolution in Respect of the Third Quarterly Report of the Company in 2021
Seventh meeting of the sixth session of the Supervisory Committee	December 17, 2021	Considering and approving: 1. Resolution in Respect of the Appraisal Results of and Remuneration Proposal for the Chairman of the Supervisory Committee in 2020 2. Resolution in Respect of Adjusting the Members of the Corporate Governance Supervisory Committee under the Sixth Session of the Supervisory Committee of the Company

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
Liu Jiping	6	5	1	0	0
Wu Chunsheng	6	4	2	0	0
Wang Hongyang	6	5	1	0	0
Yang Weirong	6	3	3	0	0
Zhu Wuxiang	6	5	1	0	0
Cheng Fengchao	6	4	2	0	0
Huang Qin	6	5	1	0	0
Li Xianzhi	6	5	1	0	0
Lin Jingmin	1	1	0	0	0

Note 1: The appointment of Ms. Lin Jingmin as an Employee Supervisor became effective from November 12, 2021. During the Reporting Period, Ms. Lin Jingmin was required to attend one meeting of the Supervisory Committee and actually attended one meeting of the Supervisory Committee.

Note 2: Ms. Wang Wenyi has resigned on November 12, 2021. During the Reporting Period, Ms. Wang Wenyi was required to attend 5 meetings of the Supervisory Committee and actually attended 5 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 second batch of the first session of online training for directors and supervisors of listed companies in 2020 organized by the Listed Companies of Association of Shanghai, the advanced seminar for directors and supervisors of the companies listed inside and outside of China organized by the Hong Kong Institute of Chartered Secretaries and the 2021-online training for directors and supervisors of listed companies in Shanghai.

SECTION IV CORPORATE GOVERNANCE

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

1. Information about the staff

Number of staff employed by the parent company	6,697
Number of staff employed by the major subsidiaries	2,063
The total number of staff employed (including brokers)	8,760
Number of paid retired staff by the parent company and its subsidiaries	0

Profession Composition

Profession	Number
Brokerage business personnel	5,873
Investment banking personnel	706
Research personnel	146
Assets management personnel	268
Information technology personnel	392
Financial personnel	165
Other personnel	1,210
Total	8,760

Education

Levels of education	Number
Master's degree and above	2,564
Bachelor's degree and below	6,196
Total	8,760

In 2020, the Company strictly complied with the relevant provisions of Interim Provisions on the Administration of Securities Brokers 《證券經紀人管理暫行規定》 ([2009] No. 2), Verification Opinions On-site of Securities Brokers System 《證券經紀人制度現場核查意見書》 (Hu Zheng Jian Ji Gou Zi [2009] No. 302) and its internal system. The Company centralized management of securities brokers to further regulate the practice of securities brokers to safeguard the legitimate rights and interests of clients through improving rules and regulations, the internal control mechanism, the support system and internal training. As of the end of the Reporting Period, the Company had 226 securities brokerage branches to carry out securities brokerage business, and 1,551 domestic securities brokers in China, all of which have registered with the Securities Association of China.

2. Remuneration Policy

The Company attaches great importance to the attraction, incentive, cultivation and use of talents. The remuneration and welfare policies fully take into consideration factors such as laws and regulations, industry characteristics, strategies of the Company, compliance and risk control and job characteristics. The Company makes adjustment in a timely and proper manner to practice the concept of high-quality development and the industry culture of "compliance, integrity, professionalism and prudence", regulates income distribution procedures and establishes a remuneration and welfare system that takes legal compliance as the basic principle, encourages innovation and profitability, takes into account fairness and efficiency and combines incentives and constraints. It is mainly composed of basic salary, performance bonus, allowances and benefits.

SECTION IV CORPORATE GOVERNANCE

The basic salary of employees is comprehensively determined after comprehensively taking into account factors such as the employee's job type, job responsibilities, responsibilities undertaken and the grade; the allowance is based on the employee's actual job title, professional qualifications, etc., and can be adjusted in time according to market conditions; the performance bonus is linked to the Company's operating conditions, department performance, employee personal performance and the length of continuous service term, etc. It recognizes the value creation of business departments and fully acknowledges the roles and contributions of middle and back-end departments. Meanwhile, the Company strictly implements regulatory requirements and has implemented risk funds and bonus deferral mechanisms for performance bonus.

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

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 relevant notes in this report.

3. Training plan

In 2021, guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Company has implemented the Party's organizational line in the new era, combined the learning and education on the Party's history, enhanced ideological cultivation, political experience, practical exercises and professional training of its cadres and employees, and strived to foster and cultivate a high-quality cadre and talent team, thus providing strong organizational guarantees to the high-quality development of the Company. The Company has continuously improved the hierarchical and classified education and training system, optimized the growth path of talents, focused on key groups, implemented ideal and belief education, knowledge structure improvement, capability and quality enhancement throughout the whole process of cadre training, learned and understood the guiding principles of the plenary sessions of 19th CPC Central Committee to cultivated "successors" for the cause. The Company has attached importance to the independent training of talents, improved the course resources of the online learning platform based on employees' demands for professional skills, cultivated professional expertise and spirit; built a professionalized internal lecturer team, encouraged the sharing of professional experience and promoted talent exploration and knowledge accumulation; further supported business segments to play an active role in talent training, strengthened the empowerment of front-line business personnel; focused on the source training of talent teams, carried out a series of the trainings for new employees in conjunction with the introduction of external talents, and cultivated new forces; carried forward home culture and cared about the physical and mental health of employees, organized care activities for employees and facilitated the building of positive thinking.

4. Labor outsourcing

In the year of 2021, the average number of outsourced dispatch employees of the Company is 91 and the total amount of remuneration cost paid for outsourced dispatch is RMB16.5462 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 Management Measures for Profit Distribution of Everbright Securities Company Limited. The relevant profit distribution provisions of the Articles of Association clearly stipulate the specific conditions for the adjustment of the established policy, especially the cash dividend distribution policy, the decision-making procedures and the mechanism and the priority of the cash dividends in comparison to bonus shares in the profit distribution, the interval time and the specific conditions of cash dividends distribution, the conditions of the issuance of bonus shares, etc.

2. *The implementation of the Company's 2020 profit distribution during the Reporting Period*

During the Reporting Period, the 2020 annual general meeting of the Company considered and approved the proposal in relation to the Company's 2020 profit distribution proposal. On July 9, 2021, the Company's 2020 profit distribution was completed.

3. *The 2021 profit distribution plan*

The twelfth meeting of the sixth session of the Board considered and approved the Company's profit distribution proposal for 2021: 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, 2021, a cash dividend of RMB2.28 per 10 shares (tax inclusive) is proposed to be distributed to all holders of A Shares and H Shares, with total cash dividend amounting to RMB1,051,259,581.69. The above distribution plan will be submitted to the Company's general meeting for review, and will be implemented after the plan is approved by the general meeting.

Cash dividend is denominated and declared in RMB, and paid to holders of A Shares in RMB and to holders of H Shares in HKD. The actual distribution amount in HKD would be calculated at the average benchmark exchange rate of RMB against HKD published by PBOC for one week (including the date of the annual general meeting) prior to the 2021 annual general meeting of the Company.

The Company will announce in due course the date of the 2021 annual general meeting, and for the purpose of ascertaining the eligibility of the shareholders to attend and vote at the forthcoming annual general meeting, the timing for which the register of members of the Company will be closed. The Company will publish separate announcements on the record date and book closure period for the payment of the dividends to the holders of H Shares, as well as the record date and the date for the payment of the dividends to holders of A Shares.

SECTION IV CORPORATE GOVERNANCE

(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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the criteria and rate of the dividend are explicit and clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision making procedures and mechanism are adequate and complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the independent Directors have performed their duties and made due contributions	<input checked="" type="checkbox"/> 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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

During the Reporting Period, the third 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 2020. The tenth 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 2020 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. In accordance with the requirements of relevant laws and regulations such as the Basic Standards for Enterprise Internal Control, the Guidelines on Internal Control of Enterprises and the Guidelines on Internal Control of Securities Companies, the Company has comprehensively reviewed and improved the systems on corporate governance, principal businesses and compliance risk control based on the comprehensive risk management, compliance management, anti-money laundering management and other management matters of securities companies released during the year. It also formulated and amended certain internal rules and systems in accordance with external laws and regulations, the systems and business development of the Company to further improve internal control, standardize business procedures and ensure the full coverage of internal control on all business processes and the full process of decision-making, implementation and supervision on management matters.

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

SECTION IV CORPORATE GOVERNANCE

The Company has put in place policies to regulate the processing and publishing of inside information, under which the Directors, Supervisors, senior management and various divisions of the Company are required to maintain confidentiality of the inside information and shall not divulge the inside information, conduct inside dealing or manipulate securities trading price by collusion. During the Reporting Period, the Company enhanced its inside information confidentiality maintaining efforts to safeguard the fairness of information disclosure and protect the legal rights and interests of investors by amending the Measures of Registration of Insiders of Everbright Securities Company Limited. For details, please refer to the announcements of the Company dated December 18, 2021 published on the website of the SSE and dated December 18, 2021 published on the website of the Hong Kong Stock Exchange.

XIII. Management and Control of Subsidiaries during the Reporting Period

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

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

In accordance with relevant provisions of the Corporate Internal Control Audit Guidelines, Ernst & Young Hua Ming LLP (Special General Partnership) issued a standard unqualified internal control audit report. For details, please refer to the 2021 Annual Internal Control Audit Report of Everbright Securities Company Limited disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn).

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

During the Reporting Period and based on the self-inspection under the special campaign to improve the governance of listed companies, the Company improved the attendance rate of directors and supervisors at general meetings through various means. In the future, it will continue to improve and further expand the depth and width of the participation of directors and supervisors in corporate governance. It will continuously expand means and methods and provide convenience and guarantee for independent directors' on-site work in the Company through various means.

XVI. Investor Relations

(I) Overview of investor relations

The shareholders' general meeting is the highest authoritative organ of the Company, and the shareholders exercise their rights through the shareholders' general meeting. The Company convenes and holds shareholders' general meetings in strict compliance with the relevant provisions to ensure the equal status of all shareholders, in particular the minority shareholders, and enable them to exercise their rights completely. Under the Articles of Association, the Company has orderly operated and maintained a sound and stable development, as well as effectively protected the interests of the Company and shareholders.

SECTION IV CORPORATE GOVERNANCE

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

Facsimile: +86-21-2216 9964

E-mail: ebs@ebscn.com

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

Postal code: 200040

XVII. Other Matters on Corporate Governance

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

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

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

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

(II) Appointment of external auditors and their remuneration

1. Current external auditors

According to the Articles of Association, appointment of external auditors of the Company shall be decided by the general meeting, and the auditors shall serve a term of one year and may be re-engaged. In view of the fact that Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young are able to complete the work entrusted by the Company, adhere to the principles of independence, objectivity and impartiality, comply with the relevant accounting standards and professional ethics of accountants and perform audit duties diligently, the eighth meeting of the sixth session of the Board and the first extraordinary general meeting in 2021 considered and approved the Resolution Regarding the re-appointment of External Auditors for 2021 and agreed to (1) reappoint Ernst & Young Hua Ming LLP (Special General Partnership) as the PRC external auditors of the Company for the year 2021 to provide relevant domestic audit services in accordance with the PRC GAAP; (2) reappoint Ernst & Young as the overseas external auditors of the Company for the year 2021 to provide relevant overseas audit and review services in accordance with the IFRS; (3) authorize the management of the Company to determine the audit fees based on market principles and to enter into the relevant agreements.

SECTION IV CORPORATE GOVERNANCE

In the year of 2021, the Company paid the remuneration to Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young in respect of auditing the annual financial statements with a total of RMB8.11 million.

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

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

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

(III) Compliance with Model Code for Securities Transactions

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

(IV) Company secretary

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

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

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

I. Particulars of Environmental Information

(I) Environmental information on companies

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

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

The Company consciously fulfilled its environmental responsibilities, actively advocated green management and green operation, integrated the concept of green development into daily business and operation activities starting from the detail management, and helped the construction of ecological civilization through practical actions. The Company vigorously participated in the green financial market construction and green financial products innovation through a number of green financial projects such as Everbright Green (光大綠色環保)'s first ABN program on "State Subsidy Tariffs", and supported the deepening reform of the capital market and the transformation to a green and low-carbon economy. The Company focused on the paperless transformation during the course of services and operations by implementing video conferences and paperless office measures, continuously upgrading the electronic office system, which effectively reduces the dependence on resources while improving its management efficiency. The Company actively implemented garbage classification, carried out professional recycling on hazardous waste, and strengthened refined management of employee canteens, comprehensively implemented the "Clean Your Plate Campaign (光盤行動)" and called on employees to take meals on demand, reducing the amount of kitchen waste generated and advocating a green lifestyle.

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

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

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

II. Work on Social Responsibilities

Upholding the accountability principle of “red gene and green development”, the Company strives to comprehensively improve its capabilities to realize high-quality sustainable development, make progress while ensuring stability and seek excellence while making progress in order to create long-term values for the Company’s shareholders, customers and employees and give back to the community by remaining true to our original aspiration.

The Company has prepared the 2021 Environmental, Social and Governance Report of Everbright Securities Company Limited pursuant to the Environmental, Social and Governance Reporting Guide contained in the Appendix 27 to the Hong Kong Listing Rules. For details, please refer to the 2021 Environmental, Social and Governance Report of Everbright Securities Company Limited published by the Company on the HKEx website of the Hong Kong Stock Exchange (www.hkexnews.hk). During the Reporting Period, the Company has complied with the “comply or explain” provisions set out in the Environmental, Social and Governance Reporting Guide.

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

2021 is the first year of the “14th Five-year” Plan as well as the first year for the effective link between consolidating the results of poverty alleviation and rural revitalization. The Company firmly follows the thought on socialism with Chinese characteristics for a new era of Xi Jinping as guidance and follows the decisions and deployment of the CPC Central Committee and the State Council on paired assistance to perform assistance responsibilities, display its own advantages and innovate assistance measures to improve assistance results. It assists impoverished counties in consolidating the results of poverty alleviation with “sincerity, true love and tangible efforts” and advances rural revitalization.

(I) Major work

1. **Improving political position and strengthening leadership.** Firstly, the Party Committee and the President Office of the Company specially studied the plans on assistance work and the arrangements on capital inputs in 2021, completed the renaming of the leading institutions and the subordinate offices of the Company on targeted assistance and provided organizational supports for the assistance work. Secondly, the Company assigned outstanding cadres to hold temporary posts in Xintian County, a county receiving targeted assistance, to support rural revitalization. Thirdly, the Company actively conducted the selection and recommendation of advanced collectives and individuals in poverty alleviation to carry forward the spirit of poverty alleviation.
2. **Displaying financial advantages and carrying out professional assistance.** The Company leveraged on the financial advantages on “futures + insurance” and provided professional support to agriculture and farmers. It provided value and price preservation guarantees on agricultural products from regions receiving assistance to reduce the effects of price fluctuation of agricultural products on farmers’ incomes. Everbright Futures, a wholly-owned subsidiary of the Company, actively obtained policy support from Dalian Commodity Exchange and carried out the pilot implementation of the “insurance + futures” program in Xintian County. It appropriately provided farmers with price insurance on pig feed and solved the worries of farmers resulting from the cost fluctuations of pig feed. In the end of October 2021, Everbright Futures officially initiated the “insurance + futures” program on pig feed in Xintian County, Hunan Province and successfully issued insurance policies. The total premium of the program is RMB900,000, covering 25,000 live pigs with a guaranteed value of nearly RMB25 million. It significantly reduced the capital pressures of farmers and practically achieved the purpose of benefiting farmers.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

3. **Responding to assistance calls and innovating assistance measures.** Firstly, the Company made the donation of targeted assistance capitals of RMB3.20 million to assist counties receiving targeted assistance in consolidating the results of poverty alleviation. Secondly, it carried out consumption assistance, actively purchased and assisted in the sale of featured agricultural products from regions receiving targeted assistance through the "love purchase" and other forms. It also assisted in solving the issue on the "last kilometer" in industrial development and gradually developed the assistance model of "boosting sales with channels, boosting industries with sales and boosting revitalization with industries". The Company purchased agricultural products with a total amount of RMB1,956,000 from poverty-stricken regions. Thirdly, the Company organized the Party branches of the Company Office, Zhejiang Branch and Wuhan Branch and established pairs on Party building with the Party branches of Liangjiangkou Village, Kuzhi Yucai School and Xiaoshuigan Village in Xintian County. They jointly carried out activities with the themes such as "Escorting the Growth of Children with Love" and "Learning and Implementing the Guiding Principles of the Sixth Plenary Session of the 19th CPC Central Committee" and donated materials and money with an amount of over RMB65,000 to targeted subjects.

4. **Carrying out industrial assistance, consolidating the results of paired assistance under the initiative of "one company to one county" and serving the strategy of rural revitalization.** To consolidate the results of paired assistance under the initiative of "one company to one county", carry forward the spirit of poverty alleviation under "one company to one county" and actively perform social responsibilities, the Company proactively responded to the call of the Securities Association of China on "promoting rural revitalization and public welfare campaigns in the securities industry". It signed the "Agreement of Initiators on Promoting Rural Revitalization and Public Welfare Campaigns in the Securities Industry" as an initiator and strived to practice the innovative, coordinated, green, open and sharing development concept. It voluntarily conducted "aids for education, the elderly, the disabled, medical treatment and poverty-stricken areas" and other public welfare actions to serve rural revitalization, promote common prosperity and make its own contributions to the second centenary goal.

The Company's affectionate efforts were widely recognized. Since 2021, the Company has been awarded various honors such as the 2021 Golden Tripod Award for "Poverty Alleviation Achievement", the 10th "Charity Star of Shanghai" Nomination Award and the annual Award for Outstanding Social Responsibilities in the securities industry in the 2021 Piloting China Awards.

(II) Working plan in the next stage

As a central financial securities company, the Company will strictly follow the deployment of the CPC Central Committee and superior Party committees on paired assistance, actively respond to the calls on assistance in the securities industry, make persistent efforts, carry forward the featured advantages of the investment bank and take counties receiving targeted assistance as samples and test fields to facilitate new progresses and contributions on the path of rural revitalization.

1. **Implement the strategic deployment of the CPC Central Committee on rural revitalization and boost supports to real economies.** The Party committee of the Company will deeply learn and understand the profound significance and core substance of the strategy of the CPC Central Committee on rural revitalization, deepen the implementation of new development concepts, earnestly study and analyze its own characteristics and the industrial structure of areas receiving assistance in strict compliance with the deployment on assistance and implement precise measures. The Company will leverage on the advantages of its investment banking business, expand financing channels for local distinctive enterprises and provide all-round supports to the economic development of areas receiving assistance to gradually achieve industrial revitalization.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

2. **Practice the people-centric development concept and improve the services of inclusive finance.** It is the essentials of socialism and the common aspiration of the public to achieve common prosperity. Rural revitalization is an inevitable path in achieving common prosperity. The Company will intensify efforts and pool stronger strength to speed up in promoting rural modernization in areas receiving assistance. On the one hand, it will focus on local distinctive industries and assist in the construction of agricultural demonstration bases with large scales, brand recognition and effectiveness to enhance the "self-initiating" function. On the other hand, it will encourage subsidiaries including Everbright Futures to actively participate in the innovation of the "futures + insurance" model and provide value and price preservation guarantees on agricultural products in rural areas.
3. **Display the advantages of Party building and assist in the establishment of the rural governance system.** During the fully advancing of rural revitalization, the Company will support and encourage its outstanding Party branches and rural Party branches in areas receiving assistance to carry out paired construction under the leadership of Party building and progressively assist in the establishment and improvement of the rural governance system led by Party branches to promote the modernization of local village governance capabilities.
4. **Integrating systematic assistance resources, coordinating and mobilizing all parties to participate in targeted assistance.** The Company will deeply explore itself and employ customer resources of the Company, branches, brokerage branches and financial enterprises of Everbright Group to help introduce various kinds of support funds and facilitate the implementation of projects. It will raise overall situation awareness, coordination awareness, sharing awareness and market awareness, and coordinate to promote the poverty alleviation work. It will extensively conduct paired and one-to-one assistance within the Company to create an atmosphere with everyone caring about and participating in assistance.
5. **Carry forward the corporate culture and tell Everbright's stories on assistance.** The Company will deeply explore vivid cases in regions receiving targeted assistance and carry out publicity in various forms. It will combine the vivid practice in assistance and the corporate culture of the Company organically, carry forward the spirit of poverty alleviation and encourage cadres and employees to make greater contributions to the implementation of the strategy on rural revitalization.

SECTION VI SIGNIFICANT MATTERS

I. Performance of Undertakings

In preparation of the listing of the Company's H Shares on the Hong Kong Stock Exchange, Everbright Group made relevant non-competition undertakings which were disclosed in the Company's prospectus. The Company has received the written confirmation from Everbright Group, confirming that it has complied with the relevant non-competition undertakings during the financial year from January 1, 2021 to December 31, 2021.

The independent non-executive Directors have reviewed the compliance and enforcement of non-competition undertakings by Everbright Group, and are of the view that during the financial year from January 1, 2021 to December 31, 2021, none of Everbright Group, any of its normally-operating wholly-owned subsidiaries, controlling majority-owned subsidiaries or an entity controlled by it, substantively competes with Everbright Securities or subsidiaries of Everbright Securities in any business that is engaged in by a securities firm as the primary operating entity and regulated by the relevant securities regulatory authority, nor is there any potential substantive competition. Therefore, Everbright Group has complied with the relevant non-competition undertakings during the financial year from January 1, 2021 to December 31, 2021.

II. Appointment and Dismissal of Accounting Firms

Current engagement

Name of domestic accounting firm	Ernst & Young Hua Ming LLP (Special General Partnership)
Remuneration of domestic accounting firm	RMB4.18 million
Years of audit service of domestic accounting firm	5
Name of overseas accounting firm	Ernst & Young
Remuneration of overseas accounting firm	Note
Years of audit service of overseas accounting firm	5

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

Note: The Company's audit fees for domestic audit services and internal control amounted to RMB4.18 million; the audit fees paid to the overseas accounting firm for its provision of audit advice for EBSHK, EBSGL and EBSI amounted to HK\$4.73 million (equivalent to approximately RMB3.93 million).

SECTION VI SIGNIFICANT MATTERS

The 8th meeting of the sixth session of the Board of the Company and the 2021 first extraordinary general meeting have considered and approved the Proposal on the Re-appointment of External Auditors for the Year 2021, to re-appoint Ernst & Young Hua Ming LLP (Special General Partnership) as the domestic external auditors of the Company for the year 2021; and re-appoint Ernst & Young as the overseas external auditors of the Company for the year 2021.

III. Material Litigation and Arbitration Matters

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

IV. 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 imposed on the Company are as follows: on November 16, 2021, the CSRC issued the Decision on Ordering Everbright Securities Company Limited to Take Rectification Measures (Decision on Administrative Regulatory Measures [2021] No. 56) to the Company and believed that the Company has the following problems: Firstly, the credit management under the margin financing and securities lending business is not prudent and the implementation of risk control measures is not in place. Secondly, there are deficiencies in the full coverage of risks. Thirdly, the risk data is inaccurate and no review or cross-check is carried out in information entry. For the above problems, the Company has adopted the following rectification measures: 1. It fully strengthened risk control on the margin financing and securities lending business and enhanced the capabilities on risk identification, warning, prevention and emergency disposal on the margin financing and securities lending business through improving business management systems, strengthening credit review on margin financing and securities lending customers and enhancing the management of target securities and collaterals under margin financing and securities lending. Meanwhile, it further strengthened the primary responsibilities of business departments and intensified the implementation of risk control requirements. 2. It attached great importance to the full coverage of risk management and strengthened the risk data management of subsidiaries. For the four subsidiaries failing to achieve systematic connection as pointed out by regulatory authorities, the Company has formulated connection plans and implemented them one by one. Currently, they have achieved systematic connection. 3. For the problem on inaccurate risk data without review or cross-check in information entry, the Company has investigated the reasons for errors from the source and rectified immediately. Meanwhile, it has enhanced review on the accuracy of systematic collection and established a long-term mechanism on data management to guarantee data accuracy from the source. Currently, it has completed the rectification of the problem.

V. 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 "VIII. Other Events and Subsequent Events" in this section.

SECTION VI SIGNIFICANT MATTERS

VI. Material Related Party Transactions and Connected Transactions

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

Everbright Group is a controlling shareholder of the Company and hence a connected person of the Company. Sun Hung Kai & Co. Limited owns 30% of the issued shares of SHKFGL before June 1, 2021, and is also an associate of the resigned director of SHKFGL (less than 12 months) during the Reporting Period, hence is a connected person of the Company.

Exempt continuing connected transactions

In the Group's daily operation:

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

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

In addition, the Group shall set a maximum daily deposit balance limit on the deposits of the Group's proprietary funds and client funds deposited at China Everbright Bank Company Limited. The Company has applied to the Hong Kong Stock Exchange for a waiver from strict compliance with setting the maximum daily deposit balance limit as required under Rule 14A.53 of the Hong Kong Listing Rules, and was granted a waiver from the Hong Kong Stock Exchange, which waives the Company's obligation to set a maximum daily deposit balance limit on the deposits of the proprietary funds and client funds deposited at China Everbright Bank Company Limited.

SECTION VI SIGNIFICANT MATTERS

Non-exempt continuing connected transactions

Property Leasing Framework Agreement

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

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

Reference is made to the announcement of the Company dated August 26, 2021. The Company expected that the Group will continue to lease certain properties from the Everbright Group and its associates, while the Everbright Group and its associates will continue to lease certain properties from the Group. As a result, taking into account the expiry of the 2018 Everbright Group Property Leasing Framework Agreement on December 31, 2021, the Company has renewed the property leasing framework agreement between the Company and the Everbright Group on the basis of the 2018 Everbright Group Property Leasing Framework Agreement (the "2021 Everbright Group Property Leasing Framework Agreement") during the Reporting Period for a term of three years commencing from January 1, 2022 to December 31, 2024.

The principal terms of the 2018 Everbright Group Property Leasing Framework Agreement are as follows: (1) the rental shall be determined based on the market rent applicable to the leased property; (2) the Group and the Everbright Group or its relevant associates shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant leased property according to the principles, and within the parameters under the 2018 Everbright Group Property Leasing Framework Agreement; (3) the Group and the Everbright Group and its associates are entitled to lease additional gross floor area from and among the available properties owned by the other party during the term of the 2018 Everbright Group Property Leasing Framework Agreement; and (4) either party may, at any time before the 2018 Everbright Group Property Leasing Framework Agreement expires, by giving not less than three months' prior notice in writing, to terminate any lease made pursuant to and contemplated under such agreement, and the rental will be reduced accordingly.

In accordance with the 2018 Everbright Group Property Leasing Framework Agreement, the annual caps for the rental income from Everbright Group and its associates for leased properties are expected to be RMB6.0 million, RMB6.9 million and RMB8.0 million in 2019, 2020 and 2021, respectively; the annual caps for the rental expenses incurred in respect of the properties rented from Everbright Group and its associates are expected to be RMB40.0 million, RMB46.0 million and RMB55.0 million in 2019, 2020 and 2021, respectively. In 2021, the actual amount of rental income from Everbright Group and its associates for leased properties was RMB3.48 million, and the rental expenses incurred in respect of the properties rented from Everbright Group and its associates were RMB31.03 million.

SECTION VI SIGNIFICANT MATTERS

As the highest applicable percentage ratio in respect of the relevant annual caps under the 2018 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 2018 Everbright Group Property Leasing Framework Agreement, please refer to the announcement of the Company dated August 28, 2018.

Non-financial Miscellaneous Services Framework Agreement

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

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

Reference is made to the announcement of the Company dated August 26, 2021, given that the 2018 Non-financial Miscellaneous Services Framework Agreement will expire on December 31, 2021, during the Reporting Period, the Company has renewed the non-financial miscellaneous services framework agreement between the Company and the Everbright Group on the basis of the 2018 Everbright Group Non-financial Miscellaneous Services Framework Agreement (the "2021 Everbright Group Non-financial Miscellaneous Services Framework Agreement") during the Reporting Period for a term of three years commencing from January 1, 2022 to December 31, 2024.

In accordance with the 2018 Everbright Group Non-financial Miscellaneous Services Framework Agreement, the annual cap for the income from Everbright Group and its associates for providing non-financial miscellaneous services would be RMB3.0 million, RMB4.0 million and RMB5.0 million in 2019, 2020 and 2021, respectively; and the annual cap for the expenses to be paid by the Group for non-financial miscellaneous services provided by Everbright Group and its associates is expected to be RMB69.0 million, RMB86.0 million and RMB100.0 million in 2019, 2020 and 2021, respectively. In 2021, the expenses paid by the Group for the non-financial miscellaneous services provided by Everbright Group and its associates was RMB14.69 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 2018 Everbright Group Non-financial Miscellaneous Services Framework Agreement for the three years ended December 31, 2021 exceeds 0.1% but is less than 5%. Accordingly, such continuing connected transactions are subject to the reporting, announcement and annual review but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

For details of the 2018 Everbright Group Non-financial Miscellaneous Services Framework Agreement, please refer to the announcement of the Company dated August 28, 2018.

Financial Products and Services Framework Agreement

In the ordinary and usual course of the Group's business, the Group regularly enters into securities and financial products transactions with, and provides securities and financial services to, Everbright Group and its associates. Likewise, Everbright Group and its associates also enter into securities and financial products transactions with, and provide securities and financial services to, the Group on normal commercial terms. Before the listing of H Shares of the Company on the Hong Kong Stock Exchange, the Company and the Everbright Group entered into a financial products and services framework agreement (the "2016 Everbright Group Financial Products and Services Framework Agreement") and in 2018, the Company has renewed the financial products and services framework agreement between the Company and the Everbright Group on the basis of the 2016 Everbright Group Financial Products and Services Framework Agreement (the "2018 Everbright Group Financial Products and Services Framework Agreement") for a term of three years commencing from January 1, 2019 to December 31, 2021.

References are made to the announcement of the Company dated August 26, 2021 and the circular dated September 27, 2021. Given the expansion of the business qualifications and business scope of the Group and the expansion of the type and scope of business engaged by the Everbright Group and its associates in recent years and taking into account the expiry of the 2018 Everbright Group Financial Products and Services Framework Agreement on December 31, 2021, the Company has renewed the financial products and services framework agreement between the Company and the Everbright Group on the basis of the 2018 Everbright Group Financial Products and Services Framework Agreement (the "2021 Everbright Group Financial Products and Services Framework Agreement") during the Reporting Period for a term of three years commencing from January 1, 2022 to December 31, 2024.

Securities and Financial Products Transactions

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

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

SECTION VI SIGNIFICANT MATTERS

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 2018 Everbright Group Financial Products and Services Framework Agreement, the annual cap for cash inflow from the transactions of securities and financial products shall be RMB230,000 million, RMB280,000 million and RMB340,000 million in 2019, 2020 and 2021, respectively; and the annual cap for cash outflow from the transactions of securities and financial products shall be RMB230,000 million, RMB280,000 million and RMB340,000 million in 2019, 2020 and 2021, respectively. In 2021, the actual cash inflow from the transactions of securities and financial products was RMB177,900 million; and the actual cash outflow from for the transactions of securities and financial products was RMB151,800 million.

Securities and Financial Services

Securities and financial services shall cover various securities and financial services permitted by regulatory authorities and mutually provided by the Group and Everbright Group and its associates, including but not limited to the services such as investment banking, brokerage, asset management, deposit and loan, proxy sales of financial products, insurance, etc. The prices 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 prices.

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

In accordance with the 2018 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 RMB950 million, RMB1,050 million and RMB1,200 million in 2019, 2020 and 2021 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 RMB250 million, RMB290 million and RMB330 million in 2019, 2020 and 2021, respectively. In 2021, the actual revenue gained by the Group for the securities and financial services provided to Everbright Group and its associates was RMB297.96 million, and the expenses paid by the Group for the securities and financial services provided by Everbright Group and its associates was RMB125.9 million.

SECTION VI SIGNIFICANT MATTERS

As the highest applicable percentage ratio in respect of the relevant annual caps under the 2018 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 2018 Everbright Group Financial Products and Services Framework Agreement are set out in the Company's announcement dated August 28, 2018 and the circular of 2018 second extraordinary general meeting dated October 31, 2018.

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 September 14, 2018, waiving the Company from the obligation of setting a maximum daily deposit balance limit under the 2018 Everbright Group Financial Products and Services Framework Agreement. For details of the reasons for the Company to apply for such waiver, please refer to the announcement of the Company dated September 17, 2018.

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

References are made to the announcement of the Company dated November 17, 2020 and the 2020 annual report published on the website of the Hong Kong Stock Exchange, which disclosed that SHKC is entitled to sell its remaining 30% equity in SHKFGL to EBSHK based on the 2015 Shareholders' Agreement. 30% of the ordinary shares of SHKFGL held by SHKC will be converted into preference shares on a one-for-one basis according to the relevant legal procedures, and the payment will be made in installments through the redemption of preference shares by SHKFGL until all preference shares are redeemed. On November 17, 2020, EBSHK paid SHKC in cash at an amount of approximately HK\$1.257 billion as initial payment and the balance of approximately HK\$1.156 billion will be paid by SHKFGL in installments.

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

During the Reporting Period, according to the agreement and arrangement, SHKFGL paid HK\$1.237 billion to redeem all the preferred shares held by SHKC on June 1, 2021.

SECTION VI SIGNIFICANT MATTERS

(III) Confirmation of the Auditors

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

- 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.

(IV) Independent Non-executive Directors' Confirmation

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

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

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

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

SECTION VI SIGNIFICANT MATTERS

VII. Material Contracts and Their Performance

(I) Guarantee

Applicable Not applicable

Unit: 100 million Yuan Currency: RMB

External guarantees provided by the Company (excluding guarantees provided for subsidiaries)	
Total amount of guarantees provided during the Reporting Period (excluding guarantees provided for subsidiaries)	–
Total amount of guarantees outstanding at the end of the Reporting Period (A) (excluding guarantees provided for subsidiaries)	–
Guarantees provided by the Company and its subsidiaries for subsidiaries	
Total amount of guarantees provided for subsidiaries during the Reporting Period	25.18
Total amount of guarantees provided for subsidiaries outstanding at the end of the Reporting Period (B)	69.28
Total amount of guarantees provided by the Company (including guarantees provided for subsidiaries)	
Total amount of guarantees (A+B)	69.28
Proportion of the total amount of guarantees to the Company's net assets (%)	11.82%
Including:	
Guarantees provided for shareholders, de facto controller and their related parties (C)	–
Debt guarantees provided directly or indirectly for guaranteed objects with a gearing ratio of over 70% (D)	30.09
The guarantees whose total amount exceeds 50% of the net assets (E)	–
Total amount of the above three guarantees (C+D+E)	30.09
Description of guarantees outstanding that may be involved in joint and several liabilities	–
Description of guarantees	<ol style="list-style-type: none"> 1. During the Reporting Period, the Company has provided the following guarantees: net capital guarantee for the wholly-owned subsidiary Everbright Asset Management, and guarantee for the offshore borrowings of the wholly-owned subsidiary EBSHK. As of December 31, 2021, the balance of such guarantees was approximately RMB5.247 billion. The guarantees provided by the Company's majority-owned subsidiaries mainly include: the wholly-owned subsidiary EBSHK and its subsidiaries provided loan guarantees and financing guarantees for its subsidiaries, to facilitate their business operation. As of December 31, 2021, the balance of such guarantees was approximately RMB1.681 billion. 2. The guarantee amount incurred was the amount increased during the year, excluding the amount decreased during the year.

SECTION VI SIGNIFICANT MATTERS

VIII. Other Events and Subsequent Events

1. Relevant information on branches

In order to further optimize the Company's branch network, the Company has cancelled the securities brokerage branch at Huangxing Road, Yangpu District, Shanghai, the securities brokerage branch at Zhujiang East Road, Guangzhou, the securities brokerage branch at Baiyun, Guangzhou, the securities brokerage branch at Ruifeng Center, Guangzhou, the securities brokerage branch at Wuxi Zhenghe Avenue and the securities brokerage branch at Chuzhou Fengle Avenue (for details, please refer to the Company's announcements No. Lin 2021-043, No. Lin 2021-064 and No. Lin 2021-065 published on the website of the Shanghai Stock Exchange and the Company's announcements dated August 7, 2021, November 6, 2021 and November 13, 2021 published on the website of the Hong Kong Stock Exchange). The Company has performed procedures according to regulatory requirements, completed the matters such as the transfer of customers, settlement of business and closure of the premises, and gone through formalities for industrial and commercial deregistration. As of the disclosure date, the Company had 244 securities brokerage branches.

2. Events of litigations disclosed with subsequent progress

For details on the Company's case against Shihezi Ruichen Equity Investment Partnership (Limited Partnership) (石河子市瑞晨股權投資合夥企業(有限合夥)), the Company's stock pledge client, please refer to the Company's announcement No. Lin 2019-068 published on the website of the Shanghai Stock Exchange and announcement dated November 29, 2019 published on the website of the Hong Kong Stock Exchange, 2019 annual report, announcement No. Lin 2020-061 published on the website of the Shanghai Stock Exchange and announcement dated June 10, 2020 published on the website of the Hong Kong Stock Exchange, 2020 interim report, 2020 annual report and 2021 interim report. To date, the Company has received the execution payment.

For details on the Company's case against its stock pledge clients surnamed Zheng and surnamed Zhan, please refer to the Company's announcement No. Lin 2019-041 published on the website of the Shanghai Stock Exchange and announcement dated July 13, 2019 published on the website of the Hong Kong Stock Exchange, 2019 interim report, 2019 annual report, announcement No. Lin 2020-104 published on the website of the Shanghai Stock Exchange and announcement dated November 3, 2020 published on the website of the Hong Kong Stock Exchange, 2020 annual report and 2021 interim report. To date, the debt repayment with shares has been completed.

For details on the Company's cases against its stock pledge clients surnamed Zhang and surnamed Ma, please refer to the Company's announcement No. Lin 2019-045 published on the website of the Shanghai Stock Exchange and announcement dated August 10, 2019 published on the website of the Hong Kong Stock Exchange, 2019 interim report, 2019 annual report, 2020 annual report and 2021 interim report. Currently, it is being enforced.

For details on the Company's case against its stock pledge clients, Dulwich Investment Group Co., Ltd. and a person surnamed Zhou, please refer to the Company's announcement No. Lin 2020-048 published on the website of the Shanghai Stock Exchange and announcement dated April 30, 2020 published on the website of the Hong Kong Stock Exchange, 2019 interim report, 2019 annual report, 2020 annual report and 2021 interim report. As Dulwich Investment Group Co., Ltd. has entered bankruptcy and the person subject to enforcement has no property for enforcement, the Company has received the final ruling.

For details on the Company's case against its stock pledge client surnamed Yin, please refer to the Company's 2018 third quarter report, announcement No. Lin 2019-037 published on the website of the Shanghai Stock Exchange and announcement dated May 31, 2019 published on the website of the Hong Kong Stock Exchange, 2019 interim report, 2020 interim report and 2021 interim report. To date, the court has issued the final ruling.

SECTION VI SIGNIFICANT MATTERS

For details on the Company's case against a person surnamed Yu, please refer to the Company's 2021 interim report. The People's Court of Jing'an District of Shanghai dismissed the lawsuit because the defendant could not be served. Currently, the Company has appealed to the Shanghai Financial Court.

For details on the Company's arbitration case against a natural person surnamed Teng, please refer to the Company's 2018 annual report, announcement No. Lin 2019-037 published on the website of the Shanghai Stock Exchange and announcement dated May 31, 2019 published on the website of the Hong Kong Stock Exchange and 2019 annual report. After the Company submitted application for compulsory enforcement, since the person surnamed Teng had no property for enforcement, the Company has received the final ruling.

For details on China Everbright Securities (HK) Limited case against its client surnamed Man, please refer to the Company's 2017 annual report, 2018 interim report, 2018 annual report and 2019 annual report. Currently, China Everbright Securities (HK) Limited has received the second-instance judgment, which upheld the original verdict.

For details on Everbright Capital's arbitration case against Dalian Zeus Entertainment Co., Ltd. (大連天神娛樂股份有限公司), and natural persons surnamed Zhu and Wang, please refer to the 2019 annual report and 2021 interim report of the Company. Currently, Everbright Capital has applied to the Beijing Second Intermediate People's Court for compulsory execution against Zhu and Wang, and applied for a debt-to-equity swap to Dalian Zeus Entertainment Co., Ltd. according to the arbitration award.

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

On November 24, 2021, the Company filed a lawsuit against China Fortune Land Holding Company (華夏幸福基業控股股份公司) on its disputes over the collateralized stock repurchase. The amount involved in the case was approximately RMB341 million. The case has been accepted by the Intermediate People's Court of Langfang City of Hebei Province.

On December 21, 2021, New Horizon Wireless Technology Limited, Cutting Edge Global Limited and Lucky Time Global Limited filed a lawsuit against Shanghai Everbright Fortune Jinghui Investment Center (Limited Liability Partnership (上海光大富尊環瓊投資中心(有限合夥))) on their disputes over the pledge of stocks. The case has been accepted by the High Court of Hong Kong and the litigation is currently being set aside.

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) on its disputes over the confirmation of bankruptcy claims. The amount involved in the case was approximately RMB200 million. The case has been accepted by the People's Court of Fengxian District of Shanghai.

On March 3, 2022, Jilin City Construction Holding Group Co., Ltd. (吉林省城市建設控股集團有限公司) submitted an arbitration application in respect of underwriting agreement disputes against the Company and other parties to the China International Economic and Trade Arbitration Commission, requesting that the Company return underwriting fees of RMB18,190,800 and pay relevant interest and other costs. The case has been accepted by the China International Economic and Trade Arbitration Commission.

4. Important events in relation to wholly-owned subsidiaries

Everbright Jinhui Asset Management Co., Ltd. (Shanghai) Co., Ltd., a subsidiary of the Everbright Capital, serves as the executive partner of Jinxin Investment Consultancy Partnership (Limited Partnership) ("Jinxin Fund"). The MPS project invested by Jinxin Fund failed to exit as originally planned. China Merchants Bank and Huarui Bank, the interested parties of two senior-tranche partners of Jinxin Fund, filed lawsuits against Everbright Capital over other contract disputes related to the Shortfall Makeup Letter. Currently, Everbright Capital has filed a retrial application for the aforesaid two cases to the Shanghai High People's Court, respectively, and has received the notice of acceptance for the aforesaid two cases. The final trial result is still uncertain. Huarui Bank filed an arbitration against Everbright Jinhui on the same matter. Jiaying Zhaoyuanyongjin Equity Investment Fund Partnership (Limited Partnership) applied for arbitration against Everbright Jinhui due to the dispute over private equity investment contract. Shenzhen Hengxiang Equity Investment Fund LLP (Limited Partnership) applied for arbitration against Everbright Jinhui, Baofeng (Tianjin) Investment Management Co., Ltd. and Shanghai Qunchang Financial Service Company Limited due to the dispute over private equity investment contract. The above-mentioned arbitrations have received the arbitral awards, which were final.

SECTION VI SIGNIFICANT MATTERS

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

In the case of Everbright Jinhui and Shanghai Jinxin against Baofeng Group and Feng Xin on the equity transfer dispute, the Beijing Higher People's Court ruled to reject the litigation claims of Everbright Jinhui and Shanghai Jinxin. The case has been appealed to the Supreme People's Court and is currently under trial by the Supreme People's Court. JINXIN INC. (Cayman Jinxin), a transaction party on overseas projects of Jinxin Fund, filed lawsuits to the high court of England and Wales against RICCARDO SILVA, ANDREA RADRIZZANI and other individuals and institutes, original seller shareholders of MPS, over fraudulent misrepresentations and breach of taxation commitments. The amount involved in the case was approximately US\$661,375,034.

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 has received the notice of acceptance from Shanghai Financial Court. Everbright Capital has received Ruling for Enforcement from Shanghai Financial Court, which ruled that 35% of the equity interest in Everbright Fortune Financial Leasing Co., Ltd. and 3,810,482 shares of Tansun Technology Co., Ltd. held by Everbright Capital, the person subject to enforcement, shall be sold at current price.

Based on the latest development in related litigation and arbitration, the Company has made corresponding provisions for estimated liabilities and asset impairment for the above matters. The Company will continue to pay attention to the progress and results of this matter, and perform related information disclosure obligations. (For details, please refer to the 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 and No. Lin 2022-009 published on the website of the Shanghai Stock Exchange and the Company's announcements dated February 1, 2019, March 2, 2019, March 20, 2019, May 31, 2019, August 27, 2019, January 22, 2020, May 3, 2020, May 11, 2020, August 9, 2020, 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 and March 16, 2022 published on the website of the Hong Kong Stock Exchange)

5. Other matters

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

SECTION VI SIGNIFICANT MATTERS

IX. Tax Relief

(I) A Share shareholders

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

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

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

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

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 Registration and Settlement Co., Ltd., the differential tax levying policies won't be executed temporarily according to shareholding time, while listed companies shall withhold the income tax as per the 10% tax rate and handle the withholding declaration to their competent tax authorities. Where some Hong Kong investors belong to other countries' tax residents, and the dividend income tax rate regulated in the tax treaty signed by and between their countries and China is lower than 10%, the enterprises or individuals may, personally or by entrusting the withholding obligator, file an application for enjoying the treatment of tax treaty to the competent tax authorities of the listed companies. After examination and approval, the competent tax authorities shall reimburse the taxes according to the balance between the amount of tax already levied and the tax payable as calculated as per the tax rate in the tax treaty.

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

(II) H Share shareholders

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

SECTION VI SIGNIFICANT MATTERS

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

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

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

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

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, 2021, 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	Securities abbreviation	Issuance date	Issue price (or interest rate)	Issue size (RMB in 100 million)	Date of listing	Number of shares permitted to be listed for trading (RMB in 100 million)	Date of termination of transaction
Bonds (including enterprise bonds, corporate bonds and non-financial enterprise debt financing instruments)							
Corporate bonds	21 EVERBRIGHT SECURITIES G1	2021/1/12	3.57%	53.00	2021/1/20	53.00	2024/1/13
Perpetual Subordinated Bonds	21 EVERBRIGHT SECURITIES Y1	2021/5/11	4.19%	30.00	2021/5/19	30.00	2026/5/12
Corporate Bonds	21 EVERBRIGHT SECURITIES G2	2021/6/3	3.30%	20.00	2021/6/10	20.00	2024/6/6
Corporate Bonds	21 EVERBRIGHT SECURITIES G3	2021/6/3	3.67%	10.00	2021/6/10	10.00	2026/6/6
Corporate Bonds	21 EVERBRIGHT SECURITIES G4	2021/7/14	3.12%	13.00	2021/7/21	13.00	2024/7/15
Corporate Bonds	21 EVERBRIGHT SECURITIES G5	2021/7/14	3.45%	17.00	2021/7/21	17.00	2026/7/15
Corporate Bonds	21 EVERBRIGHT SECURITIES G6	2021/8/9	3.12%	30.00	2021/8/16	30.00	2024/8/10
Corporate Bonds	21 EVERBRIGHT SECURITIES G8	2021/9/14	3.10%	30.00	2021/9/24	30.00	2024/9/15
Corporate Bonds	21 EVERBRIGHT SECURITIES G9	2021/9/14	3.50%	10.00	2021/9/24	10.00	2026/9/15
Corporate Bonds	21 EVERBRIGHT SECURITIES F1	2021/11/9	2.85%	20.00	2021/11/16	20.00	2022/11/15
Corporate Bonds	21 EVERBRIGHT SECURITIES 10	2021/12/21	3.02%	20.00	2021/12/28	20.00	2024/12/22
Corporate Bonds	21 EVERBRIGHT SECURITIES 11	2021/12/21	3.35%	10.00	2021/12/28	10.00	2026/12/22

Description of the issuance of securities during the Reporting Period

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

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

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	208,699 (of which 208,530 were holders of A Shares and 169 were registered holders of H Shares)
Total number of shareholders of ordinary shares at the end of last month preceding the date of disclosure of the annual report	205,179 (of which 205,011 were holders of A Shares and 168 were registered holders of H Shares)

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

Unit: Shares

Shareholding of top ten shareholders

Name of shareholders (Full name)	Changes in the number of shares during the Reporting Period	Number of shares held as of the end of the Reporting Period	Percentage (%)	Number of shares held with selling restrictions	Pledged, marked or frozen shares		Nature of shareholders
					Status of shares	Number of shares	
China Everbright Group Ltd.	0	1,159,456,183	25.15	-	Nil	-	State-owned legal person
China Everbright Limited	0	960,467,000	20.83	-	Frozen	5,620,000	Foreign legal person
HKSCC Nominees Limited	8,600	703,687,300	15.26	-	Unknown	-	Unknown
China Securities Finance Corporation Limited	(7,773,100)	130,090,372	2.82	-	Nil	-	Others
Hong Kong Securities Clearing Company Limited	3,417,511	53,848,416	1.17	-	Nil	-	Others
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	(1,711,000)	39,319,445	0.85	-	Nil	-	Others
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Asset Management Plan	0	24,431,977	0.53	-	Nil	-	Others
E Fund – Agricultural Bank of China – E Fund CSI Financial Asset Management Plan	0	23,174,586	0.50	-	Nil	-	Others
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	0	22,716,500	0.49	-	Nil	-	Others

SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Shareholding of top ten shareholders

Name of shareholders (Full name)	Changes in the number of shares during the Reporting Period	Number of shares held as of the end of the Reporting Period	Percentage (%)	Number of shares held with selling restrictions	Pledged, marked or frozen shares		Nature of shareholders
					Status of shares	Number of shares	
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others
Zhong'ou Asset – Agricultural Bank of China – Zhong'ou CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others
China AMC – Agricultural Bank of China – China AMC CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others
China Southern Asset Management – Agricultural Bank of China – China Southern CSI Financial Asset Management Plan	0	22,716,500	0.49	–	Nil	–	Others
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	(4,357,600)	19,972,318	0.43	–	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	960,467,000	RMB ordinary shares	960,467,000
HKSCC Nominees Limited	703,687,300	Overseas listed foreign shares	703,687,300
China Securities Finance Corporation Limited	130,090,372	RMB ordinary shares	130,090,372
Hong Kong Securities Clearing Company Limited	53,848,416	RMB ordinary shares	53,848,416
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	39,319,445	RMB ordinary shares	39,319,445
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
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	19,972,318	RMB ordinary shares	19,972,318
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: Among the H shareholders of the Company, HKSCC Nominees Limited held the H Shares on behalf of the non-registered shareholders.

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

Note 3: According to the register of shareholders of the Company as at the end of February 2022 provided by China Securities Registration and Settlement Co., Ltd., China Everbright Limited held 956,017,000 shares of the Company, representing 20.73% of the equity interest.

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

SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

IV. Controlling Shareholder and De Facto Controller

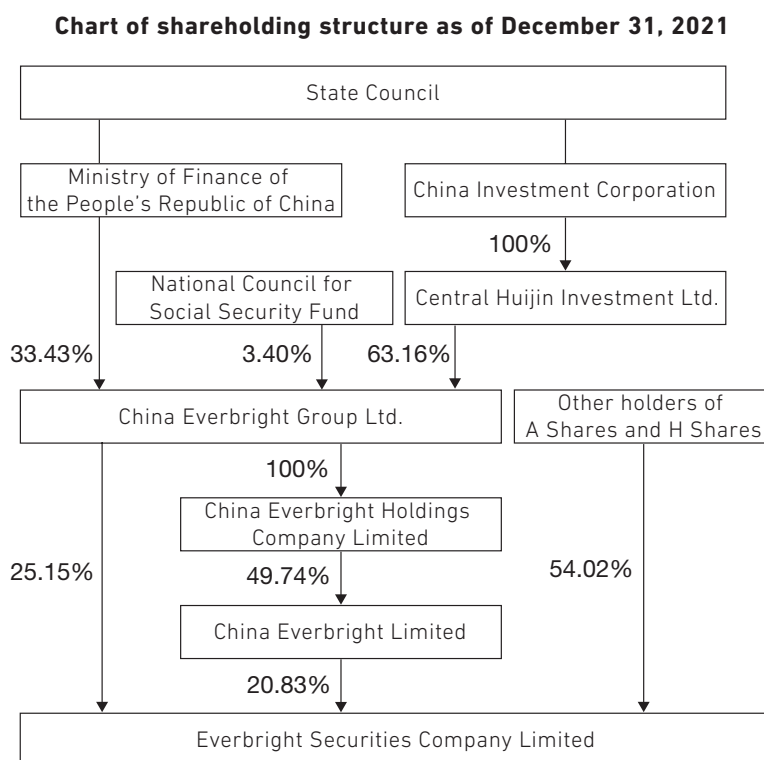
(I) Controlling shareholder

1. Legal person

Name	China Everbright Group Ltd.
Legal representative	Li Xiaopeng
Date of establishment	November 12, 1990
Principal business	Investment and management of the financial business, including banking, securities, insurance, funds, trust, futures, leasing, gold and silver transactions; asset management; investment and management of non-financial business. (the business activities required to obtain approval by law may only be carried out after such approvals are obtained. Business activities prohibited and restricted by the state and local industrial policies shall not be engaged in.)
Shareholding in other domestic and overseas listed subsidiaries and investees during the Reporting Period	directly and indirectly holding 49.999% of 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 21.99% 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



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 fact that the relevant data retains two decimal places.

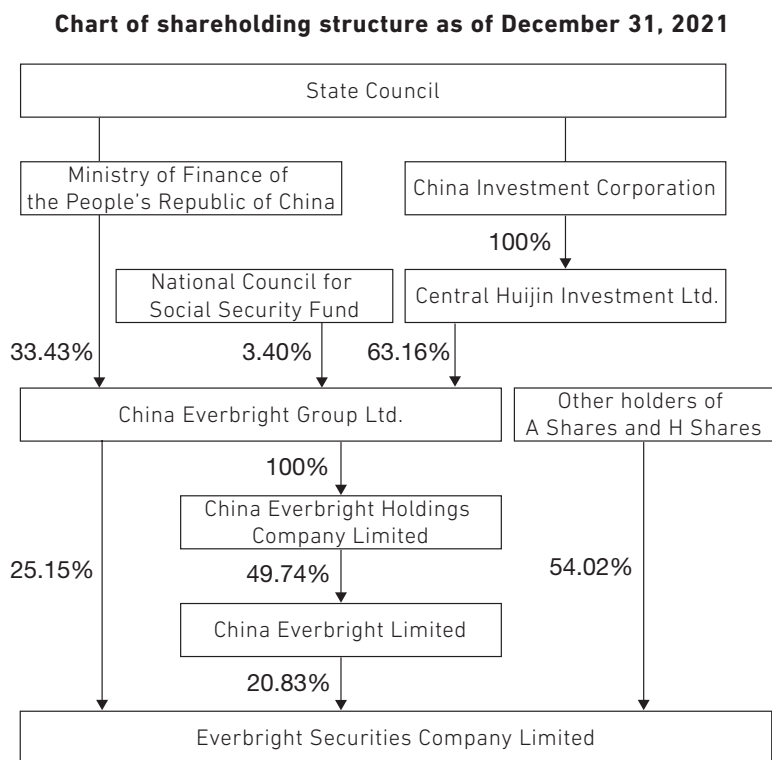
(II) De facto controller

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 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, 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*



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 fact that the relevant data retains two decimal places.

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, 2021, so far as the Directors, having made reasonable enquiries, are aware, the following parties (other than the Directors, Supervisors or chief executive of the Company) had an interest or short position in the shares or underlying shares, which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to section 336 of the SFO:

No.	Name of substantial shareholders ⁷	Type of share	Nature of interests	Number of corresponding shares of the Company held (share)	Percentage of total issued shares of the Company ⁶ (%)	Percentage of total issued A Shares/ H Shares of the Company ⁶ (%)	Long position/ short position
1.	Central Huijin Investment Ltd. (中央匯金投資有限責任公司)	A Share	Interests in controlled corporation ¹	2,115,473,183	45.88	54.15	Long Position
2.	China Everbright Group Ltd. (中國光大集團股份公司)	A Share	Beneficial owners	1,159,456,183	25.15	29.68	Long Position
		A Share	Interests in controlled corporation ²	956,017,000	20.73	24.47	Long Position
				2,115,473,183	45.08	54.15	Long Position
3.	China Everbright Holdings Company Limited (中國光大集團有限公司)	A Share	Interests in controlled corporation ²	956,017,000	20.73	24.47	Long Position
4.	Datten Investments Limited	A Share	Interests in controlled corporation ²	956,017,000	20.73	24.47	Long Position
5.	Honorich Holdings Limited	A Share	Interests in controlled corporation ²	956,017,000	20.73	24.47	Long Position
6.	China Everbright Limited (中國光大控股有限公司)	A Share	Beneficial owners	956,017,000	20.73	24.47	Long Position
7.	China State Construction Engineering Corporation	H Share	Interests in controlled corporation ³	138,812,800	3.01	19.72	Long Position
8.	China State Construction Engineering Corporation Limited (中國建築股份有限公司)	H Share	Interests in controlled corporation ³	138,812,800	3.01	19.72	Long Position
9.	CSCEC Capital (Hong Kong) Limited	H Share	Beneficial owners	138,812,800	3.01	19.72	Long Position
10.	China State Shipbuilding Corporation Limited	H Share	Interests in controlled corporation ⁴	138,588,000	3.01	19.68	Long Position
11.	China Shipbuilding Industry Corporation (中國船舶重工集團有限公司)	H Share	Interests in controlled corporation ⁴	138,588,000	3.01	19.68	Long Position
12.	China Shipbuilding Capital Limited (中國船舶資本有限公司)	H Share	Beneficial owners	138,588,000	3.01	19.68	Long Position
13.	Hengjian International Investment Holding (Hong Kong) Limited (恒健國際投資控股(香港)有限公司)	H Share	Beneficial owners	131,344,200	2.85	18.65	Long Position
14.	Guangdong Hengjian Investment Holding Co., Ltd (廣東恒健投資控股有限公司)	H Share	Interests in controlled corporation ⁵	131,344,200	2.85	18.65	Long Position

SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Notes:

1. Central Huijin Investment Ltd. held a 63.16% interest in China Everbright Group Ltd. Accordingly, Central Huijin Investment Ltd. is deemed to be interested in China Everbright Group Ltd.'s interest in the Company under the SFO.
2. Honorich Holdings Limited and Everbright Investment and Management Limited (光大投資管理有限公司) held 49.386% and 0.358% of the total issued share capital in China Everbright Limited, respectively; Datten Investments Limited held 100% of the total issued share capital in Honorich Holdings Limited; China Everbright Holdings Company Limited held 100% of the total issued share capital in Datten Investments Limited and Everbright Investment and Management Limited; China Everbright Group Ltd. held 100% of the total issued share capital in China Everbright Holdings Company Limited. Accordingly, each of the China Everbright Group Ltd., China Everbright Holdings Company Limited, Datten Investments Limited and Honorich Holdings Limited is deemed to be interested in China Everbright Limited's interests in the Company under the SFO.
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, 2021, 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, 2021, 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	Zhao Wei	August 25, 1972 (China Everbright Limited was previously known as Intercontinental Housing Development Ltd. (明輝發展有限公司), and its name was changed to China Everbright Limited in 1997)	N/A	The number of issued shares is 1,685,253,712, and the total paid-up amount is HK\$9,618,096,709 (as of December 31, 2021)	China Everbright Limited is a Hong Kong listed company with alternative asset management as its core business, with fund management and its own capital investment as its main business operations. China Everbright Group Ltd. is the company's largest shareholder, indirectly holding 49.74% of its shares.

VI. Sufficient Public Float

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

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

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

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

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

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
17G2 EBS Public Offering Corporate Bonds (First Tranche) (Type 2)	17 EVERBRIGHT SECURITIES G2	143155	July 3, 2017	July 4, 2017	July 4, 2022	15	4.7	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
17G4 EBS Public Offering Corporate Bonds (Second Tranche) (Type 2)	17 EVERBRIGHT SECURITIES G4	143326	October 12, 2017	October 16, 2017	October 16, 2022	16	4.9	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
1901 EBS Non-public Offering Corporate Bonds (First Tranche)	19 EVERBRIGHT SECURITIES 01	151115	January 17, 2019	January 22, 2019	January 22, 2022	30	3.88	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
1902 EBS Non-public Offering Corporate Bonds (Second Tranche)	19 EVERBRIGHT SECURITIES 02	162002	August 20, 2019	August 22, 2019	August 22, 2022	30	3.75	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
20F1 EBS Non-public Offering Corporate Bonds (First Tranche) (Epidemic prevention bond)	20 EVERBRIGHT SECURITIES F1	166222	March 5, 2020	March 9, 2020	March 9, 2023	30	3.19	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
20G1 EBS Public Offering Corporate Bonds (First Tranche) (Type 1)	20 EVERBRIGHT SECURITIES G1	163641	June 18, 2020	June 22, 2020	June 22, 2023	15	3.1	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
20G3 EBS Public Offering Corporate Bonds (Second Tranche) (Type 1)	20 EVERBRIGHT SECURITIES G3	163731	July 10, 2020	July 14, 2020	July 14, 2023	37	3.6	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
20Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	20 EVERBRIGHT SECURITIES Y1	175000	August 13, 2020	August 17, 2020	August 17, 2025	20	4.4	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, 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
20G5 EBS Public Offering Corporate Bonds (Third Tranche)	20 EVERBRIGHT SECURITIES G5	175062	August 26, 2020	August 28, 2020	August 28, 2023	48	3.7	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
20G7 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 2)	20 EVERBRIGHT SECURITIES G7	175584	December 23, 2020	December 25, 2020	December 25, 2023	17	3.6	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
21G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	21 EVERBRIGHT SECURITIES G1	175631	January 12, 2021	January 14, 2021	January 14, 2024	53	3.57	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
21Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	21 EVERBRIGHT SECURITIES Y1	188104	May 11, 2021	May 13, 2021	May 13, 2026	30	4.19	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, 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	3.3	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
21G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G3	188196	June 3, 2021	June 7, 2021	June 7, 2026	10	3.67	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, 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 Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, No quotation, enquiry and agreement	No
21G5 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G5	188383	July 14, 2021	July 16, 2021	July 16, 2026	17	3.45	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, 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 Shanghai Stock Exchange	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	3.1	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G9 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G9	188763	September 14, 2021	September 16, 2021	September 16, 2024	10	3.5	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21F1 EBS Non-public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	21 EVERBRIGHT SECURITIES F1	197545	November 9, 2021	November 11, 2021	November 16, 2022	20	2.85	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
2110 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche)(Type 1)	21 EVERBRIGHT SECURITIES 10	188884	December 21, 2021	December 23, 2021	December 23, 2024	20	3.02	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
2111 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche)(Type 2)	21 EVERBRIGHT SECURITIES 11	188886	December 21, 2021	December 23, 2021	December 23, 2026	10	3.35	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22Y1 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (First Tranche)	22 EVERBRIGHT SECURITIES Y1	185407	February 17, 2022	February 21, 2022	February 21, 2027	20	3.73	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22Y2 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES Y2	185445	March 10, 2022	March 14, 2022	March 14, 2027	10	4.08	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22Y3 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Third Tranche)	22 EVERBRIGHT SECURITIES Y3	185600	March 22, 2022	March 24, 2022	March 24, 2027	15	4.03	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No

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
2020 EBS Short-term Non-public Offering Security Corporate Bonds (First Tranche)	The principal and interest on the Bonds were paid on January 14, 2021 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
2018 EBS Public Offering Corporate Bonds (First Tranche) (Type 2)	The principal and interest on the Bonds were paid on April 18, 2021 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
2018 EBS Non-public Offering Corporate Bonds (Third Tranche)	The principal and interest on the Bonds were paid on July 30, 2021 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
2018 EBS Public Offering Corporate Bonds (Second Tranche) (Type 1)	The principal and interest on the Bonds were paid on September 26, 2021 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
2020 EBS Short-term Public Offering Corporate Bonds (First Tranche)	The principal and interest on the Bonds were paid on October 18, 2021 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
2018 EBS Non-public Offering Subordinated Bonds (First Tranche)	The principal and interest on the Bonds were paid on December 13, 2021 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
2020 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 1)	The principal and interest on the Bonds were paid on December 27, 2021 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities
2019 EBS Non-public Offering Corporate Bonds (First Tranche)	The principal and interest on the Bonds were paid on January 22, 2022 and delisted from the SSE Integrated Electronic Platform for Fixed-income Securities

For details of the existing bonds of the Subsidiary during the Reporting Period, please refer to Note 53 to the consolidated financial statements.

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

For the triggering and implementation of option terms and investor protection terms on the perpetual subordinated bonds 20 EVERBRIGHT SECURITIES Y1, 21 EVERBRIGHT SECURITIES Y1, 22 EVERBRIGHT SECURITIES Y1, 22 EVERBRIGHT SECURITIES Y2 and 22 EVERBRIGHT SECURITIES Y3 issued by the Company during the Reporting Period, 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)	50/F, Shanghai World Financial Center, 100 Century Avenue, Shanghai	Wang Ziqing and Chen Qi	Wei Huanhuan (魏歡歡)	021-22283479
AllBright Law Offices	12F, Shanghai Tower No.501, Yincheng Middle Road, Pudong New Area, Shanghai	N/A	Xiao Wenyan (肖文豔)	021-20511217
China Galaxy Securities Co.,Ltd.	Level 2-6, No. 35 Financial Street, Xicheng District, Beijing	N/A	Shi Liu (石榴)	010-80927238
Essence Securities Co., Ltd (安信證券股份有限公司)	35/F & Unit A02, 28/F, Anlian Building, No. 4018, Jintian Road, Futian District, Shenzhen	N/A	Liu Jian (劉健)	010-83321331
CITIC Securities Co., Ltd.	North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen	N/A	Zhang Baole	010-60833458
Soochow Securities Co., Ltd	Soochow Securities Building, No. 5 Xinyang Street, Suzhou Industrial Park Zone	N/A	Qian Yao (錢堯)	0512-62938587
China Merchants Securities Co., Ltd.	No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen	N/A	Liu Huachao (劉華超)	010-60840902
CSC Financial Co., Ltd.	Unit 4, No. 66 Anli Road, Chaoyang District, Beijing	N/A	Zhang Haihong (張海虹)	010-85130421
Guotai Junan Securities Co., Ltd.	No. 618, Shangcheng Road, China (Shanghai) Pilot FreeTrade Zone, Shanghai, PRC	N/A	Wang Kunpeng	021-38674904
Industrial Securities Co., Ltd.	No.36 Changliu Road, Pudong New Area, Shanghai, PRC	N/A	Yang Lingshan	021-20370733
China Chengxin International Credit Rating Co., LTD	Building 6, Galaxy SOHO, No.2 Nanzhugan hutong, Chaoyangmennei Avenue, Dongcheng District, Beijing	N/A	Zhang Yunpeng (張雲鵬) and Zhao Tingting (趙婷婷)	010-66428877

SECTION IX RELEVANT INFORMATION ON BONDS

IV. Use of Proceeds Raised from Issuance of Corporate Bonds

Unit: 100 million Yuan Currency: RMB

Bond name	Total amounts of Proceeds	Utilized Amounts	Unutilized Amounts	The operating condition of the special account for the proceeds (if any)	Rectification of the non-compliance utilization of proceeds (if any)	Whether the use of proceeds is in compliance with the use, plan and other undertakings made in the prospectus
2017 EBS Public Offering Corporate Bonds (First Tranche) (Type 2)	15	15	0	The balance of the special accounts was 0	N/A	Yes
2017 EBS Public Offering Corporate Bonds (Second Tranche) (Type 2)	16	16	0	The balance of the special accounts was 0	N/A	Yes
2019 EBS Non-public Offering Corporate Bonds (First Tranche)	30	30	0	The balance of the special accounts was 0	N/A	Yes
2019 EBS Non-public Offering Corporate Bonds (Second Tranche)	30	30	0	The balance of the special accounts was 0	N/A	Yes
2020 EBS Non-public Offering Corporate Bonds (First Tranche) (Epidemic prevention bond)	30	30	0	The balance of the special accounts was 0	N/A	Yes
2020 EBS Public Offering Corporate Bonds (First Tranche) (Type 1)	15	15	0	The balance of the special accounts was 0	N/A	Yes
2020 EBS Public Offering Corporate Bonds (Second Tranche) (Type 1)	37	37	0	The balance of the special accounts was 0	N/A	Yes
2020 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	20	20	0	The balance of the special accounts was 0	N/A	Yes
2020 EBS Public Offering Corporate Bonds (Third Tranche)	48	48	0	The balance of the special accounts was 0	N/A	Yes
2020 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 2)	17	17	0	The balance of the special accounts was 0	N/A	Yes
2021 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	53	53	0	The balance of the special accounts was 0	N/A	Yes
2021 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	30	30	0	The balance of the special accounts was 0	N/A	Yes
2021 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 1)	20	20	0	The balance of the special accounts was 0	N/A	Yes
2021 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 2)	10	10	0	The balance of the special accounts was 0	N/A	Yes

SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Total amounts of Proceeds	Utilized Amounts	Unutilized Amounts	The operating condition of the special account for the proceeds (if any)	Rectification of the non-compliance utilization of proceeds (if any)	Whether the use of proceeds is in compliance with the use, plan and other undertakings made in the prospectus
2021 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 1)	13	13	0	The balance of the special accounts was 0	N/A	Yes
2021 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 2)	17	17	0	The balance of the special accounts was 0	N/A	Yes
2021 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 1)	30	30	0	The balance of the special accounts was 0	N/A	Yes
2021 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 1)	30	30	0	The balance of the special accounts was 0	N/A	Yes
2021 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 2)	10	10	0	The balance of the special accounts was 0	N/A	Yes
2021 EBS Non-public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	20	20	0	The balance of the special accounts was 0	N/A	Yes
2021 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche) (Type 1)	20	20	0	The balance of the special accounts was 0	N/A	Yes
2021 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche) (Type 2)	10	10	0	The balance of the special accounts was 0	N/A	Yes
2022 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	20	20	0	The balance of the special accounts was 0	N/A	Yes
2022 EBS Public Offering Perpetual Subordinated Bonds (Second Tranche)	10	10	0	The balance of the special accounts was 0	N/A	Yes
2022 EBS Public Offering Perpetual Subordinated Bonds (Third Tranche)	15	15	0	The balance of the special accounts was 0	N/A	Yes

SECTION IX RELEVANT INFORMATION ON BONDS

V. Implementation and Changes of Guarantees, Debt Repayment Plans and Other Safeguard Measures Regarding Debt Repayment During the Reporting Period and Their Effects

Status	Implementation	Whether there is a change	Condition after change	Reason for the change	Whether the change has been approved by the competent authority	The effects of the change on the equity of bond investors
As at the date of this report, the Company adopted the method of unsecured issuance to its existing bonds	To perform its obligations in respect of annual interest payment and principal repayment with interest upon expiry of each term of bonds in a timely manner	No	N/A	N/A	N/A	N/A

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: Million Yuan Currency: RMB

Major indicator	2021	2020	Increase/ decrease for the period over the same period of last year (%)	Reason for the change
EBITDA	788,831.06	805,461.40	(2.06)	/
Net profit after deducting non-recurring gains or losses	402,691.94	367,192.66	9.67	/
Balance of cash and cash equivalents	6,329,127.97	6,193,320.42	2.19	/
Current ratio	2.66	2.02	31.68	Decrease in current liabilities as at the end of the period
Quick ratio	1.54	1.17	31.62	Decrease in current liabilities as at the end of the period
Gearing ratio (%)	65.39	68.53	Decreased by 3.14 percentage points	/
EBITDA to total debts ratio	0.14	0.16	(12.50)	/
Interest coverage ratio	3.84	4.09	(6.11)	/
Cash interest coverage ratio	0.47	5.88	(92.01)	Decrease in net cash flow from operating activities
EBITDA interest coverage ratio	4.15	4.49	(7.57)	/
Loan payment ratio (%)	N/A	N/A	N/A	/
Interest payment ratio (%)	126.52	162.70	Decreased by 36.18 percentage points	Decrease in interest paid according to interest payment arrangements

Note 1: The above financial indicators were calculated based on the PRC GAAP.

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

Note 3: The EBITDA has removed influence of MPS.

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

Audited Consolidated Financial Statements

31 December 2021



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

Opinion

We have audited the consolidated financial statements of Everbright Securities Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 11 to 143 which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

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



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

Key audit matters (continued)

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



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

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Provision for a contingent liability (continued)</i>	
<p>Based on the prevailing available information, the civil judgements, the results of the arbitration award and the progress of litigation, the Group made a provision in the consolidated financial statements as at 31 December 2021 amounting to RMB5,284,293 thousand for contingent losses that may result from the above-mentioned MPS related cases.</p> <p>We identified the recognition of provision as a key audit matter because of the significant balance and the significant management judgement and estimates used in the measurement of the provision.</p> <p>Refer to note 14 to the consolidated financial statements, the summary of significant accounting policies in note 2.4, and significant accounting judgements and estimates in note 3.</p>	



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

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<u>Provisions for expected credit losses</u>	
<p>The Group performs impairment assessment and recognises credit loss expense for margin accounts receivable, financial assets held under resale agreements, financial assets measured at amortised cost and debt investments at fair value through other comprehensive income on the basis of expected credit losses ("ECLs") at the reporting date.</p> <p>If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month ECLs. If the credit risk has increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to the lifetime ECLs ("LTECLs"). If the financial asset is credit-impaired, the Group measures the loss allowance at an amount equal to LTECLs. The Group considers all reasonable and supportable information in the ECL assessment, including forward-looking information.</p> <p>As at 31 December 2021, the carrying amount of the Group's margin accounts receivable was RMB48,445,768 thousand with a cumulative allowance for ECLs of RMB613,883 thousand and financial assets held under resale agreements amounted to RMB6,792,387 thousand with a cumulative allowance for ECLs of RMB1,390,462 thousand.</p> <p>As at 31 December 2021, the carrying amount of the Group's financial assets measured at amortised cost was RMB4,136,619 thousand with a cumulative allowance for ECLs of RMB228,585 thousand and the carrying amount of the Group's debt investments at fair value through other comprehensive income was RMB13,098,079 thousand with a cumulative allowance for ECLs of RMB56,042 thousand.</p> <p>We identified the provisions for expected credit losses as a key audit matter because of the significance of the balances and the significant management judgement involved, including the classification of stages for measurement of ECLs and the estimation of future cash flows.</p> <p>Refer to note 28, note 29, note 31, note 40 and note 64(c) to the consolidated financial statements, the summary of significant accounting policies in note 2.4, the significant accounting judgements and estimates in note 3.</p>	<p>Our audit procedures related to the recognition of provisions mainly included the following:</p> <ul style="list-style-type: none"> • We assessed and evaluated the design and operating effectiveness of the controls over the process for the assessment of impairment of margin accounts receivable, financial assets held under resale agreements, financial assets measured at amortised cost and debt investments at fair value through other comprehensive income; • We assessed the Group's criteria for classification of stages and the models for measurement of ECLs; • We evaluated the results of ECL stages on a sampling basis and checked whether they are consistent with the criteria in the ECL measurement model; • We evaluated the key inputs related to the measurement of ECL used by management on a sampling basis, including the probability of default, loss given default, exposure at default, discount rate and forward-looking information; • We assessed management's ECLs results and checked whether they are consistent with market practice and historical loss experience; and • We assessed the relevant disclosures of the impairment of margin accounts receivable, financial assets held under resale agreements, financial assets measured at amortised cost and debt investments at fair value through other comprehensive income with reference to the requirements of the prevailing accounting standards.



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

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Assessing fair value of financial instruments</i>	
<p>As at 31 December 2021, the fair values of the Group's financial assets that were measured at fair value totalled RMB82,955,178 thousand, of which financial assets of RMB30,872,712 thousand, RMB44,924,656 thousand and RMB7,157,810 thousand were classified under the fair value hierarchy as Levels 1, 2 and 3 financial instruments respectively.</p> <p>As at 31 December 2021, the fair values of the Group's financial liabilities that were measured at fair value totalled RMB854,471 thousand, of which financial liabilities of RMB17,020 thousand, RMB567,993 thousand and RMB269,458 thousand were classified under the fair value hierarchy as Levels 1, 2 and 3 financial instruments respectively.</p> <p>The valuation of the Group's financial instruments is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data for liquid markets. Where such observable data is not readily available, as in the case of Level 3 financial instruments, significant management judgements and estimates can be involved.</p> <p>The Group has developed its own models to value certain financial instruments which also involves significant management judgement. We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the significant degree of judgement exercised by management in determining the inputs used in the valuation models.</p> <p>Refer to note 65 to the consolidated financial statements, the summary of significant accounting policies in note 2.4, and significant accounting judgements and estimates in note 3.</p>	<p>Our audit procedures to assess the fair value of financial instruments included the following:</p> <ul style="list-style-type: none"> • We assessed and evaluated the design and operating effectiveness of the controls over the process for the assessment of fair value of financial instruments; • We assessed the fair values of financial instruments traded in active markets by comparing the fair values applied by the Group with publicly available market data; • We read investment agreements entered into during the current year, on a sample basis, to obtain an understanding of the relevant investment terms and identified any conditions that were relevant to the valuation of financial instruments; • We involved our internal valuation specialists to assist us in evaluating the valuation models used by the Group to value certain financial instruments and to perform, on a sample basis, independent valuations of financial instruments and compared these valuations with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current and emerging practice, testing inputs to the fair value calculations and establishing our own valuation models to perform revaluations; and • We assessed the relevant disclosures of the fair value information of financial instruments with reference to the requirements of the prevailing accounting standards.



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

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<u>Impairment of goodwill</u>	
<p>As at 31 December 2021, the carrying amount of goodwill, which mainly arose from the acquisition of Everbright Securities Global Limited ("ESGL") (formerly known as "Everbright Securities (International) Limited") and Everbright Securities International Company Limited ("EBSIL") (formerly known as "Sun Hung Kai Financial Group Limited") in 2011 and 2015 respectively, was RMB928,322 thousand.</p> <p>There is a risk that the carrying value of goodwill may not be recoverable in full through the future cash flows to be generated from the relevant cash-generating units (the "CGUs") to which the goodwill has been allocated. In order to assess the recoverable amount of goodwill, during the year management engaged an external appraiser to calculate the value in use of the relevant CGUs using the discounted cash flow model with a cash flow forecast compiled by management.</p> <p>We identified the impairment of goodwill as a key audit matter because of its significance to the consolidated financial statements and because determining whether any impairment is required involved a significant degree of management judgement and estimation, particularly in forecasting future cash flows, including budgeted income, the long-term growth rate and profit margins and in determining appropriate discount rates, all of which can be inherently uncertain and could be subject to management bias.</p> <p>Refer to note 23 to the consolidated financial statements, the summary of significant accounting policies in note 2.4, and significant accounting judgements and estimates in note 3.</p>	<p>Our audit procedures to assess the potential impairment of goodwill included the following:</p> <ul style="list-style-type: none"> • We assessed management's identification of the CGUs and the allocation of goodwill and other assets to each CGU with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards; • We evaluated the competence, capabilities and objectivity of the external appraiser appointed by management; • We involved our internal valuation specialists to evaluate the methodology and assumptions adopted in the discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards; • We tested the assumptions and critical judgements adopted in the discounted cash flow forecasts by comparing key inputs, including budgeted income, the long-term growth rate and profit margins with the historical performance of the relevant subsidiaries, details in the financial budgets approved by the board of directors, recent business pipe line reports, industry research reports and industry statistics; • We assessed the discount rates applied in the discounted cash flow forecasts by recalculating the discount rates based on market data for similar companies in the same industry and compared our calculations with the discount rates adopted in the discounted cash flow forecasts; • We performed sensitivity analyses for the key assumptions, including budgeted income and the discount rates applied to assess the impact of changes in these key assumptions on the results of impairment assessments and considered whether there were any indicators of management bias in the selection of key assumptions; • We assessed the results of the value-in-use calculations by comparing them with valuations derived from price/book multiples of comparable companies in the market; and • We assessed the relevant disclosures of the impairment of goodwill with reference to the requirements of the prevailing accounting standards.



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

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<u>Consolidation of structured entities</u>	
<p>Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor of, a structured entity through issuing or acquiring a wealth management product, an investment fund, an asset management product, a trust product or an asset-backed security.</p> <p>In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and its exposures to and ability to influence the Group's returns from the entity. In certain circumstances, the Group may be required to consolidate a structured entity even though it has no equity interest therein.</p> <p>The factors which management needs to consider when determining whether a structured entity should be consolidated are not purely quantitative and need to be considered collectively.</p> <p>As at 31 December 2021, the carrying amount of the Group's investments in structured entities sponsored by third party institutions and not consolidated by the Group was RMB42,366,138 thousand. The carrying amount of the Group's investments in structured entities sponsored by the Group and not consolidated by the Group was RMB2,017,175 thousand.</p> <p>We identified the consolidation of structured entities as a key audit matter because significant management judgement was involved in determining whether a structured entity is required to be consolidated by the Group and because the impact of consolidating a structured entity to the consolidated statement of financial position could be significant.</p> <p>Refer to note 26 to the consolidated financial statements and significant accounting judgements and estimates in note 3.</p>	<p>Our audit procedures to assess the consolidation of structured entities included the following:</p> <ul style="list-style-type: none"> • We assessed and evaluated the design and operating effectiveness of the controls over the process for consolidation of structured entities; • We selected significant structured entities for each key product type and performed the following procedures: <ul style="list-style-type: none"> - We inspected the related contracts, internal establishment documents and information disclosed to the investors to obtain an understanding of the purpose of the establishment of the structured entity and the involvement the Group had with the structured entity and to assess management's judgement over whether the Group had the ability to exercise power over the structured entity; - We evaluated the risk and reward structure of the structured entity including any capital or return guarantee, provision of liquidity support, commission paid and distribution of the returns to assess management's judgement as to variable returns from the Group's involvement in such an entity; - We evaluated management's analysis of the structured entity including qualitative analyses and calculations of the magnitude and variability associated with the Group's economic investments in the structured entity to assess management's judgement over the Group's ability to influence its own returns from the structured entity; and - We evaluated management's judgement over whether the structured entity should be consolidated or not; and • We assessed the relevant disclosures of the consolidation of structured entities with reference to the requirements of the prevailing accounting standards.



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

Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT (continued)

To the shareholders of Everbright Securities Company Limited

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

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

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

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

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

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



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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Shing Kit.

Certified Public Accountants
Hong Kong
24 March 2022

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise specified)

	Notes	2021	2020
Revenue			
Fee and commission income	5	9,345,505	9,201,865
Interest income	6	6,245,276	5,843,168
Net investment gains	7	1,438,456	2,246,316
Total revenue		17,029,237	17,291,349
Other income and gains	8	4,868,597	3,742,632
Total revenue and other income		21,897,834	21,033,981
Fee and commission expenses	9	(1,513,415)	(1,496,567)
Interest expenses	10	(3,740,079)	(3,729,173)
Staff costs	11	(4,115,982)	(3,734,887)
Depreciation and amortisation expenses	12	(585,731)	(707,833)
Tax and surcharges		(97,063)	(83,382)
Other operating expenses	13	(6,116,509)	(4,878,219)
Provision for contingent liabilities	14	(733,123)	(1,549,750)
Impairment losses	15	(250)	-
Credit loss expense	16	(394,172)	(945,161)
Total expenses		(17,296,324)	(17,124,972)
Operating profit		4,601,510	3,909,009
Share of profit of associates and joint ventures		66,696	89,802
Profit before income tax		4,668,206	3,998,811
Income tax expense	17	(1,105,000)	(1,532,419)
Profit for the year		3,563,206	2,466,392
Attributable to:			
Shareholders of the Company		3,484,332	2,334,078
Non-controlling interests		78,874	132,314
Total		3,563,206	2,466,392
Basic and diluted earnings per share (in Renminbi per share)	20	0.72	0.50

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 2021

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>2021</u>	<u>2020</u>
Profit for the year	3,563,206	2,466,392
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Debt investments at fair value through other comprehensive income		
- Net changes in fair value	221,347	35,875
- Provision for ECL allowance	(78,210)	5,204
- Reclassified to profit or loss	(77,753)	(81,485)
Share of other comprehensive income of associates	834	(2,566)
Exchange differences on translation of financial statements in foreign currencies	(24,915)	(184,526)
Income tax impact	(36,260)	10,076
Total items that may be reclassified subsequently to profit or loss	<u>5,043</u>	<u>(217,422)</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	(172,486)	123,645
- Income tax impact	43,122	(30,911)
Total items that will not be reclassified subsequently to profit or loss	<u>(129,364)</u>	<u>92,734</u>
Total comprehensive income for the year	<u>3,438,885</u>	<u>2,341,704</u>
Attributable to:		
Shareholders of the Company	3,359,863	2,254,852
Non-controlling interests	79,022	86,852
Total	<u>3,438,885</u>	<u>2,341,704</u>

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

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2021

(All amounts expressed in RMB thousand unless otherwise specified)

	Notes	31 December 2021	31 December 2020
Non-current assets			
Property and equipment	21	836,894	883,098
Right-of-use assets	22	696,901	822,268
Goodwill	23	928,322	955,342
Other intangible assets	24	257,413	216,240
Investments in associates and joint ventures	27	1,004,204	1,093,419
Financial assets measured at amortised cost	28	1,787,443	4,188,421
Debt investments at fair value through other comprehensive income	29	11,675,724	12,330,427
Equity investments designated at fair value through other comprehensive income	30	559,564	584,719
Refundable deposits	33	10,245,462	7,858,108
Deferred tax assets	34	2,156,069	1,749,542
Finance lease receivables	35	54,744	493,234
Receivables arising from sale-and-leaseback arrangements	36	851,140	743,093
Other non-current assets	37	241,286	148,577
Total non-current assets		31,295,166	32,066,488
Current assets			
Accounts receivable	38	1,939,085	2,848,778
Finance lease receivables	35	593,616	1,181,807
Receivables arising from sale-and-leaseback arrangements	36	902,106	591,165
Other receivables and prepayments	39	1,297,547	1,730,997
Margin accounts receivable	40	48,445,768	46,815,972
Financial assets measured at amortised cost	28	2,349,176	263,541
Debt investments at fair value through other comprehensive income	29	1,422,355	5,307,960
Equity investments designated at fair value through other comprehensive income	30	-	4,593,864
Financial assets held under resale agreements	31	6,792,387	5,279,946
Financial assets at fair value through profit or loss	32	68,750,197	58,452,676
Derivative financial assets	41	547,338	65,946
Clearing settlement funds	42	403,315	1,051,846
Cash held on behalf of brokerage clients	43	62,134,265	52,378,308
Cash and bank balances	44	12,235,280	16,107,090
Total current assets		207,812,435	196,669,896
Total assets		239,107,601	228,736,384

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

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2021


(All amounts expressed in RMB thousand unless otherwise specified)

	Notes	31 December 2021	31 December 2020
Current liabilities			
Loans and borrowings	45	4,960,033	5,939,413
Short-term debt instruments	46	7,244,956	10,324,937
Placements from other financial institutions	47	13,692,415	17,722,781
Financial liabilities at fair value through profit or loss	48	342,425	1,996,059
Accounts payable to brokerage clients	49	70,224,000	60,102,708
Employee benefits payable	50	1,821,514	1,707,895
Other payables and accruals	51	4,336,714	5,065,906
Current tax liabilities	34	764,321	1,472,633
Financial assets sold under repurchase agreements	52	19,863,912	21,655,857
Derivative financial liabilities	41	512,046	307,647
Lease liabilities due within one year	22	249,072	259,666
Contract liabilities		49,863	765
Long-term bonds due within one year	53	11,896,011	18,243,518
Total current liabilities		<u>135,957,282</u>	<u>144,799,785</u>
Net current assets		<u>71,855,153</u>	<u>51,870,111</u>
Total assets less current liabilities		<u>103,150,319</u>	<u>83,936,599</u>
Non-current liabilities			
Loans and borrowings	45	2,793,973	1,068,103
Long-term bonds	53	35,930,692	23,775,649
Financial liabilities at fair value through profit or loss	48	-	616,136
Employee benefits payable	50	1,244	2,295
Provision	14	5,284,293	4,551,975
Lease liabilities	22	461,820	563,968
Deferred tax liabilities	34	18,103	14,002
Contract liabilities		988	181
Other non-current liabilities	54	63,944	149,189
Total non-current liabilities		<u>44,555,057</u>	<u>30,741,498</u>
Net assets		<u>58,595,262</u>	<u>53,195,101</u>

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

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2021

(All amounts expressed in RMB thousand unless otherwise specified)

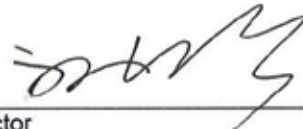


	Notes	31 December 2021	31 December 2020
Equity			
Share capital	55	4,610,788	4,610,788
Other equity instruments	56	4,999,057	2,000,000
Reserves	57	36,618,470	35,578,110
Retained profits	57	11,637,280	10,259,982
Total equity attributable to shareholders of the Company		57,865,595	52,448,880
Non-controlling interests		729,667	746,221
Total equity		58,595,262	53,195,101

Approved and authorised for issue by the Board of Directors on 24 March 2022.



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 2021

(All amounts expressed in RMB thousand unless otherwise specified)

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

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

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise specified)

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

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 2021

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:			
Profit before income tax		4,668,206	3,998,811
Adjustments for:			
Interest expenses		2,397,719	2,570,154
Share of profit of associates and joint ventures		(66,696)	(89,802)
Depreciation and amortisation expenses		589,114	711,216
Impairment losses		250	-
Credit loss expense		394,172	945,161
Gains on disposal of property and equipment and other intangible assets		(666)	(1,299)
Provision for contingent liabilities		733,123	1,549,750
Foreign exchange losses		3,256	8,866
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		(902,446)	(923,438)
Gain on disposal of associates and joint ventures		(3)	(6,254)
Dividend income from equity investments designated at fair value through other comprehensive income		(283,643)	(10,695)
Unrealised fair value changes of financial instruments at fair value through profit or loss		916,166	457,323
Unrealised fair value changes of derivative financial instruments		(12,333)	7,416
		<u>8,436,219</u>	<u>9,217,209</u>
Operating cash flows before movements in working capital		<u>8,436,219</u>	<u>9,217,209</u>

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

EVERBRIGHT SECURITIES COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise specified)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:			
(continued)			
<i>Changes in operating assets</i>			
Increase in refundable deposits		(2,387,354)	(3,442,580)
Increase in margin accounts receivable		(1,540,489)	(13,120,071)
Decrease in finance lease receivables		1,021,523	1,575,436
Increase in receivable arising from sale-and-leaseback arrangements		(424,699)	(902,036)
Decrease in accounts receivable, other receivables and prepayments		2,698,394	1,144,079
(Increase)/decrease in financial assets held under resale agreements		(1,431,206)	2,809,617
(Increase)/decrease in financial instruments at fair value through profit or loss		(12,442,974)	7,239,275
(Increase)/decrease in derivative financial instruments		(264,661)	139,847
(Increase)/decrease in restricted bank deposits		(62,001)	476,711
Decrease/(increase) in cash held on behalf of brokerage clients		1,348,352	(12,450,554)
Decrease/(increase) in other investments		83,321	(203,182)
<i>Changes in operating liabilities</i>			
Increase in accounts payable to brokerage clients		9,486,199	14,451,164
Increase/(decrease) in other payables and accruals		1,292,676	(399,627)
Increase in employee benefits payable		112,568	151,918
Decrease in financial assets sold under repurchase agreements		(1,791,945)	(2,980,253)
(Decrease)/increase in placements from other financial institutions		(4,030,366)	11,659,076
Cash from operations		103,557	15,366,029
Income taxes paid		(2,208,876)	(980,438)
Interest paid for operating activities		(1,378,667)	(1,129,609)
Net cash flows (used in)/from operating activities		(3,483,986)	13,255,982

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 2021

(All amounts expressed in RMB thousand unless otherwise specified)

	Notes	2021	2020
Cash flows from investing activities:			
Proceeds from disposal of financial assets at fair value through other comprehensive income and other investments		16,693,601	13,200,846
Dividends and interest received from financial assets at fair value through other comprehensive income and other investments		1,134,492	987,534
Proceeds from disposal of property and equipment, other intangible assets and other non-current assets		3,788	1,943
Proceeds from disposal of subsidiaries, associates and joint ventures		125,219	-
Dividends received from subsidiaries, associates and joint ventures		144,584	-
Purchase of financial assets at fair value through other comprehensive income and other investments		(11,116,037)	(18,984,605)
Purchases of property and equipment, other intangible assets and other non-current assets		(302,413)	(353,711)
Net cash flows from/(used in) investing activities		<u>6,683,234</u>	<u>(5,147,993)</u>
Cash flows from financing activities:			
Proceeds from issuance of perpetual bonds		2,999,057	2,000,000
Proceeds from issuance of long-term bonds		23,301,300	20,100,000
Proceeds from issuance of short-term debt instruments		37,738,662	47,515,870
Proceeds from loans and borrowings		16,030,308	5,288,305
Long-term bonds repaid		(19,411,609)	(25,211,145)
Short-term debt instruments repaid		(40,699,920)	(41,781,110)
Loans and borrowings repaid		(15,283,819)	(9,960,981)
Lease payments paid		(326,416)	(341,332)
Repurchase of non-controlling interests by a subsidiary		(1,547,015)	(1,062,944)
Interest paid		(2,405,404)	(2,920,252)
Dividends paid		(857,499)	(293,743)
Net cash flows used in financing activities		<u>(462,355)</u>	<u>(6,667,332)</u>
Net increase in cash and cash equivalents		2,736,893	1,440,657
Cash and cash equivalents at the beginning of the year		9,596,524	8,241,628
Effect of foreign exchange rate changes		(30,465)	(85,761)
Cash and cash equivalents at the end of the year	58	<u><u>12,302,952</u></u>	<u><u>9,596,524</u></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 2021, the Company’s registered capital was RMB4,610,787,639 and the Company had a total of 4,610,787,639 issued shares of RMB1.00 each.

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.1 BASIS OF PREPARATION

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

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

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

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 3	<i>Reference to the Conceptual Framework¹</i>
Amendments to IFRS 10 and IAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
IFRS 17	<i>Insurance Contracts²</i>
Amendments to IFRS 17	<i>Insurance Contracts^{2, 5}</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current^{2, 4}</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies²</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates²</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction²</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use¹</i>
Amendments to IAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract¹</i>
Annual Improvements to IFRSs 2018-2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41¹</i>
Amendment to IFRS 17 (issued on 9 December 2021 by the IASB)	<i>Initial Application of IFRS 17 and IFRS 9 - Comparative Information⁶</i>

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the amendments to IAS 1 - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion

⁵ As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

⁶ Effective for annual periods beginning on or after 1 January 2023

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

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

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

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

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

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

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

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

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

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

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

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

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

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment and depreciation

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

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

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

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

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

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

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

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

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

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

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

Leases

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

Group as a lessee

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

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

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

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

(b) Lease liabilities

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

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

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessor

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

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

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

Sale-and-leaseback transactions

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

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

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

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

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and credit losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets designated at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as net investment gains in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as net investment gains in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due or an actual or expected significant deterioration in the financial instrument's external or internal (if available) credit rating.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets measured at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Purchased or originated credit-impaired ("POCI") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted effective interest rate. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies a simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

(All amounts expressed in RMB thousand unless otherwise specified)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Group's financial liabilities include loans and borrowings, short-term debt instruments, placements from other financial institutions, accounts payable to brokerage clients, financial liabilities at fair value through profit or loss, financial assets sold under repurchase agreements, derivative financial liabilities, bonds payable, other current liabilities and other non-current liabilities.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Margin financing and securities lending

Margin financing and securities lending refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for securities selling, for which the customers provide the Group with collateral.

The Group recognises margin financing receivables as loans and receivables, and recognises interest income using effective interest rate method. Securities lent are not derecognised when the risk and rewards are not transferred, and interest income is recognised using effective interest rate method.

The collateral is not recognised on the statement of financial position, and the transfer of the collateral from counterparties is only reflected on the statement of financial position if the risk and rewards of ownership are also transferred.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets held under resale and sold under repurchase agreements

Financial assets held under resale agreements are transactions where the Group acquires financial assets which will be resold at a predetermined price at a future date under resale agreements. Financial assets sold under repurchase agreements are transactions where the Group sells financial assets which will be repurchased at a predetermined price at a future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under resale or sold under repurchase agreements in the statement of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognised in the statement of financial position.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, are amortised over the period of the respective transaction using the effective interest method and are included in interest income and interest expenses respectively.

Accounts payable to brokerage clients

Accounts payable to brokerage clients are all deposited in the bank accounts designated by the Group. The Group recognises the funds as liabilities for settlement to the customers.

The Group executes trade orders through stock exchanges on behalf of the customers. If the total amount of purchased securities exceeds that of sold securities, accounts payable to brokerage clients would decrease by the difference, in addition to the withholding stamp duty and commission. If the total amount of sold securities exceeds that of purchased securities, accounts payable to brokerage clients would increase by the difference after deducting withholding stamp duty and commission.

Inventories

Inventories are recognised at cost for initial recognition. The cost of inventories comprises all costs of purchase, costs of conversion and other costs.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. When net realisable value is lower than the carrying amount, the Group decreases the carrying amount to net realisable value. The decreased amount is recognised in profit or loss and corresponding allowance is made.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and related taxes.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to insignificant risk of change in value.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in interest expense in the statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Securities brokerage and investment consulting business

Income from the securities brokerage is recognised on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from the brokerage business is recognised when the related services are rendered.

Income from the investment consulting business is recognised when the relevant transactions have been arranged or the relevant services have been rendered.

(b) Underwriting and sponsorship business

Income from the underwriting and sponsorship business is recognised when the obligation of underwriting or sponsoring is completed.

(c) Asset management business

Income from regular management is recognised periodically based on a predetermined fixed percentage of the asset value under the asset management agreement. Income from performance fees is recognised when the performance fee is determinable based on actual performance measurement, as and when contingent criteria associated are met.

(d) Other business

Income from other business is recognised when control of goods or services is transferred to the customers.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as property and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Expenses recognition

Commission expenses

Commission expenses relate mainly to transactions, which are recognised as expenses when the services are received.

Interest expenses

Interest expenses are recognised based on the principal outstanding and at the effective interest rate applicable.

Lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Other expenses

Other expenses are recognised on an accrual basis.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The carrying amounts of the following assets are reviewed at each reporting date to determine whether there is any indication of impairment:

- property and equipment
- investment property
- right-of-use assets
- other intangible assets
- equity investments in subsidiaries
- goodwill
- leasehold improvements and long-term deferred expenses

If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonuses or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on corporate bonds, which have a credit rating of at least AA from a rating agency, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Dividends

Dividends or profit distributions proposed in the profit appropriation plan, which will be authorised and declared after the end of the reporting period, are not recognised as a liability at the end of the reporting period but disclosed in the notes to the financial statements separately.

(All amounts expressed in RMB thousand unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates on the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the PBOC, the State Administration of Foreign Exchange or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of the reporting period. The resulting exchange differences are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to RMB using the foreign exchange rates at the transaction date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of debt investments at fair value through other comprehensive income or equity investments designated at fair value through other comprehensive income, which are recognised as other comprehensive income in capital reserve.

The assets and liabilities of foreign operation are translated to RMB at the spot exchange rate at the end of the reporting period. The equity items, excluding “retained profits”, are translated to RMB at the spot exchange rates at the transaction dates. The income and expenses of foreign operations are translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in shareholders’ equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group’s internal organisation, management requirements and the internal reporting system. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance are regularly reviewed by the Group’s management to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information regarding financial performance is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics and are similar in respect of the nature of each product and service, the nature of production processes, the type or class of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

(All amounts expressed in RMB thousand unless otherwise specified)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Business model

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. Management needs to make significant judgement when assessing its business model, including but, 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.

Transfer of financial assets

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

Determination of the consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group controls an entity. The principle of control includes three elements: (i) power over the entity; (ii) exposure, or rights, to variable returns from involvement with the entity; and (iii) the ability to use power over the entity to affect the amount of entity's returns. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For asset management products where the Group is involved as the manager, the Group assesses whether the combination of investments it holds, if any, together with its remuneration creates exposure to variability of returns from the activities of the asset management products that is of such significance indicating that the Group is a principal. The asset management products shall be consolidated if the Group acts in the role of principal.

(All amounts expressed in RMB thousand unless otherwise specified)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Fair value of financial instruments

There are no quoted prices from an active market for a number of financial instruments. The fair values for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions by referring to the current fair value of similar instruments, discounted cash flow analysis and option pricing models. The Group has established a work flow to ensure that the valuation techniques are constructed by qualified personnel and are validated and reviewed by independent personnel. Valuation techniques are certified and calibrated before implementation to ensure the valuation result reflects the actual market conditions. Valuation models established by the Group make the maximum use of market inputs and rely as little as possible on the Group's specific data. However, it should be noted that some inputs, such as credit and counterparty risk, and risk correlations, require management's estimates. The Group reviews the above estimations and assumptions periodically and makes adjustments if necessary.

Deferred income tax assets and liabilities

According to the provisions of the tax law, deferred income tax assets and liabilities are measured at the applicable tax rates that are expected to apply to the period when the assets are realised or when the liabilities are settled. Deferred income tax assets are recognised for all unused tax losses, to the extent that it is likely that taxable profit will be available to offset these unused tax losses. Many judgements are needed from management to estimate the amount, timing and applicable tax rate of future taxable profit, together with the tax planning strategies, to determine the amount of deferred income tax assets and liabilities to be recognised.

Impairment of financial instruments

The Group assesses the impairment of financial instruments using the ECL model. The application of the ECL model requires significant judgment and estimation, and consideration of all reasonable and relevant information including forward-looking information. When making such judgement and estimation, the Group estimates the expected changes of the debtor's credit risk based on historical repayment data along with economic policies, macro-economy indicators, and industry risk.

(All amounts expressed in RMB thousand unless otherwise specified)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of investments in associates and joint ventures

Investments in associates and joint ventures are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided.

Since the market price of an asset cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Provision

The Group uses judgement to assess whether the Group has a present legal or constructive obligation as a result of past events at each financial reporting date, and judgement is used to determine if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and to determine a reliable estimate of the amount of the obligation and relevant disclosure in the consolidated financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise specified)

4. TAXATION

The Group's main applicable taxes and tax rates are as follows:

Tax type	Tax basis	Tax rate
Corporate income tax	Taxable profits	16.5%, 25%
Value added tax ("VAT")	Taxable revenue	1%-13%
City maintenance and construction tax	Value added tax paid	1%, 7%
Education surcharge	Value added tax paid	3%

The income tax rate applicable to the Company and its domestic subsidiaries is 25%. The income tax rate applicable to subsidiaries in Hong Kong is 16.5%.

According to the Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products (《關於資管產品增值稅有關問題的通知》) promulgated by the Ministry of Finance (the "MOF") and the State Administration of Taxation (the "SAT") of the PRC on 30 June 2017, starting from 1 January 2018, with respect to any VAT-able activities in the course of managing asset management products, managers of the asset management products could be temporarily subject to the simplified VAT calculation method and thus liable to VAT at 3%.

5. FEE AND COMMISSION INCOME

	2021	2020
Income arising from		
- Securities brokerage and investment advisory business	5,252,207	4,719,499
- Underwriting and sponsorship business	1,787,347	2,029,353
- Asset management business	1,596,129	1,958,583
- Futures brokerage business	596,818	367,144
- Financial advisory business	65,369	101,333
- Others	47,635	25,953
Total	9,345,505	9,201,865

6. INTEREST INCOME

	2021	2020
Income arising from		
- Margin financing and securities lending	3,168,520	2,834,416
- Deposits in financial institutions	1,889,691	1,665,424
- Debt investments at fair value through other comprehensive income	575,392	476,533
- Securities-backed lending and stock repurchases	225,241	298,198
- Financial assets measured at amortised cost	213,808	361,917
- Finance leases	121,219	159,547
- Financial assets held under resale agreements	22,720	3,139
- Others	28,685	43,994
Total	6,245,276	5,843,168

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise specified)

7. NET INVESTMENT GAINS

	2021	2020
Net realised gains from		
- Financial instruments at fair value through profit or loss	46,476	929,239
- Debt investments at fair value through other comprehensive income	77,753	81,485
- Financial assets measured at amortised cost	35,493	3,503
- Derivative financial instruments	(37,288)	(123,894)
Dividend and interest income from		
- Financial instruments at fair value through profit or loss	1,936,212	1,810,027
- Equity investments designated at fair value through other comprehensive income	283,643	10,695
Unrealised fair value changes of		
- Financial instruments at fair value through profit or loss	(916,166)	(457,323)
- Derivative financial instruments	12,333	(7,416)
Total	<u>1,438,456</u>	<u>2,246,316</u>

8. OTHER INCOME AND GAINS

	2021	2020
Income from bulk commodity trading	4,475,409	3,283,327
Government grants	269,171	279,269
Commodity options market making business	38,534	27,997
Income from agent business	23,750	43,168
Rental income	17,560	22,634
Exchange losses	(3,256)	(8,866)
Others	47,429	95,103
Total	<u>4,868,597</u>	<u>3,742,632</u>

9. FEE AND COMMISSION EXPENSES

	2021	2020
Expenses arising from		
- Securities brokerage business	1,420,962	1,331,565
- Underwriting and sponsorship business	77,866	142,908
- Futures brokerage business	13,803	20,767
- Asset management business	784	700
- Financial advisory business	-	627
Total	<u>1,513,415</u>	<u>1,496,567</u>

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

10. INTEREST EXPENSES

	2021	2020
Interest expenses for		
- Long-term bonds	1,901,251	1,794,838
- Placements from other financial institutions	618,403	382,269
- Financial assets sold under repurchase agreements	520,661	551,488
- Short-term debt instruments	275,768	327,569
- Loans and borrowings	188,871	416,758
- Accounts payable to brokerage clients	151,137	128,475
- Gold borrowing	32,123	53,295
- Lease liabilities	31,829	30,989
- Other structured entities' holders	-	23,907
- Others	20,036	19,585
Total	<u>3,740,079</u>	<u>3,729,173</u>

11. STAFF COSTS

	2021	2020
Salaries, bonuses and allowances	3,301,969	3,211,050
Contributions to pension schemes	343,980	145,821
Other social welfare	470,033	378,016
Total	<u>4,115,982</u>	<u>3,734,887</u>

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

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

EVERBRIGHT SECURITIES COMPANY LIMITED
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12. DEPRECIATION AND AMORTISATION EXPENSES

	<u>2021</u>	<u>2020</u>
Amortisation of right-of-use assets	302,904	324,238
Depreciation of property and equipment	125,715	111,595
Amortisation of other intangible assets	111,345	220,792
Amortisation of leasehold improvements and long-term deferred expenses	<u>45,767</u>	<u>51,208</u>
Total	<u>585,731</u>	<u>707,833</u>

13. OTHER OPERATING EXPENSES

	<u>2021</u>	<u>2020</u>
Cost of bulk commodity trading	4,475,183	3,279,818
IT expenses	380,582	324,777
Fund and asset management plan distribution and custodian expenses	241,595	274,830
Promotion and entertainment expenses	200,326	189,399
Business travel expenses	140,000	117,191
Stock exchange management fees	109,714	94,065
Rental expenses and utilities	105,156	109,574
Postal and communication expenses	79,900	84,316
Labour outsourcing expenses	54,839	52,607
Securities/futures investor protection funds	46,051	58,573
Consulting and professional services	43,180	58,025
Auditors' remuneration	8,690	9,018
Others	<u>231,293</u>	<u>226,026</u>
Total	<u>6,116,509</u>	<u>4,878,219</u>

14. PROVISION FOR CONTINGENT LIABILITIES

(a) Provision

	<u>31 December 2021</u>	<u>31 December 2020</u>
Litigation and arbitration	<u>5,284,293</u>	<u>4,551,975</u>

(b) Provision for contingent liabilities

	<u>2021</u>	<u>2020</u>
At the beginning of the year	4,551,975	3,010,922
Additional provision	733,123	1,549,750
Amounts utilised during the year	<u>(805)</u>	<u>(8,697)</u>
At the end of the year	<u>5,284,293</u>	<u>4,551,975</u>

(All amounts expressed in RMB thousand unless otherwise specified)

14. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

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

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

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

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

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

(All amounts expressed in RMB thousand unless otherwise specified)

14. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

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

As of the date of approval of the financial statements, Hua Rui Bank and Merchants Bank have applied for enforcement, and Everbright Capital has received the enforcement notices but has not fulfilled the payments. Everbright Capital has appealed to the Shanghai High People's Court regarding the civil lawsuit cases of Hua Rui Bank and Merchants Bank for retrial. The Shanghai High People's Court has decided to file and examine the retrial application and the final review result is still uncertain.

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

Based on the assessment of the latest developments in relevant litigation and arbitration, combined with the information currently obtained, and taking into the account the requirements of the relevant laws and regulations, the Group made a provision for contingent liabilities amounting to RMB5.28 billion as of 31 December 2021 (31 December 2020: RMB4.55 billion) in accordance with the relevant provisions of the IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

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

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

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

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

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15. IMPAIRMENT LOSSES

	2021	2020
Provision for impairment of inventories	250	-

16. CREDIT LOSS EXPENSE

	2021	2020
Provision for/(reversal of) credit losses against		
- Other receivables and prepayments	339,865	294,399
- Margin accounts receivable	61,287	430,687
- Accounts receivable	8,935	1,348
- Receivable arising from sale-and-leaseback arrangements	5,711	21,833
- Finance lease receivables	5,158	(7,503)
- Debt investments at fair value through other comprehensive income	1,435	5,204
- Other non-current assets	20,990	1,413
- Financial assets measured at amortised cost	(22,673)	1,536
- Financial assets held under resale agreements	(26,536)	196,244
Total	394,172	945,161

17. INCOME TAX EXPENSE

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

	2021	2020
Current tax		
Mainland China income tax	1,438,700	1,744,072
Hong Kong profits tax	44,673	45,269
Subtotal	1,483,373	1,789,341
Adjustment in respect of prior years		
Mainland China income tax	8,809	300
Hong Kong profits tax	(687)	8,484
Subtotal	8,122	8,784
Deferred tax		
Origination and reversal of temporary differences	(386,495)	(265,706)
Total	1,105,000	1,532,419

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.

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17. INCOME TAX EXPENSE (continued)

(b) Reconciliation between income tax expense and accounting profit at the applicable tax rate:

	<u>2021</u>	<u>2020</u>
Profit before income tax	4,668,206	3,998,811
Tax at Mainland China statutory tax rate of 25%	1,167,051	999,703
Effect of different tax rates of subsidiaries	(5,819)	50,934
Adjustment for prior years	8,122	8,784
Profits and losses attributable to joint ventures and associates	(16,427)	(20,279)
Income not subject to tax	(231,054)	(158,660)
Expenses not deductible for tax	51,495	72,632
Recognition of deductible temporary differences previously not recognised	(502)	(5,942)
Tax effect of unrecognised temporary differences and unused tax losses	155,734	438,315
Others	(23,600)	146,932
Total	<u>1,105,000</u>	<u>1,532,419</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	2021				Total
	Directors' fees	Salaries, allowances and benefits in kind	Contributions to pension schemes	Discretionary bonuses	
Directors					
Yan Jun	-	2,656	1,753	194	4,603
Liu Qiuming	-	2,446	1,710	171	4,327
Song Bingfang ⁽¹⁾	-	-	-	-	-
Fu Jianping ⁽¹⁾	-	-	-	-	-
Yin Lianchen ⁽¹⁾⁽³⁾	-	-	-	-	-
Cai Minnan ⁽¹⁾⁽²⁾	-	-	-	-	-
Chan Ming Kin ⁽¹⁾	-	-	-	-	-
Tian Wei ⁽¹⁾	-	-	-	-	-
Yu Mingxiong ⁽¹⁾	-	-	-	-	-
Independent directors					
Wang Yong	130	-	-	-	130
Po Wai Kwong	130	-	-	-	130
Ren Yongping	130	-	-	-	130
Yin Junming	130	-	-	-	130
Liu Yunhong	130	-	-	-	130
Supervisors					
Liu Jiping	-	2,368	1,659	194	4,221
Wu Chunsheng ⁽¹⁾	-	-	-	-	-
Wang Hongyang ⁽¹⁾	-	-	-	-	-
Yang Weirong ⁽¹⁾	-	-	-	-	-
Zhu Wuxiang	108	-	-	-	108
Cheng Fengchao	108	-	-	-	108
Wang Wenyi ⁽¹⁾⁽⁴⁾	-	-	-	-	-
Huang Qin	-	1,247	1,923	172	3,342
Li Xianzhi	-	1,160	1,002	146	2,308
Lin Jingmin ⁽⁵⁾	-	122	-	15	137
Total	866	9,999	8,047	892	19,804

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18. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

Name	2020				Total
	Directors' fees	Salaries, allowances and benefits in kind	Contributions to pension schemes	Discretionary bonuses	
Directors					
Yan Jun	-	2,650	50	1,024	3,724
Liu Qiuming	-	2,097	36	-	2,133
Song Bingfang ⁽¹⁾	-	-	-	-	-
Fu Jianping ⁽¹⁾	-	-	-	-	-
Yin Lianchen ⁽¹⁾⁽³⁾	-	-	-	-	-
Chan Ming Kin ⁽¹⁾	-	-	-	-	-
Tian Wei ⁽¹⁾	-	-	-	-	-
Yu Mingxiong ⁽¹⁾	-	-	-	-	-
Xue Keqing ⁽¹⁾	-	-	-	-	-
Meng Xiangkai ⁽¹⁾	-	-	-	-	-
Independent directors					
Wang Yong	111	-	-	-	111
Po Wai Kwong	-	-	-	-	-
Ren Yongping	-	-	-	-	-
Yin Junming	-	-	-	-	-
Liu Yunhong	-	-	-	-	-
Xu Jingchang	111	-	-	-	111
Xiong Yan	111	-	-	-	111
Li Zheping	111	-	-	-	111
Au Sing Kun	111	-	-	-	111
Supervisors					
Liu Jiping	-	2,356	50	2,236	4,642
Wu Chunsheng ⁽¹⁾	-	-	-	-	-
Wang Hongyang ⁽¹⁾	-	-	-	-	-
Yang Weirong ⁽¹⁾	-	-	-	-	-
Zhu Wuxiang	76	-	-	-	76
Cheng Fengchao ⁽¹⁾	-	-	-	-	-
Wang Wenyi ⁽⁴⁾	-	981	50	873	1,904
Huang Qin	-	1,165	50	1,575	2,790
Li Xianzhi	-	1,138	50	1,161	2,349
Zhang Jingcai ⁽¹⁾	-	-	-	-	-
Sun Wenqiu	42	-	-	-	42
Total	673	10,387	286	6,869	18,215

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18. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

- (1) The remuneration of these directors and supervisors of the Company was borne by its shareholders and other related parties including China Everbright Group Ltd. and China Everbright Limited. No allocation of the remuneration between these related parties and the Group has been made during the reporting period.
 (2) Appointed as director on 16 November 2021
 (3) Resigned as director on 30 September 2021
 (4) Resigned as supervisor on 3 July 2021
 (5) Appointed as supervisor on 12 November 2021

There were no amounts paid during the reporting period to the directors and supervisors in connection with their retirement from employment or compensation for loss of office with the Company, or as an inducement to join. There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the reporting period.

19. INDIVIDUALS WITH THE HIGHEST EMOLUMENTS

None of the five individuals with the highest emoluments are directors or supervisors whose emoluments are disclosed in note 18. The aggregate of the emoluments is as follows:

	2021	2020
Salaries and allowances	5,716	4,495
Discretionary bonuses	37,954	44,397
Employer's contributions to pension schemes	857	141
Total	<u>44,527</u>	<u>49,033</u>

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

	2021	2020
	Number of individuals	Number of individuals
HKD8,000,001 to HKD8,500,000	1	-
HKD8,500,001 to HKD9,000,000	1	-
HKD9,000,001 to HKD9,500,000	1	-
HKD10,500,001 to HKD11,000,000	-	3
HKD11,500,001 to HKD12,000,000	-	1
HKD12,000,001 to HKD12,500,000	1	-
HKD14,000,001 to HKD14,500,000	-	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.

EVERBRIGHT SECURITIES COMPANY LIMITED
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20. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares in issue. There has been no change in the number of ordinary shares during the reporting period.

	<u>2021</u>	<u>2020</u>
Earnings		
Profit attributable to equity holders of the Company	3,484,332	2,334,078
Less: Profit attributable to other equity instruments holders of the Company	(1) 168,236	33,030
Profit attributable to ordinary equity holders of the Company	<u>3,316,096</u>	<u>2,301,048</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>0.72</u>	<u>0.50</u>

- (1) For the purpose of calculating basic earnings per ordinary share in respect of the year ended 31 December 2021, RMB168,236 thousand (2020: RMB33,030 thousand) attributable to perpetual subordinated bonds were deducted from profits attributable to equity holders of the Company.

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21. PROPERTY AND EQUIPMENT

Cost	Buildings	Electric equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
As at 1 January 2020	914,993	598,053	343,048	114,178	3,105	1,973,377
Additions	-	141,824	32,957	-	2,151	176,932
Transfers during the year	-	-	303	-	(5,256)	(4,953)
Disposals and others	-	(63,513)	(22,667)	(4,129)	-	(90,309)
As at 31 December 2020	914,993	676,364	353,641	110,049	-	2,055,047
Additions	-	77,326	16,830	-	859	95,015
Transfers during the year	-	-	-	-	-	-
Disposals and others	-	(46,948)	(71,214)	(492)	-	(118,654)
As at 31 December 2021	914,993	706,742	299,257	109,557	859	2,031,408
Accumulated depreciation						
As at 1 January 2020	(317,528)	(534,906)	(267,867)	(24,265)	-	(1,144,566)
Charge for the year	(23,746)	(62,117)	(24,507)	(4,607)	-	(114,977)
Disposals and others	-	66,391	17,068	4,135	-	87,594
As at 31 December 2020	(341,274)	(530,632)	(275,306)	(24,737)	-	(1,171,949)
Charge for the year	(23,747)	(79,056)	(21,735)	(4,560)	-	(129,098)
Disposals and others	-	46,453	59,589	491	-	106,533
As at 31 December 2021	(365,021)	(563,235)	(237,452)	(28,806)	-	(1,194,514)
Carrying amount						
As at 31 December 2021	549,972	143,507	61,805	80,751	859	836,894
As at 31 December 2020	573,719	145,732	78,335	85,312	-	883,098

As at 31 December 2021 and 2020, for buildings of carrying amounts of RMB1,126 thousand and RMB1,198 thousand, respectively, the Group has yet to obtain the relevant land or building certificate.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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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 2020	1,040,527	6,819	1,047,346
Additions	415,621	1,332	416,953
Disposals and others	<u>(114,609)</u>	<u>(1,655)</u>	<u>(116,264)</u>
As at 31 December 2020	1,341,539	6,496	1,348,035
Additions	182,604	2,213	184,817
Disposals and others	<u>(134,164)</u>	<u>(278)</u>	<u>(134,442)</u>
As at 31 December 2021	<u>1,389,979</u>	<u>8,431</u>	<u>1,398,410</u>
Accumulated depreciation			
As at 1 January 2020	(290,366)	(1,204)	(291,570)
Charge for the year	(322,749)	(1,489)	(324,238)
Disposals and others	<u>88,958</u>	<u>1,083</u>	<u>90,041</u>
As at 31 December 2020	(524,157)	(1,610)	(525,767)
Charge for the year	(301,329)	(1,575)	(302,904)
Disposals and others	<u>126,965</u>	<u>197</u>	<u>127,162</u>
As at 31 December 2021	<u>(698,521)</u>	<u>(2,988)</u>	<u>(701,509)</u>
Net carrying amount			
As at 31 December 2021	<u>691,458</u>	<u>5,443</u>	<u>696,901</u>
As at 31 December 2020	<u>817,382</u>	<u>4,886</u>	<u>822,268</u>

(ii) Lease liabilities

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

	2021	2020
Carrying amount at 1 January	823,634	744,848
New leases	184,817	416,953
Accretion of interest recognised during the year	31,829	30,989
Payments	(326,416)	(341,332)
Others	<u>(2,972)</u>	<u>(27,824)</u>
Carrying amount at 31 December	<u>710,892</u>	<u>823,634</u>
Analysed into:		
Current portion	<u>249,072</u>	<u>259,666</u>
Non-current portion	<u>461,820</u>	<u>563,968</u>

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

	2021	2020
Amortisation of right-of-use assets	302,904	324,238
Interest on lease liabilities	31,829	30,989
Expense relating to short-term leases	9,121	15,592
Expense relating to leases of low-value assets	<u>542</u>	<u>1,304</u>
Total	<u>344,396</u>	<u>372,123</u>

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23. GOODWILL

	<u>31 December 2021</u>	<u>31 December 2020</u>
Cost	1,504,201	1,504,201
Effect of exchange rate changes for cost	45,497	90,788
Less: Provision for impairment losses	(647,131)	(647,131)
Effect of exchange rate changes for impairment provision	<u>25,755</u>	<u>7,484</u>
Carrying amount	<u>928,322</u>	<u>955,342</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 2021</u>	<u>31 December 2020</u>
Wealth management business	<u>1,549,698</u>	<u>1,594,989</u>

The Group acquired the futures brokerage business in Mainland China together with the relevant assets and liabilities, and the interest in Everbright Futures Co., Ltd. in 2007. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the futures brokerage CGU.

The Group acquired the investment banking business and brokerage business in Hong Kong together with the relevant assets and liabilities, and the interest in ESGL in 2011. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the investment banking and brokerage CGU.

The Group acquired the wealth management and brokerage business in Hong Kong together with the relevant assets and liabilities, and the interest in EBSIL in 2015. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the wealth management and brokerage CGU.

In 2020, the Group has reasonably redistributed the goodwill generated from the above acquisitions to the wealth management business segment.

The recoverable amount of the wealth management CGU is based on the present value of expected future cash flows, which was determined on financial forecasts approved by management covering a five-year period and a pre-tax discount rate of 15.66% (2020: 15.00%), which reflected specific risks related to the CGU. The cash flows beyond the five-year budget period were extrapolated using an estimated long-term growth rate of 2.50% (2020: 2.40%), which does not exceed the long-term average growth rate for the business in which the CGU operates.

Other major assumptions for the recoverable amount estimation relate to the estimation of cash inflows/outflows which include budgeted income and profit margins. Such estimation is based on the CGU's past performance and management's expectations for the market development.

As the main assumptions made by management for future cash flows forecast may change, management believes that any unfavourable changes in assumptions may cause the carrying amount exceed its recoverable amount. The Group believes that the assumptions made based on the current available information are appropriate.

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24. OTHER INTANGIBLE ASSETS

	Customer relationship	Software and others	Total
Cost			
As at 1 January 2020	863,597	832,265	1,695,862
Additions	-	127,188	127,188
Disposals and others	(103)	(4,932)	(5,035)
As at 31 December 2020	863,494	954,521	1,818,015
Additions	-	156,326	156,326
Disposals and others	(132)	(24,384)	(24,516)
As at 31 December 2021	<u>863,362</u>	<u>1,086,463</u>	<u>1,949,825</u>
Accumulated amortisation			
As at 1 January 2020	(720,184)	(661,620)	(1,381,804)
Charge for the year	(138,697)	(82,095)	(220,792)
Disposals and others	-	821	821
As at 31 December 2020	(858,881)	(742,894)	(1,601,775)
Charge for the year	(4,481)	(106,864)	(111,345)
Disposals and others	-	20,708	20,708
As at 31 December 2021	<u>(863,362)</u>	<u>(829,050)</u>	<u>(1,692,412)</u>
Carrying amount			
As at 31 December 2021	<u>-</u>	<u>257,413</u>	<u>257,413</u>
As at 31 December 2020	<u>4,613</u>	<u>211,627</u>	<u>216,240</u>

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25. INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries which affected the results, assets or liabilities of the Group. All shares held are ordinary shares unless otherwise stated.

Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP ⁽¹⁾	
			2021	2020		2021	2020
Everbright Futures Co., Ltd.* ⁽²⁾ 光大期貨有限公司	Mainland China 8 April 1993	RMB 1,500,000,000	100%	100%	Futures brokerage	EY PRC PRC GAAP	EY PRC PRC GAAP
Shanghai Everbright Securities Assets Management Co., Ltd.* ⁽²⁾ 上海光大證券資產管理有限公司	Mainland China 21 February 2012	RMB 200,000,000	100%	100%	Asset management	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Fortune Investment Co., Ltd.* ⁽²⁾ 光大富尊投資有限公司	Mainland China 26 September 2012	RMB 2,000,000,000	100%	100%	Alternative investment	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Securities Financial Holdings Limited ⁽²⁾ Everbright Development Investment Co., Ltd.* ⁽²⁾ 光大發展投資有限公司	Hong Kong 19 November 2010	HKD 5,065,000,000	100%	100%	Investment holding	EY HKFRS	EY HKFRS
Everbright Pramerica Fund Management Co., Ltd.* ⁽²⁾ 光大保德信基金管理有限公司	Mainland China 12 June 2017	RMB 500,000,000	100%	100%	Direct investment	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Capital Investment Co., Ltd.* ⁽²⁾ 光大資本投資有限公司	Mainland China 22 April 2004	RMB 160,000,000	55%	55%	Fund management	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Fortune Financial Leasing Co., Ltd.* (formerly known as "Everbright Fortune International Leasing Co., Ltd.") 光大幸福融資租賃有限公司 (原名: 光大幸福國際租賃有限公司)	Mainland China 29 September 2014	RMB 1,000,000,000	85%	85%	Finance leasing	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Photon Investment Management Co., Ltd.* 光大光子投資管理有限公司	Mainland China 26 June 2014	RMB 300,000,000	100%	100%	Risk management service	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Fortune Vertop Investment Management (Shanghai) Co., Ltd.* 光大富尊泰鋒投資管理(上海)有限公司	Mainland China 19 November 2015	RMB 10,000,000	100%	85%	Investment management	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Pramerica Assets Management Co., Ltd.* 光大保德信資產管理有限公司	Mainland China 27 August 2015	RMB 250,000,000	100%	100%	Asset management	EY PRC PRC GAAP	EY PRC PRC GAAP
Everbright Jinhui Investment Management (Shanghai) Co., Ltd.* 光大浸輝投資管理(上海)有限公司	Mainland China 4 May 2015	RMB 100,000,000	100%	100%	Investment management	N/A	N/A

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP ⁽¹⁾	
			2021	2020		2021	2020
Everbright Fortune International Commercial Factoring Co., Ltd.* 光大幸福國際商業保理有限公司	Mainland China 3 May 2017 Hong Kong	RMB 200,000,000	100%	100%	Trade financing	EY PRC PRC GAAP	EY PRC PRC GAAP
Evershine Development Investment Holdings Limited Guanghang No. 1 (Tianjin) Leasing Co., Ltd.* 光航一號(天津)租賃有限公司	25 January 2017 Mainland China	HKD10,000	100%	100%	Inactive	N/A	N/A
Guanghang No. 2 (Tianjin) Leasing Co., Ltd.* 光航二號(天津)租賃有限公司	22 January 2018 Mainland China	RMB100,000	100%	100%	Finance leasing	N/A	N/A
Everbright Financial Investment Limited Everbright Securities Global Limited (formerly known as "Everbright Securities (International) Limited") Everbright Securities International Company Limited (formerly known as "Sun Hung Kai Financial Group Limited")	25 January 2018 Hong Kong 14 August 2014 British Virgin Islands 14 July 1992	RMB100,000 HKD 650,000,000 HKD1,000	100%	100%	Finance leasing Investment holding Investment holding	N/A EY HKFRS EY HKFRS	N/A EY HKFRS EY HKFRS
China Everbright Fortune Immigration Services Limited ⁽³⁾	British Virgin Islands 14 September 2010 Hong Kong	USD 210,851,998	100%	70%	Investment holding	EY HKFRS	EY HKFRS
China Everbright Fortune Investment Limited ⁽³⁾ Everbright Fortune (Shenzhen) Information Technology Co., Ltd. (formerly known as "Everbright Fortune (Shenzhen) Financial Services Co., Ltd.") ⁽³⁾ 陽光富尊(深圳)資訊技術有限公司(原名: 陽光富尊(深圳)金融服務諮詢有限公司)	Hong Kong 9 December 2011 Hong Kong 4 July 2013	HKD1,000 HKD1,000	100%	100%	Immigration services Investment	HKFRS HKFRS	HKFRS HKFRS
China Everbright Securities Asset Management Limited ⁽³⁾ Majestic Luck Limited ⁽³⁾ China Everbright Securities International Structured Finance Company Limited ⁽³⁾	Mainland China 23 September 2011 Hong Kong 23 September 2011 British Virgin Islands 6 September 2011 Hong Kong 11 April 2016 Cayman Islands 20 October 2016	HKD 30,000,000 HKD 10,000,000 USD1 HKD 10,000,000 USD1	100%	100%	Advisory service Asset management Investment holding Structured finance Fund management	Bo Zhong PRC GAAP EY HKFRS N/A EY HKFRS N/A	Peng Sheng PRC GAAP EY HKFRS EY HKFRS EY HKFRS N/A

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up capital		Equity interest held as at 31 December		Principal activities	Auditor and GAAP ⁽¹⁾	
		2021	2020	2021	2020		2021	2020
Everbright Capital Investment Management (Cayman) Limited ⁽³⁾	Cayman Islands 20 October 2016	USD1		100%	100%	Investment management	N/A	N/A
China Everbright Securities International Fixed Income Investment Company Limited (formerly known as "China Everbright Securities International Principal Investment Company Limited") ⁽³⁾ 中國光證國際固定收益投資有限公司 (原名: 中國光大證券國際直接投資有限公司)	Hong Kong 13 December 2017	HKD	10,000,000	100%	100%	Investment holding	EY	EY
Everbright Securities International (HK) Limited (formerly known as "China Everbright Securities International Limited") ⁽³⁾	Hong Kong 4 January 1994	HKD	5,000,000	100%	100%	Investment holding and provision of management services	EY	EY
Timbo Investment Limited ⁽³⁾	British Virgin Islands 8 April 1997	USD1		100%	100%	Investment holding	N/A	N/A
Luxfull Limited ⁽³⁾	British Virgin Islands 7 March 1997	USD1		100%	100%	Investment holding	N/A	N/A
China Everbright Capital Limited ⁽³⁾	Hong Kong 4 January 1994	HKD	50,000,000	100%	100%	Investment holding	N/A	N/A
China Everbright Research Limited ⁽³⁾	Hong Kong 30 July 1992	HKD	5,500,000	100%	100%	Corporate finance advisory	EY	EY
China Everbright Securities (HK) Limited ⁽³⁾	Hong Kong 4 January 1991	HKD	1,000,000,000	100%	100%	Investment research and margin financing	EY	EY
China Everbright Forex & Futures (HK) Limited ⁽³⁾	Hong Kong 19 August 1993	HKD	200,000,000	100%	100%	Securities brokerage and margin financing	EY	EY
China Everbright Wealth Management Limited ⁽³⁾	Hong Kong 6 December 2002	HKD	500,000	100%	100%	Futures brokerage and leveraged foreign exchange	EY	EY
Bolson Limited ⁽³⁾ Shenzhen Baoyoudi Archives Co., Ltd (formerly known as "Shenzhen Baoyoudi Technology Co., Ltd.") ⁽³⁾ 深圳寶又迪檔案整理有限公司(原名: 深圳寶又迪科技有限公司)	Hong Kong 2 November 2007	HKD	10,000	100%	100%	Wealth management Holding of motor vehicles and licences	EY	EY
	Mainland China 18 January 2008	HKD	8,000,000	100%	100%	Inactive	Peng Sheng PRC GAAP	Peng Sheng PRC GAAP

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP ⁽¹⁾	
			2021	2020		2021	2020
EBS Investment Limited (formerly known as "EAS Corporate Secretarial Services Limited") ⁽⁴⁾ Advance I (BVI) Limited (formerly known as "Sun Hung Kai Financial (UK) Limited") ⁽⁴⁾ China Everbright Securities International Company Limited (formerly known as "Everbright Sun Hung Kai Company Limited") ⁽⁴⁾	Hong Kong 6 November 2017 British Virgin Islands 23 May 2018	HKD1	100%	100%	Company secretary services	EY HKFRS	EY HKFRS
SHK Absolute Return Managers Ltd. ⁽⁴⁾	Hong Kong 27 February 1973 Cayman Islands 15 April 2005 Cayman Islands	157,748,221 HKD	100%	100%	Investment holding	EY HKFRS	EY HKFRS
SHK Alternative Managers Limited ⁽⁴⁾	Cayman Islands 11 January 2006	USD1	100%	100%	Investment holding	EY HKFRS	EY HKFRS
Bright Fund Management Limited (formerly known as "SHK Fund Management Limited") ⁽⁴⁾ Everbright Securities Digital Finance (HK) Limited (formerly known as "SHK Online (Securities) Limited") ⁽⁴⁾	Hong Kong 20 January 1989	106,000,000 HKD	100%	100%	Fund management Fund marketing investment advising and fund management	EY HKFRS	EY HKFRS
CES Private (HK) Limited (formerly known as "SHK Private Limited") ⁽⁴⁾	Hong Kong 23 December 1975	HKD	100%	100%	Online securities broking and margin financing	EY HKFRS	EY HKFRS
Shun Loong Holdings Limited ⁽⁴⁾	Hong Kong 11 July 1975 Hong Kong 1 August 1980 Hong Kong	HKD100,000 HKD	100%	100%	Business marketing and promotion	EY HKFRS	EY HKFRS
Sun Hing Bullion Company Limited ⁽⁴⁾ CES Nominees (HK) Limited (formerly known as "Sun Hung Kai (Nominees) Limited") ⁽⁴⁾	Hong Kong 24 November 1992 Hong Kong 18 April 1972	200,000,000 HKD HKD5,500,000	100%	100%	Investment holding Bullion trading	EY HKFRS	EY HKFRS
Everbright Securities (UK) Company Limited (formerly known as "Everbright Sun Hung Kai (UK) Company Limited") ⁽⁴⁾	UK 16 December 2009	GBP 1,852,282	100%	100%	Nominee services Brokerage and research services	EY HKFRS Moore Kingston Smith LLP UK GAAP	EY HKFRS Moore Kingston Smith LLP UK GAAP

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up capital	Equity interest held as at 31 December		Principal activities	Auditor and GAAP ⁽¹⁾	
			2021	2020		2021	2020
Bright Bullion Company Limited (formerly known as "Sun Hung Kai Bullion Company Limited") ⁽⁴⁾	Hong Kong 12 September 1972	HKD 210,000,000	100%	100%	Bullion trading and investment holding	EY HKFRS	EY HKFRS
CES Commodities (HK) Limited (formerly known as "Sun Hung Kai Commodities Limited") ⁽⁴⁾	Hong Kong 4 August 1976	HKD 133,300,000	100%	100%	Commodities broking	EY HKFRS	EY HKFRS
CES Insurance Consultants (HK) Limited (formerly known as "Sun Hung Kai Insurance Consultants Limited") ⁽⁴⁾	Hong Kong 5 July 1988	HKD 21,000,000	100%	100%	Insurance broking consultancy services	EY HKFRS	EY HKFRS
CES International Commodities (HK) Limited (formerly known as "Sun Hung Kai International Commodities Limited") ⁽⁴⁾	Hong Kong 24 March 1972	HKD 25,000,000	100%	100%	Inactive	EY HKFRS	EY HKFRS
Everbright Securities Global (HK) Limited (formerly known as "Sun Hung Kai International Limited") ⁽⁴⁾	Hong Kong 3 May 1974	HKD 22,000,000	100%	100%	Corporate finance services	EY HKFRS	EY HKFRS
CES Investment Services (Macau) Limited (formerly known as "Sun Hung Kai Investment Services (Macau) Limited") ⁽⁴⁾	Macau 5 February 1991	MOP 48,900,000	100%	100%	Inactive	EY Macau FRS	EY Macau FRS
Everbright Securities Investment Services (HK) Limited (formerly known as "Sun Hung Kai Investment Services Limited") ⁽⁴⁾	Hong Kong 4 August 1972	HKD 2,430,000,000	100%	100%	Investment holding securities broking and margin financing	EY HKFRS	EY HKFRS
Structured Solutions Limited (formerly known as "Everbright Sun Hung Kai Structured Solutions Limited") ⁽⁴⁾	Hong Kong 21 March 1980	HKD2 HKD2	100%	100%	Inactive	EY HKFRS	EY HKFRS
CES Wealth Management (HK) Limited (formerly known as "Sun Hung Kai Wealth Management Limited") ⁽⁴⁾	Hong Kong 21 December 1990 Hong Kong 24 December 1976	HKD 5,000,000 HKD 25,000,000	100%	100%	Investment advisory financial planning wealth management	EY HKFRS EY HKFRS	EY HKFRS EY HKFRS
Sun Tai Cheung Finance Company Limited ⁽⁴⁾	Hong Kong 19 November 1982	HKD 15,000,000	100%	100%	Financial services	EY HKFRS	EY HKFRS
Sun Yi Company Limited ⁽⁴⁾ CES Insurance Agency (HK) Limited (formerly known as "Sun Hung Kai Insurance Agency Limited") ⁽⁴⁾	Hong Kong 30 October 2014	HKD2,000,001	100%	100%	Inactive Insurance agency	EY HKFRS	EY HKFRS

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25. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up capital		Equity interest held as at 31 December		Principal activities	Auditor and GAAP ⁽¹⁾	
		2021	2020	2021	2020		2021	2020
Shun Loong Bullion Limited ⁽⁴⁾	Hong Kong 7 September 1995	HKD6,000,000	100%	100%	100%	Investment holding	EY HKFRS	EY HKFRS
Shun Loong Finance Limited ⁽⁴⁾	Hong Kong 7 September 1995	HKD1,000,000	100%	100%	100%	Inactive	EY HKFRS	EY HKFRS
Grand Securities Company Limited ⁽⁴⁾	Hong Kong 20 January 1993	20,000,000	100%	100%	100%	Inactive	EY HKFRS	EY HKFRS
OP EBS Fintech Investment Limited ⁽³⁾	British Virgin Islands 13 January 2021	-	100%	N/A	N/A	Inactive	N/A	N/A
EBSHK Risk Solutions Limited (formerly known as "SHK Solutions Limited and EBSHK Insurance Advisory Limited") ⁽⁵⁾	Hong Kong 6 March 2000	N/A	-	100%	-	Inactive	N/A	EY HKFRS
SHK Global Managers Limited ⁽⁴⁾⁽⁵⁾	British Virgin Islands 23 April 2002	N/A	-	100%	-	Inactive	N/A	EY IFRS

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

The Group acted as a principal of several structured entities during the reporting period according to the relevant accounting policies of the Group, and details of these structured entities are included in the financial statements. More detailed information of consolidated structured entities is disclosed in note 26.

(1) Auditors of the respective subsidiaries of the Group are as follows:

- EY PRC represents Ernst & Young Hua Ming LLP, a firm of certified public accountants registered in Mainland China;
- EY represents Ernst & Young, Hong Kong, a firm of certified public accountants registered in Hong Kong;
- Bo Zhong represents Shenzhen Bo Zhong Certified Public Accountants, a firm of certified public accountants registered in Mainland China;
- Peng Sheng represents Shenzhen Peng Sheng Certified Public Accountants, a firm of certified public accountants registered in Mainland China;
- Beijing Zhong Sheng Jia Hua represents Beijing Zhong Sheng Jia Hua Certified Public Accountants, a firm of certified public accountants registered in Mainland China;
- PRC GAAP represents the China Accounting Standards;
- HKFRS represents Hong Kong Financial Reporting Standards;
- UK GAAP represents the Financial Reporting Standards;
- Macau FRS represents Macau Financial Reporting Standards;

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25. INVESTMENTS IN SUBSIDIARIES (continued)

- (2) These subsidiaries are directly held by the Company.
- (3) The equity interest in the subsidiary represents the equity interest held directly or indirectly by Everbright Securities Global Limited.
- (4) The equity interest in the subsidiary represents the equity interest held directly or indirectly by Everbright Securities International Company Limited.
- (5) The subsidiary was dissolved in 2021.

* 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.

	31 December 2021	31 December 2020
NCI percentage	45%	45%
Assets	1,559,100	1,469,248
Liabilities	(353,365)	(214,074)
Net assets	1,205,735	1,255,174
Carrying amount of NCI	542,581	564,828
	<u>2021</u>	<u>2020</u>
Revenue	653,978	623,433
Profit for the year	162,950	159,529
Total comprehensive income	162,950	159,529
Total comprehensive income attributable to NCI	73,328	71,788
Dividend paid to NCI	41,792	-
Cash flows from operating activities	107,651	103,485
Cash flows from/(used in) investing activities	3,645	(42,985)
Cash flows used in financing activities	(113,110)	(53,895)

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 2021 and 2020, the net assets of the consolidated structured entities were RMB 15,384,052 thousand and RMB7,465,428 thousand respectively, and the carrying amounts of interests held by the Group in the consolidated structured entities were RMB15,159,061 thousand and RMB6,210,581 thousand respectively.

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26. INVESTMENTS IN STRUCTURED ENTITIES (continued)

(a) Investments in structured entities consolidated by the Group (continued)

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

At the end of the reporting period, the Group reassessed the control of structured entities and decided whether the Group is still a principal.

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

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

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

	31 December 2021		
	Financial assets at fair value through profit or loss		
Funds		33,913,691	
Asset management products		186,412	
Wealth management products		8,189,774	
Others		76,261	
Total		42,366,138	
	31 December 2020		
	Equity instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total
Funds	-	16,317,753	16,317,753
Asset management products	-	536,541	536,541
Wealth management products	-	8,135,564	8,135,564
Others	4,593,864	81,466	4,675,330
Total	4,593,864	25,071,324	29,665,188

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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 2021</u>	<u>31 December 2020</u>
Funds	577,084	1,200,334
Asset management products	<u>1,440,091</u>	<u>1,400,383</u>
Total	<u>2,017,175</u>	<u>2,600,717</u>

As at 31 December 2021 and 31 December 2020, 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 RMB363,611,171 thousand and RMB290,675,627 thousand, respectively.

During the years ended 31 December 2021 and 2020, the Group recognised the income amounted to RMB1,201,411 thousand and RMB1,568,986 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 2021 and 31 December 2020, the corresponding remuneration receivables totalled RMB128,931 thousand and RMB124,580 thousand, respectively.

27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	<u>31 December 2021</u>	<u>31 December 2020</u>
Share of net assets		
- Associates	737,463	664,078
- Joint ventures	<u>266,741</u>	<u>429,341</u>
Total	<u>1,004,204</u>	<u>1,093,419</u>

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following list contains the particulars of associates and joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available:

Name of associates and joint ventures	Registered capital (RMB Yuan)	Equity interest held		Principal activities
		As at 31 December 2021	As at 31 December 2020	
Associates				
Dacheng Fund Management Co., Ltd.* 大成基金管理有限公司	RMB 200,000,000	25.00%	25.00%	Fund management
Everbright Yunfu Internet Co., Ltd.* 光大雲付互聯網股份有限公司	RMB 200,000,000	40.00%	40.00%	Financial data processing
Everbright Eascreate Internet Co., Ltd.* 光大易創網路科技股份有限公司	RMB 100,000,000	40.00%	40.00%	Financial data processing
CRECG & EB Private Equity Fund Management (Shanghai) Co., Limited* 中鐵光大股權投資基金管理(上海)有限公司	RMB 50,000,000	30.00%	30.00%	Investment management
Tianjin Zhongchen Zhongli Investment Management Co., Ltd.* 天津中城光麗投資管理有限公司	RMB 20,000,000	30.00%	30.00%	Investment management
Gui'an Everbright Securities Investment Management Co., Ltd.* 貴安新區光證投資管理有限公司	RMB 10,000,000	30.00%	30.00%	Investment management
Zhongnengjian Fund Management Co., Ltd.* 中能建基金管理有限公司	RMB 50,000,000	30.00%	30.00%	Investment management

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following list contains particulars of material associates and joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available: (continued)

Name of associates and joint ventures	Place of incorporation	Registered capital (RMB Yuan)	Equity interest held		Principal activities
			As at 31 December 2021	As at 31 December 2020	
<u>Joint ventures</u>					
Hangzhou Everbright Tunlan Investment LLP ^{*(3)} 杭州光大瞰瀾投資合夥企業(有限合夥)	Hangzhou	RMB 106,000,000	47.17%	47.17%	Investment management
Everbright Ivy (Shanghai) Investment Center (Limited Partnership) ^{*(3)} 光大常春藤(上海)投資中心(有限合夥)	Shanghai	RMB 185,000,000	27.03%	27.03%	Fund management
Shanghai Everbright Sports & Culture Equity Fund (Limited Partnership) [*] 上海光大體育文化投資合夥企業(有限合夥)	Shanghai	RMB 163,944,800	24.76%	24.76%	Fund management
Sun Hung Kai Forex Limited ⁽¹⁾ 新鴻基外匯有限公司	Hong Kong	HKD 75,166,707	51.00%	51.00%	Foreign exchange dealing
Jiaxing Everbright Meiyin No. 1 Investment LLP ^{*(3)} 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) ^{*(3)} 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. ^{*(1)} 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. ^{*(1)} 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. ^{*(1)} 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. ^{*(1)} 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) ^{*(1)(3)} 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 2021	As at 31 December 2020	
Joint ventures (continued)					
Shanghai JinXin Investment Consultancy LLP (Limited Partnership)("Jinxin Fund") ^{*(2)} 上海浸鑫投資諮詢合夥企業(有限合夥)	Shanghai	RMB 5,203,000,000	1.15%	1.15%	Fund management
Xinglu Dingtai Big Data Equity Investment Fund L.P. ^{*(2)(4)} 星路鼎泰(桐鄉)大數據產業股權投資基金合夥企業(有限合夥)	Jiaxing	RMB 1,000,000,000	N/A	13.26%	Investment management
Jingning Everbright Zhetong No.1 Investment Fund L.P. ^{*(2)} 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. ^{*(2)} 景寧光大生態壹號投資管理中心(有限合夥)	Lishui	RMB 20,000,000	9.01%	9.01%	Fund management
Jingning She Autonomous Country-Everbright ECO Fund Management Co., Ltd. ^{*(1)} 景寧奮族自治縣光大生態經濟產業基金管理有限公司	Lishui	RMB 5,000,000	51.00%	51.00%	Investment management
Shanghai Everbright Fortune Jingtian Investment Center (Limited Partnership) ^{*(2)} 上海光大富尊環境投資中心(有限合夥)	Shanghai	RMB 52,350,000	0.20%	0.20%	Investment management
Gansu Duzhe Everbright Private Equity Fund Management Co., Ltd (formerly known as "Gansu Duzhe Everbright Fund Management Co., Ltd.") ^{*(1)} 甘肅讀者光大私募基金管理有限公司 (原名: 甘肅讀者光大基金管理有限公司)	Lanzhou	RMB 5,000,000	51.00%	51.00%	Fund management

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following list contains particulars of material associates and joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available: (continued)

Name of associates and joint ventures	Registered capital (RMB Yuan)	Place of incorporation	Equity interest held		Principal activities
			As at 31 December 2021	As at 31 December 2020	
Joint ventures (continued)					
Shanghai Jingjun Enterprise Management L.P.* (formerly known as "Hangzhou Jingxing Investment L.P.") 上海璟僑企業管理合夥企業 (有限合夥) (原名: 杭州璟星投資合夥企業 (有限合夥))	RMB 10,000,000	Hangzhou	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)	RMB 680,800,000	Beijing	0.07%	0.05%	Investment management
Hohhot Haotian Construction Co., Ltd.*(2) 呼和浩特市昊天建設有限公司	RMB 100,000,000	Hohhot	1.00%	1.00%	Investment management
Sunshine Anti Epidemic Investment Fund SP(2)	USD 50,000	Cayman Islands	19.97%	19.97%	USD bond investment

All of the above associates and joint ventures are accounted for using equity method in the financial statements.

(1) The Group's shareholding of these investees is higher than 50%, however these investees are jointly controlled by the Group and other investors as a result of the relevant arrangements stipulated in the articles of association and other corporate governance documents.

(2) The Group's shareholding of these investees is lower than 20%, however these investees are jointly controlled by the Group and other investors as a result of the relevant arrangements stipulated in the articles of association and other corporate governance documents.

(3) As at 31 December 2021, 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 2021, the Group's shareholding in this investee is less than 20%, 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 2021</u>	<u>31 December 2020</u>
Gross amounts of the associate:		
Assets	4,820,396	4,146,748
Liabilities	<u>(1,951,659)</u>	<u>(1,559,210)</u>
Net assets	<u>2,868,737</u>	<u>2,587,538</u>
	<u>2021</u>	<u>2020</u>
Revenue	<u>1,735,643</u>	<u>1,400,538</u>
Profit for the year	388,864	325,342
Other comprehensive income	<u>3,335</u>	<u>(10,265)</u>
Total comprehensive income	<u>392,199</u>	<u>315,077</u>
Dividend declared this year from the associate	<u>27,750</u>	<u>23,250</u>
Dividend received this year from the associate	<u>142,000</u>	<u>15,000</u>
	<u>31 December 2021</u>	<u>31 December 2020</u>
Reconciled to the Group's interest in the associate:		
Net assets	2,868,737	2,587,538
The Group's effective interest	25%	25%
The Group's share of net assets of the associate	<u>717,184</u>	<u>646,885</u>
Carrying amount in the consolidated financial statements	<u>717,184</u>	<u>646,885</u>

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

	<u>2021</u>	<u>2020</u>
Aggregate amounts of the Group's share of those associates and joint ventures' net profits	<u>(30,520)</u>	<u>8,466</u>
Total comprehensive income	<u>(30,520)</u>	<u>8,466</u>
	<u>31 December 2021</u>	<u>31 December 2020</u>
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	<u>287,020</u>	<u>446,535</u>

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28. FINANCIAL ASSETS MEASURED AT AMORTISED COST

Non-current	31 December 2021	31 December 2020
Debt securities	1,839,161	4,280,636
Others	168,503	188,588
Less: Allowance for ECLs	(220,221)	(280,803)
Total	1,787,443	4,188,421
Analysed as:		
Listed inside Hong Kong	-	148,644
Listed outside Hong Kong	113,851	181,157
Unlisted	1,673,592	3,858,620
Total	1,787,443	4,188,421
Current	31 December 2021	31 December 2020
Debt securities	2,357,540	313,656
Less: Allowance for ECLs	(8,364)	(50,115)
Total	2,349,176	263,541
Analysed as:		
Listed inside Hong Kong	157,618	-
Listed outside Hong Kong	53,745	4,881
Unlisted	2,137,813	258,660
Total	2,349,176	263,541

As at 31 December 2021, the financial assets measured at amortised cost which were pledged as collateral amounted to RMB2,646,046 thousand (as at 31 December 2020: RMB2,697,857 thousand).

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

	2021	2020
At the beginning of the year	330,918	353,137
Charge for the year	4,613	6,625
Reversal for the year	(27,286)	(5,089)
Amounts written off	(79,400)	(24,888)
Others	(260)	1,133
At the end of the year	228,585	330,918

(b) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2021	3,039	338	225,208	228,585
	Stage 1	Stage 2	Stage 3	Total
31 December 2020	3,279	14,247	313,392	330,918

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29. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2021	31 December 2020
Non-current		
Debt securities	11,675,724	12,330,427
Total	<u>11,675,724</u>	<u>12,330,427</u>
Analysed as:		
Listed outside Hong Kong	374,942	183,364
Unlisted	11,300,782	12,147,063
Total	<u>11,675,724</u>	<u>12,330,427</u>
Current		
Debt securities	1,422,355	5,307,960
Total	<u>1,422,355</u>	<u>5,307,960</u>
Analysed as:		
Listed outside Hong Kong	160,352	177,944
Unlisted	1,262,003	5,130,016
Total	<u>1,422,355</u>	<u>5,307,960</u>

As at 31 December 2021, the debt investments at fair value through other comprehensive income which were pledged as collateral amounted to RMB9,035,084 thousand (as at 31 December 2020: RMB10,252,221 thousand).

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

	2021	2020
At the beginning of this year	137,851	208,440
Charge for the year	2,518	9,102
Reversal for the year	(1,083)	(3,898)
Amounts written off	(83,244)	(75,793)
At the end of the year	<u>56,042</u>	<u>137,851</u>

(b) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2021	<u>5,640</u>	<u>402</u>	<u>50,000</u>	<u>56,042</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2020	<u>6,785</u>	<u>1,422</u>	<u>129,644</u>	<u>137,851</u>

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

Non-current	<u>31 December 2021</u>	<u>31 December 2020</u>
Equity securities	<u>559,564</u>	<u>584,719</u>
Total	<u><u>559,564</u></u>	<u><u>584,719</u></u>
Analysed as:		
Listed outside Hong Kong	187,591	66,829
Unlisted	<u>371,973</u>	<u>517,890</u>
Total	<u><u>559,564</u></u>	<u><u>584,719</u></u>
Current	<u>31 December 2021</u>	<u>31 December 2020</u>
Others	<u>-</u>	<u>4,593,864</u>
Total	<u><u>-</u></u>	<u><u>4,593,864</u></u>
Analysed as:		
Unlisted	<u>-</u>	<u>4,593,864</u>
Total	<u><u>-</u></u>	<u><u>4,593,864</u></u>

For the year ended 31 December 2021, the Group disposed of some of the equity investments designated at fair value through other comprehensive income as a result of an adjustment in its investment strategy. The accumulated net realised gains on the equity instruments disposed of were RMB36,278 thousand (for the year ended 31 December 2020: RMB3,898 thousand).

As at 31 December 2021 and 31 December 2020, equity investments designated at fair value through other comprehensive income of the Group were nil and RMB4,635,635 thousand, respectively, which have lock-up periods or commitment conditions.

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31. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by collateral type:

Current	31 December 2021	31 December 2020
Equity securities	1,761,000	4,155,091
Debt securities	6,421,849	2,596,552
Less: Allowance for ECLs	<u>(1,390,462)</u>	<u>(1,471,697)</u>
Total	<u>6,792,387</u>	<u>5,279,946</u>

(b) Analysed by market:

Current	31 December 2021	31 December 2020
Stock Exchange	2,109,729	4,353,987
Inter-bank market	6,073,120	2,397,656
Less: Allowance for ECLs	<u>(1,390,462)</u>	<u>(1,471,697)</u>
Total	<u>6,792,387</u>	<u>5,279,946</u>

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

	2021	2020
At the beginning of the year	1,471,697	1,275,453
Charge for the year	135,767	238,104
Reversal for the year	(162,303)	(41,860)
Amounts written off	<u>(54,699)</u>	-
At the end of the year	<u>1,390,462</u>	<u>1,471,697</u>

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2021	<u>6,001</u>	<u>120</u>	<u>1,384,341</u>	<u>1,390,462</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2020	<u>4,452</u>	<u>289</u>	<u>1,466,956</u>	<u>1,471,697</u>

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32. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Current	<u>31 December 2021</u>	<u>31 December 2020</u>
Funds	34,490,775	17,518,087
Debt securities	14,952,323	23,267,650
Wealth management products	8,189,774	8,135,564
Equity shares	5,068,355	5,625,460
Others	<u>6,048,970</u>	<u>3,905,915</u>
Total	<u>68,750,197</u>	<u>58,452,676</u>
Analysed as:		
- Listed outside Hong Kong	13,576,465	8,899,901
- Listed inside Hong Kong	212,507	310,616
- Unlisted	<u>54,961,225</u>	<u>49,242,159</u>
Total	<u>68,750,197</u>	<u>58,452,676</u>

As at 31 December 2021 and 2020, the Group has entered into securities lending arrangements with clients that resulted in the transfer of financial assets at fair value through profit or loss with total fair values of RMB206,276 thousand and RMB120,343 thousand to external clients, respectively. These have not resulted in the derecognition of the financial assets in accordance with the accounting policy. The fair value of collateral for the securities lending business is analysed in note 59(c) together with the fair value of collateral of margin financing business.

As at 31 December 2021 and 31 December 2020, financial assets at fair value through profit or loss of the Group included financial assets of RMB12,857,513 thousand and RMB12,887,339 thousand, respectively, which are pledged, restricted or frozen, of which the equity shares in the financial assets at fair value through profit or loss with lock-up periods held by the Group amounted to RMB1,754,263 thousand and RMB621,447 thousand, respectively.

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33. REFUNDABLE DEPOSITS

	<u>31 December 2021</u>	<u>31 December 2020</u>
Deposits with stock exchanges and clearing houses		
- China Securities Depository and Clearing Corporation Limited	1,161,227	664,275
- Shanghai Clearing House	45,503	45,527
- Hong Kong Securities Clearing Company Limited	21,129	9,222
- The Stock Exchange of Hong Kong Limited	11,869	9,592
	<hr/>	<hr/>
Subtotal	1,239,728	728,616
	<hr/>	<hr/>
Deposits with futures and commodity exchanges		
- China Financial Futures Exchange	3,482,748	2,999,725
- Shanghai Futures Exchange	1,801,020	1,053,000
- Dalian Commodity Exchange	1,725,198	1,253,632
- Zhengzhou Commodity Exchange	1,446,961	929,067
- Shanghai International Energy Exchange	120,382	120,261
- Hong Kong Futures Exchange	7,358	7,575
- Shanghai Gold Exchange	2,820	2,820
	<hr/>	<hr/>
Subtotal	8,586,487	6,366,080
	<hr/>	<hr/>
Deposits with other institutions		
- CSFC	415,203	761,014
- Other institutions	4,044	2,398
	<hr/>	<hr/>
Subtotal	419,247	763,412
	<hr/>	<hr/>
Total	10,245,462	7,858,108
	<hr/>	<hr/>

34. INCOME TAX

(a) Current taxation

	<u>31 December 2021</u>	<u>31 December 2020</u>
Current tax liabilities	764,321	1,472,633
	<hr/>	<hr/>
	2021	2020
	<hr/>	<hr/>
At the beginning of the year	1,472,633	653,972
Provision for the year	1,491,495	1,798,125
Increase through the sale of equity investments designated at fair value through other comprehensive income	9,069	974
Tax paid	(2,208,876)	(980,438)
	<hr/>	<hr/>
At the end of the year	764,321	1,472,633
	<hr/>	<hr/>

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

34. INCOME TAX (continued)

(b) Deferred tax assets/liabilities recognised

The components of deferred tax assets/liabilities recognised in the consolidated statement of financial position and the movements during the reporting period are as follows:

Deferred tax arising from:	Allowance for ECLs/ Impairment losses	Employee benefits payable	Changes in fair value of financial instruments	Intangible assets recognised on acquisition	Others	Total
As at 1 January 2020	1,498,834	150,633	(157,655)	(20,726)	18,609	1,489,695
Recognised in profit or loss	213,967	237,687	(198,000)	20,726	(8,674)	265,706
Recognised in reserves	17,648	-	(38,483)	-	-	(20,835)
Transferred out	-	-	974	-	-	974
As at 31 December 2020	1,730,449	388,320	(393,164)	-	9,935	1,735,540
Recognised in profit or loss	75,314	38,733	277,726	-	(5,278)	386,495
Recognised in reserves	-	-	6,862	-	-	6,862
Transferred out	-	-	9,069	-	-	9,069
As at 31 December 2021	1,805,763	427,053	(99,507)	-	4,657	2,137,966

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34. INCOME TAX (continued)

(c) Reconciliation to the statement of financial position

	<u>31 December 2021</u>	<u>31 December 2020</u>
Net deferred tax assets recognised in the consolidated statement of financial position	2,156,069	1,749,542
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u>(18,103)</u>	<u>(14,002)</u>
Total	<u>2,137,966</u>	<u>1,735,540</u>

(d) Recognised in other comprehensive income

	<u>2021</u>		
	Before tax	Tax benefit	Net of tax
Debt investments at fair value through other comprehensive income			
- Net changes in fair value	221,347	(55,337)	166,010
- Provision for ECL allowance	(78,210)	(362)	(78,572)
- Reclassified to profit or loss	(77,753)	19,439	(58,314)
Equity investments designated at fair value through other comprehensive income			
- Net changes in fair value	(172,486)	43,122	(129,364)
Share of other comprehensive income of associates	834	-	834
Exchange differences on translation of financial statements in foreign currencies	<u>(24,915)</u>	<u>-</u>	<u>(24,915)</u>
Total	<u>(131,183)</u>	<u>6,862</u>	<u>(124,321)</u>
	<u>2020</u>		
	Before tax	Tax benefit	Net of tax
Debt investments at fair value through other comprehensive income			
- Net changes in fair value	35,875	(8,995)	26,880
- Provision for ECL allowance	5,204	(1,300)	3,904
- Reclassified to profit or loss	(81,485)	20,371	(61,114)
Equity investments designated at fair value through other comprehensive income			
- Net changes in fair value	123,645	(30,911)	92,734
Share of other comprehensive income of associates	(2,566)	-	(2,566)
Exchange differences on translation of financial statements in foreign currencies	<u>(184,526)</u>	<u>-</u>	<u>(184,526)</u>
Total	<u>(103,853)</u>	<u>(20,835)</u>	<u>(124,688)</u>

(e) Deferred tax assets not recognised

As at 31 December 2021 and 2020, the Group has not recognised deferred tax assets in respect of cumulative tax losses and temporary differences amounting to RMB4,202,335 thousand and RMB3,542,559 thousand respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The expiration period of tax losses shall be in accordance with the local current tax legislation.

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35. FINANCE LEASE RECEIVABLES

(a) Analysed by nature:

	31 December 2021	31 December 2020
Minimum lease payments to be received	784,014	1,865,627
Less: Unrealised finance income	<u>(51,398)</u>	<u>(111,488)</u>
Balance of finance lease receivables	732,616	1,754,139
Less: Allowance for ECLs	<u>(84,256)</u>	<u>(79,098)</u>
Finance lease receivables, net	<u>648,360</u>	<u>1,675,041</u>
Analysis for presentation purposes:		
Non-current assets	54,744	493,234
Current assets	<u>593,616</u>	<u>1,181,807</u>

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

	As at 31 December 2021		As at 31 December 2020	
	Gross lease receivables	Net lease receivables	Gross lease receivables	Net lease receivables
Within 1 year	723,772	677,337	1,314,243	1,226,601
1 to 2 years	49,904	46,859	480,170	461,559
2 to 3 years	4,865	3,807	60,878	57,560
Over 3 years	5,473	4,613	10,336	8,419
Total	<u>784,014</u>	<u>732,616</u>	<u>1,865,627</u>	<u>1,754,139</u>
Unrealised finance income	<u>(51,398)</u>	-	<u>(111,488)</u>	-
Balance of finance lease receivables	732,616	732,616	1,754,139	1,754,139
Allowance for ECLs	<u>(84,256)</u>	<u>(84,256)</u>	<u>(79,098)</u>	<u>(79,098)</u>
Finance lease receivables, net	<u>648,360</u>	<u>648,360</u>	<u>1,675,041</u>	<u>1,675,041</u>

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

	2021	2020
At the beginning of the year	79,098	86,601
Charge for the year	25,716	17,597
Reversal of impairment	<u>(20,558)</u>	<u>(25,100)</u>
At the end of the year	<u>84,256</u>	<u>79,098</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2021	<u>1,602</u>	<u>16,903</u>	<u>65,751</u>	<u>84,256</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2020	<u>8,535</u>	<u>29,845</u>	<u>40,718</u>	<u>79,098</u>

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36. RECEIVABLES ARISING FROM SALE-AND-LEASEBACK ARRANGEMENTS

(a) Analysed by nature:

	31 December 2021	31 December 2020
Minimum lease payments to be received	1,908,810	1,471,548
Less: Unrealised finance income	<u>(121,424)</u>	<u>(108,861)</u>
Balance of receivables arising from sale-and-leaseback arrangements	1,787,386	1,362,687
Less: Allowance for ECLs	<u>(34,140)</u>	<u>(28,429)</u>
Receivables arising from sale-and-leaseback arrangements, net	<u>1,753,246</u>	<u>1,334,258</u>
Analysis for presentation purposes:		
Non-current assets	<u>851,140</u>	<u>743,093</u>
Current assets	<u>902,106</u>	<u>591,165</u>

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

	31 December 2021		31 December 2020	
	Gross lease receivables	Net lease receivables	Gross lease receivables	Net lease receivables
Within 1 year	1,011,877	929,296	680,441	613,097
1 to 2 years	650,800	618,428	479,036	447,053
2 to 3 years	246,133	239,662	307,331	297,886
Over 3 years	-	-	4,740	4,651
Total	<u>1,908,810</u>	<u>1,787,386</u>	<u>1,471,548</u>	<u>1,362,687</u>
Unrealised finance income	<u>(121,424)</u>	-	<u>(108,861)</u>	-
Balance of receivables arising from sale-and-leaseback arrangements	1,787,386	1,787,386	1,362,687	1,362,687
Allowance for ECLs	<u>(34,140)</u>	<u>(34,140)</u>	<u>(28,429)</u>	<u>(28,429)</u>
Receivables arising from sale-and-leaseback arrangements, net	<u>1,753,246</u>	<u>1,753,246</u>	<u>1,334,258</u>	<u>1,334,258</u>

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

	2021	2020
At the beginning of the year	28,429	6,596
Charge for the year	9,231	22,206
Reversal of impairment	<u>(3,520)</u>	<u>(373)</u>
At the end of the year	<u>34,140</u>	<u>28,429</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2021	<u>4,937</u>	<u>787</u>	<u>28,416</u>	<u>34,140</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2020	<u>5,797</u>	<u>739</u>	<u>21,893</u>	<u>28,429</u>

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37. OTHER NON-CURRENT ASSETS

Analysed by nature:

	31 December 2021	31 December 2020
Other receivables	275,504	32,438
Long-term deferred expenses (a)	62,058	77,192
Deposits	55,302	37,237
Long-term asset management fee	-	3,123
Less: Allowance for ECLs (b)	<u>(151,578)</u>	<u>(1,413)</u>
Total	<u>241,286</u>	<u>148,577</u>

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

	2021	2020
Balance at the beginning of the year	77,192	100,418
Additions	30,633	23,029
Amortisation	(45,767)	(51,208)
Others	-	4,953
	<u>62,058</u>	<u>77,192</u>

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

	2021	2020
At the beginning of the year	1,413	-
Charge for the year	20,990	1,413
Transfer in from other receivables and prepayments	121,114	-
Transfer out to accounts receivable	(1,413)	-
Others	<u>9,474</u>	<u>-</u>
At the end of the year	<u>151,578</u>	<u>1,413</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
31 December 2021	<u>-</u>	<u>-</u>	<u>151,578</u>	<u>-</u>	<u>151,578</u>
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,413</u>	<u>1,413</u>

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38. ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	<u>31 December 2021</u>	<u>31 December 2020</u>
Accounts receivable of		
- Settlement	823,268	1,058,325
- Brokers and dealers	788,949	1,397,659
- Fees and commissions	368,628	372,463
- Term loan	-	60,824
- Others	41,832	32,867
Less: Allowance for ECLs	<u>(83,592)</u>	<u>(73,360)</u>
Total	<u>1,939,085</u>	<u>2,848,778</u>

(b) Analysed by ageing:

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

	<u>31 December 2021</u>	<u>31 December 2020</u>
Within 1 year	1,856,422	2,754,384
1 to 2 years	12,306	89,071
2 to 3 years	67,690	5,125
Over 3 years	<u>2,667</u>	<u>198</u>
Total	<u>1,939,085</u>	<u>2,848,778</u>

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

	<u>2021</u>	<u>2020</u>
At the beginning of the year	73,360	72,596
Charge for the year	9,900	1,350
Reversal of impairment	(965)	(2)
Transfer in from other non-current assets	1,413	-
Others	<u>(116)</u>	<u>(584)</u>
At the end of the year	<u>83,592</u>	<u>73,360</u>

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
31 December 2021	<u>4,419</u>	<u>4</u>	<u>-</u>	<u>79,169</u>	<u>83,592</u>
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
31 December 2020	<u>5,585</u>	<u>4</u>	<u>-</u>	<u>67,771</u>	<u>73,360</u>

(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:

	<u>31 December 2021</u>	<u>31 December 2020</u>
Other receivables ⁽¹⁾	1,512,553	1,558,762
Dividend receivables	235,477	295,733
Bulk commodity trading inventories	88,801	142,609
Interest receivable	39,676	87,826
Deferred expenses	23,921	28,740
Factoring receivables	4,800	5,000
Others	60,658	61,811
Less: Allowance for ECLs	(668,089)	(449,484)
Provision for impairment losses	<u>(250)</u>	<u>-</u>
Total	<u>1,297,547</u>	<u>1,730,997</u>

⁽¹⁾ The balance of other receivables and prepayments mainly represents receivables from the securities and futures investor protection fund, rental deposits and sundry receivables and prepayments arising from the normal course of business.

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

	<u>2021</u>	<u>2020</u>
At the beginning of the year	449,484	152,413
Charge for the year	379,443	295,148
Reversal of impairment	(39,578)	(749)
Amounts written off	(31)	-
Transfer out to other non-current assets	(121,114)	-
Others	<u>(115)</u>	<u>2,672</u>
At the end of the year	<u>668,089</u>	<u>449,484</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2021	<u>433</u>	<u>-</u>	<u>667,656</u>	<u>668,089</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2020	<u>284</u>	<u>-</u>	<u>449,200</u>	<u>449,484</u>

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40. MARGIN ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	<u>31 December 2021</u>	<u>31 December 2020</u>
Individuals	43,746,496	40,350,282
Institutions	5,313,155	7,137,160
Less: Allowance for ECLs	<u>(613,883)</u>	<u>(671,470)</u>
Total	<u>48,445,768</u>	<u>46,815,972</u>

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

	<u>2021</u>	<u>2020</u>
At the beginning of the year	671,470	248,712
Charge for the year	105,791	434,936
Reversal of impairment	(44,504)	(4,249)
Amounts written off	(112,390)	-
Others	<u>(6,484)</u>	<u>(7,929)</u>
At the end of the year	<u>613,883</u>	<u>671,470</u>

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

	<u>31 December 2021</u>	<u>31 December 2020</u>
Fair value of collateral:		
- Equity securities	145,347,776	140,698,363
- Cash	4,767,364	4,171,357
- Funds	3,479,247	3,436,857
- Debt securities	1,452,871	2,033,905
- Others	<u>440,627</u>	<u>750,214</u>
Total	<u>155,487,885</u>	<u>151,090,696</u>

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
31 December 2021	<u>31,293</u>	<u>612</u>	<u>581,978</u>	<u>613,883</u>
	Stage 1	Stage 2	Stage 3	Total
31 December 2020	<u>31,554</u>	<u>504</u>	<u>639,412</u>	<u>671,470</u>

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42. CLEARING SETTLEMENT FUNDS

	<u>31 December 2021</u>	<u>31 December 2020</u>
Deposits with		
- China Securities Depository and Clearing Corporation Limited	403,315	215,574
- Others	-	836,272
	<u>403,315</u>	<u>1,051,846</u>
Total	<u>403,315</u>	<u>1,051,846</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 2021</u>	<u>31 December 2020</u>
Cash on hand	195	184
Bank balances	12,235,085	16,106,906
	<u>12,235,280</u>	<u>16,107,090</u>
Total	<u>12,235,280</u>	<u>16,107,090</u>

Bank balances comprise time and demand deposits which bear interest at the prevailing market rates. As at 31 December 2021 and 31 December 2020, the Group's bank balances of RMB287,781 thousand and RMB225,781 thousand, respectively, were restricted.

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45. LOANS AND BORROWINGS

31 December 2021

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

31 December 2020

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

46. SHORT-TERM DEBT INSTRUMENTS

	Nominal interest rate	Book value as at 1 January 2021	Increase	Decrease	Book value as at 31 December 2021
Short-term financing bills payable and corporate bonds, structured notes	0.00%-6.05%	<u>10,324,937</u>	<u>33,015,433</u>	<u>(36,095,414)</u>	<u>7,244,956</u>
	Nominal interest rate	Book value as at 1 January 2020	Increase	Decrease	Book value as at 31 December 2020
Short-term financing bills payable and corporate bonds, structured notes	0.00%-6.98%	<u>4,489,383</u>	<u>47,831,627</u>	<u>(41,996,073)</u>	<u>10,324,937</u>

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

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

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47. PLACEMENT FROM OTHER FINANCIAL INSTITUTIONS

		<u>31 December 2021</u>	<u>31 December 2020</u>
Interbank lending	(1)	12,742,119	16,722,470
Placements from CSFC	(2)	950,296	1,000,311
Total		<u>13,692,415</u>	<u>17,722,781</u>

(1) As at 31 December 2021, the interbank lending was unsecured and bore interest at rates ranging from 1.70% to 3.00% per annum, with maturity ranging from 3 days to 326 days. As at 31 December 2020, the interbank lending was unsecured and bore interest at rates ranging from 0.50% to 2.90% per annum, with maturity ranging from 3 days to 215 days.

(2) As at 31 December 2021 and 31 December 2020, placements from CSFC were repayable within one year, and bore interest at a rate of 2.80% per annum (31 December 2020: 2.80%).

48. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

		<u>31 December 2021</u>	<u>31 December 2020</u>
At fair value through profit or loss			
- Interests in structured entities held by third parties	(2)	56,746	322,690
Designated as fair value through profit or loss			
- Structured notes		-	1,007,372
- Preference shares	(1)	-	988,179
- Interests in structured entities held by third parties	(2)	285,679	293,954
Total		<u>342,425</u>	<u>2,612,195</u>
Analysis for presentation purposes:			
- Current		342,425	1,996,059
- Non-current		-	616,136
Total		<u>342,425</u>	<u>2,612,195</u>

(1) Everbright Securities International Company Limited issued 90,365,142 preference shares to China Everbright Securities International Limited (formerly known as "Sun Hung Kai & Co. Limited") with a dividend yield of 8.50% on 17 November 2020. The preference shares have redemption clauses and were classified as debt instruments by the Group. Everbright Securities International Company Limited has exercised the early redemption option on 1 June 2021.

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

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49. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	<u>31 December 2021</u>	<u>31 December 2020</u>
Clients' deposits for other brokerage business	63,472,319	52,765,682
Clients' deposits for margin financing and securities lending	<u>6,751,681</u>	<u>7,337,026</u>
Total	<u>70,224,000</u>	<u>60,102,708</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

	2021			
	As at 1 January	Accrued for the year	Payments made	As at 31 December
Current				
Salaries, bonuses and allowances	1,687,584	3,301,969	(3,176,791)	1,812,762
Contributions to pension schemes	4,367	343,980	(344,333)	4,014
Other social welfare	15,944	470,033	(481,239)	4,738
Sub-total	<u>1,707,895</u>	<u>4,115,982</u>	<u>(4,002,363)</u>	<u>1,821,514</u>
Non-current				
Salaries, bonuses and allowances	2,295	-	(1,051)	1,244
Sub-total	<u>2,295</u>	<u>-</u>	<u>(1,051)</u>	<u>1,244</u>
Total	<u>1,710,190</u>	<u>4,115,982</u>	<u>(4,003,414)</u>	<u>1,822,758</u>
	2020			
	As at 1 January	Accrued for the year	Payments made	As at 31 December
Current				
Salaries, bonuses and allowances	1,509,152	3,208,231	(3,029,799)	1,687,584
Contributions to pension schemes	4,836	145,821	(146,290)	4,367
Other social welfare	43,286	378,016	(405,358)	15,944
Sub-total	<u>1,557,274</u>	<u>3,732,068</u>	<u>(3,581,447)</u>	<u>1,707,895</u>
Non-current				
Salaries, bonuses and allowances	998	2,819	(1,522)	2,295
Sub-total	<u>998</u>	<u>2,819</u>	<u>(1,522)</u>	<u>2,295</u>
Total	<u>1,558,272</u>	<u>3,734,887</u>	<u>(3,582,969)</u>	<u>1,710,190</u>

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51. OTHER PAYABLES AND ACCURUALS

	31 December 2021	31 December 2020
Deposits of derivative business	2,388,691	110,632
Other tax payables	497,734	516,794
Settlement payables	296,401	877,211
Distribution expenses payable	192,590	218,677
Dividends payable	180,281	-
Risk reserve for futures brokerage business	153,873	123,176
Deposits of financial leasing business	86,732	104,114
Commission payables	61,121	99,177
Accrued expenses	49,648	56,156
Party organization work funds	40,270	18,000
Bond underwriting fees	33,864	48,362
Payables to custodians	32,494	27,439
Deposits of bulk commodity trading	30,479	9,043
Payables to the securities and futures investor protection fund	24,213	33,295
Other deposits	23,038	34,000
Interest payable	9,872	46,179
Payables on behalf of staff	8,054	20,676
Payables to interest holders of ABS	-	1,907,493
Payables to interest holders of consolidated structured entities	-	505,348
Subscriptions fees payable	-	47,000
Distributions fees payable	-	40,000
Others ⁽¹⁾	227,359	223,134
Total	<u>4,336,714</u>	<u>5,065,906</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	31 December 2021	31 December 2020
Debt securities	19,863,912	21,449,683
Others	-	206,174
Total	<u>19,863,912</u>	<u>21,655,857</u>

(b) Analysed by market:

Current	31 December 2021	31 December 2020
Inter-bank market	18,057,318	20,675,153
Stock exchanges	1,806,594	774,530
OTC market	-	206,174
Total	<u>19,863,912</u>	<u>21,655,857</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		Book value as at 31 December 2021	
						31 December 2020	Increase Decrease		
EBSHKBV/Corp ⁽¹⁾	USD200,000	21/11/2018	21/11/2021	USD200,000	3.20%	1,310,343	61,434	(1,371,777)	-
17 EVERBRIGHTG2 ⁽²⁾	1,500,000	04/07/2017	04/07/2022	1,492,500	4.70%	1,532,137	72,000	(70,500)	1,533,637
17 EVERBRIGHTG4 ⁽³⁾	1,600,000	16/10/2017	16/10/2022	1,595,200	4.90%	1,614,507	79,360	(78,400)	1,615,467
18 EVERBRIGHTC1 ⁽⁴⁾	3,000,000	13/12/2018	13/12/2021	2,988,200	4.30%	3,002,722	126,278	(3,129,000)	-
18 EVERBRIGHTG2 ⁽⁵⁾	3,300,000	18/04/2018	18/04/2021	3,283,500	4.78%	3,408,768	48,972	(3,457,740)	-
18 EVERBRIGHTG3 ⁽⁶⁾	2,800,000	26/09/2018	26/09/2021	2,794,960	4.30%	2,830,482	89,918	(2,920,400)	-
18 EVERBRIGHTG6 ⁽⁷⁾	4,000,000	30/07/2018	30/07/2021	4,000,000	4.67%	4,078,838	107,962	(4,186,800)	-
18 EVERBRIGHT Xingfu PPN001 ⁽⁸⁾	200,000	07/02/2018	07/02/2021	200,000	6.80%	190,835	1,396	(192,231)	-
19 EVERBRIGHT01 ⁽⁹⁾	3,000,000	22/01/2019	22/01/2022	2,991,000	3.88%	3,106,676	119,400	(116,400)	3,109,676
19 EVERBRIGHT02 ⁽¹⁰⁾	3,000,000	22/08/2019	22/08/2022	3,000,000	3.75%	3,040,524	109,513	(112,500)	3,037,537
20 EVERBRIGHTF1 ⁽¹¹⁾	3,000,000	09/03/2020	09/03/2023	3,000,000	3.19%	3,077,692	92,337	(95,700)	3,074,329
20 EVERBRIGHTG1 ⁽¹²⁾	1,500,000	22/06/2020	22/06/2023	1,498,585	3.10%	1,523,245	44,653	(46,500)	1,521,398
20 EVERBRIGHTG3 ⁽¹³⁾	3,700,000	14/07/2020	14/07/2023	3,692,075	3.60%	3,755,716	133,674	(133,200)	3,756,190
20 EVERBRIGHTG5 ⁽¹⁴⁾	4,800,000	28/08/2020	28/08/2023	4,789,528	3.70%	4,852,042	178,229	(177,600)	4,852,671
20 EVERBRIGHTG6 ⁽¹⁵⁾	3,000,000	25/12/2020	27/12/2021	2,987,736	3.12%	2,993,466	100,647	(3,094,113)	-
20 EVERBRIGHTG7 ⁽¹⁶⁾	1,700,000	25/12/2020	25/12/2023	1,696,792	3.60%	1,701,174	59,082	(61,200)	1,699,056
21 EVERBRIGHTF1 ⁽¹⁷⁾	2,000,000	11/11/2021	16/11/2022	2,000,000	2.85%	-	2,007,964	-	2,007,964
21 EVERBRIGHTG1 ⁽¹⁸⁾	5,300,000	14/01/2021	14/01/2024	5,296,792	3.57%	-	5,468,900	-	5,468,900
21 EVERBRIGHTG2 ⁽¹⁹⁾	2,000,000	07/06/2021	07/06/2024	2,007,075	3.30%	-	2,031,341	-	2,031,341
21 EVERBRIGHTG3 ⁽²⁰⁾	1,000,000	07/06/2021	07/06/2026	1,004,717	3.67%	-	1,016,734	-	1,016,734
21 EVERBRIGHTG4 ⁽²¹⁾	1,300,000	16/07/2021	16/07/2024	1,304,245	3.12%	-	1,315,189	-	1,315,189
21 EVERBRIGHTG5 ⁽²²⁾	1,700,000	16/07/2021	16/07/2026	1,708,019	3.45%	-	1,719,879	-	1,719,879
21 EVERBRIGHTG6 ⁽²³⁾	3,000,000	11/08/2021	11/08/2024	3,012,736	3.12%	-	3,025,597	-	3,025,597
21 EVERBRIGHTG8 ⁽²⁴⁾	3,000,000	16/09/2021	16/09/2024	3,000,000	3.10%	-	3,027,263	-	3,027,263
21 EVERBRIGHTG9 ⁽²⁵⁾	1,000,000	16/09/2021	16/09/2026	1,000,000	3.50%	-	1,010,260	-	1,010,260
21 EVERBRIGHT10 ⁽²⁶⁾	2,000,000	23/12/2021	23/12/2024	2,000,000	3.02%	-	2,001,489	-	2,001,489
21 EVERBRIGHT11 ⁽²⁷⁾	1,000,000	23/12/2021	23/12/2026	1,000,000	3.35%	-	1,000,826	-	1,000,826
Guangjing NO.17 Structured Notes	1,300	24/09/2021	28/09/2022	1,300	-	-	1,300	-	1,300
Total						42,019,167	25,051,597	(19,244,061)	47,826,703

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53. LONG-TERM BONDS (continued)

	<u>31 December 2021</u>	<u>31 December 2020</u>
Long-term bonds due within one year	11,896,011	18,243,518
Long-term bonds due after one year	<u>35,930,692</u>	<u>23,775,649</u>
Total	<u><u>47,826,703</u></u>	<u><u>42,019,167</u></u>

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

- (1) 3-year redeemable bond with a par value of USD200 million on 21 November 2018, which was redeemed on 22 November 2021
- (2) 5-year corporate bond amounting to RMB1.5 billion on 4 July 2017
- (3) 5-year corporate bond amounting to RMB1.6 billion on 16 October 2017
- (4) 3-year subordinated bond amounting to RMB3 billion on 13 December 2018, which was redeemed on 13 December 2021
- (5) 3-year corporate bond amounting to RMB3.3 billion on 18 April 2018, which was redeemed on 19 April 2021
- (6) 3-year corporate bond amounting to RMB2.8 billion on 26 September 2018, which was redeemed on 27 September 2021
- (7) 3-year corporate bond amounting to RMB4 billion on 30 July 2018, which was redeemed on 30 July 2021
- (8) 3-year PPN amounting to RMB200 million on 7 February 2018, which was redeemed on 7 February 2021
- (9) 3-year corporate bond amounting to RMB3 billion on 22 January 2019
- (10) 3-year corporate bond amounting to RMB3 billion on 22 August 2019
- (11) 3-year corporate bond amounting to RMB3 billion on 9 March 2020
- (12) 3-year corporate bond amounting to RMB1.5 billion on 22 June 2020
- (13) 3-year corporate bond amounting to RMB3.7 billion on 14 July 2020
- (14) 3-year corporate bond amounting to RMB4.8 billion on 28 August 2020
- (15) 1-year corporate bond amounting to RMB3 billion on 25 December 2020, which was redeemed on 27 December 2021
- (16) 3-year corporate bond amounting to RMB1.7 billion on 25 December 2020
- (17) 1-year corporate bond amounting to RMB2 billion on 11 November 2021
- (18) 3-year corporate bond amounting to RMB5.3 billion on 14 January 2021

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53. LONG-TERM BONDS (continued)

- (19) 3-year corporate bond amounting to RMB2 billion on 7 June 2021
- (20) 5-year corporate bond amounting to RMB1 billion on 7 June 2021
- (21) 3-year corporate bond amounting to RMB1.3 billion on 16 July 2021
- (22) 5-year corporate bond amounting to RMB1.7 billion on 16 July 2021
- (23) 3-year corporate bond amounting to RMB3 billion on 11 August 2021
- (24) 3-year corporate bond amounting to RMB3 billion on 16 September 2021
- (25) 5-year corporate bond amounting to RMB1 billion on 16 September 2021
- (26) 3-year corporate bond amounting to RMB2 billion on 23 December 2021
- (27) 5-year corporate bond amounting to RMB1 billion on 23 December 2021

54. OTHER NON-CURRENT LIABILITIES

	<u>31 December 2021</u>	<u>31 December 2020</u>
Deposits of financial leasing business	48,064	131,387
Others	<u>15,880</u>	<u>17,802</u>
Total	<u><u>63,944</u></u>	<u><u>149,189</u></u>

55. SHARE CAPITAL

All shares issued by the Company are fully paid ordinary shares. The par value per share is RMB1. The Company's number of shares issued and their nominal value are as follows:

	<u>31 December 2021</u>	<u>31 December 2020</u>
Registered, issued and fully paid (at RMB1 per share)	<u><u>4,610,788</u></u>	<u><u>4,610,788</u></u>

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56. OTHER EQUITY INSTRUMENTS

	<u>31 December 2021</u>	<u>31 December 2020</u>
Perpetual subordinated bonds ⁽¹⁾	<u>4,999,057</u>	<u>2,000,000</u>

As approved by the CSRC, the Company issued a batch of perpetual subordinated bonds (“20 Guangzheng Y1”) amounting to RMB2 billion with an initial interest rate of 4.40% on 14 August 2020 and a batch of perpetual subordinated bonds (“21 Guangzheng Y1”) amounting to RMB3 billion with an initial interest rate of 4.19% on 12 May 2021. The perpetual subordinated bonds have no fixed maturity dates and the Company has an option to redeem the bonds at principal amounts plus any accrued interest on the fifth interest payment date or any interest payment date afterwards.

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

The issuer has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer the interest payment to the next payment date for the current period as well as all interest and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital.

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

57. RESERVES AND RETAINED PROFITS

(a) Capital reserve

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

(b) Surplus reserve

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

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

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57. RESERVES AND RETAINED PROFITS (continued)

(c) General reserve

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

In accordance with the requirements of the 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.

(f) Retained profits

The movements in retained profits are set out below:

	<u>2021</u>	<u>2020</u>
At beginning of the year	10,259,982	9,785,175
Profit for the year	3,484,332	2,334,078
Appropriation to surplus reserve	(307,270)	(469,852)
Appropriation to general reserve	(884,768)	(1,221,743)
Dividends	(728,505)	(170,599)
Perpetual bond interest	(213,700)	-
Others	27,209	2,923
	<u>11,637,280</u>	<u>10,259,982</u>
At end of the year		

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58. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	<u>31 December 2021</u>	<u>31 December 2020</u>
Cash on hand	195	184
Bank balances	12,235,085	16,106,906
Clearing settlement funds	403,315	1,051,846
Less: Restricted bank deposits	(287,781)	(7,405,780)
- Time deposit of more than three months	-	(7,180,000)
- Others	(287,781)	(225,780)
Less: Interest receivable	<u>(47,862)</u>	<u>(156,632)</u>
Total	<u>12,302,952</u>	<u>9,596,524</u>

(b) Changes in liabilities arising from financing activities

	Loans and borrowings	Short-term debt instruments	Long-term bonds	Lease liabilities
At 1 January 2020	11,680,191	4,489,383	47,356,464	744,848
Changes from financing cash flows	(5,089,433)	5,508,610	(7,045,965)	(341,332)
Interest expense	416,758	327,569	1,794,838	30,989
New leases	-	-	-	416,953
Other non-cash changes	-	(625)	(86,170)	(27,824)
At 31 December 2020	<u>7,007,516</u>	<u>10,324,937</u>	<u>42,019,167</u>	<u>823,634</u>
Changes from financing cash flows	557,619	(3,356,374)	4,012,646	(326,416)
Interest expense	188,871	275,768	1,901,251	31,829
New leases	-	-	-	184,817
Other non-cash changes	-	625	(106,361)	(2,972)
At 31 December 2021	<u>7,754,006</u>	<u>7,244,956</u>	<u>47,826,703</u>	<u>710,892</u>

(c) Total cash outflow for leases

	<u>2021</u>	<u>2020</u>
Within operating activities	9,663	16,896
Within financing activities	326,416	341,332

(All amounts expressed in RMB thousand unless otherwise specified)

59. TRANSFERRED FINANCIAL ASSETS

In the normal course of business, the Group enters into certain transactions in which it transfers recognised financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognises all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards on these assets, the Group continues to recognise these assets.

(a) 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.

(b) Asset-backed securities management schemes

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

The following tables provide a summary of the carrying amounts related to transferred financial assets that are not derecognised in their entirety and the associated liabilities:

31 December 2021	Repurchase agreements	Securities lending	Asset-backed securities management schemes
Carrying amount of transferred assets	-	206,276	-
Carrying amount of related liabilities	-	N/A	-
31 December 2020	Repurchase agreements	Securities lending	Asset-backed securities management schemes
Carrying amount of transferred assets	-	120,343	2,003,535
Carrying amount of related liabilities	-	N/A	1,907,493

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60. COMMITMENTS

Capital commitments

	<u>31 December 2021</u>	<u>31 December 2020</u>
Contracted, but not provided for	<u>25,042</u>	<u>15,501</u>

61. CONTINGENCIES

On 3 March 2022, Jilin City Construction Holding Group Co., Ltd. applied for arbitration to the China International Economic and Trade Arbitration Commission for the dispute over the underwriting agreement, with the Company as the respondent, requesting the Company to return the underwriting fee of RMB18,191 thousand and pay the corresponding interest, etc. The case has been accepted by the China International Economic and Trade Arbitration Commission.

Refer to note 14(b) for details of the Group's pending litigations as at 31 December 2021.

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 2021</u>	<u>31 December 2020</u>
China Everbright Group Company	25.15%	25.15%
China Everbright Limited	20.83%	20.83%

(ii) Associates and joint ventures of the Company

The detailed information of the Company's associates and joint ventures is set out in note 27.

(iii) Other related parties

Other related parties include subsidiaries of major shareholders, non-controlling shareholders of major subsidiaries of the Company and individuals which include members of the board of directors, the board of supervisors and senior management, and close family members of such individuals.

(b) Related party transactions and balances

(i) Transactions between the Group and major shareholders:

	<u>31 December 2021</u>	<u>31 December 2020</u>
Balances at the end of the year:		
Other payables and accruals	212	253
	<u>2021</u>	<u>2020</u>
Transactions during the year:		
Fee and commission income	31,928	19,726
Investment income	(94)	(387)

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62. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Related party transactions and balances (continued)

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

	31 December 2021	31 December 2020
Balances at the end of the year:		
Right-of-use assets	26,803	36,115
Financial assets at fair value through profit or loss	1,113,600	1,285,893
Accounts receivable	9,468	14,220
Other receivables and prepayments	98,784	207,846
Cash and bank balances	9,378,548	10,576,147
Loans and borrowings	1,091,236	892,876
Placements from other financial institutions	2,000,667	1,900,990
Other payables and accruals	66,661	155,379
Financial assets sold under repurchase agreements	114,029	100,777
Lease liabilities	22,735	32,452
	<u>2021</u>	<u>2020</u>
Transactions during the year:		
Transaction amounts for financial assets sold under repurchase agreements	78,275,055	89,099,536
Transaction amounts for placements from other financial institutions, loans and borrowings	36,402,846	35,024,310
Fee and commission income	138,060	132,520
Fee and commission expenses	57,156	78,427
Interest income	166,814	203,988
Interest expenses	48,416	73,508
Investment income	19,350	60,575
Other income and gains	3,981	5,494
Other operating expenses	65,336	46,878

(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:

	2021	2020
Short-term employee benefits and post-employment benefits	<u>52,028</u>	<u>48,782</u>

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

(d) Government related entities

Other than those disclosed above, the Group has entered into transactions with other government related entities. These transactions are entered into under normal commercial terms and conditions. None of them were individually significant. Management considers that transactions with government related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that both the Group and those entities are government related.

(All amounts expressed in RMB thousand unless otherwise specified)

63. SEGMENT REPORTING

Management commenced to allocate resources and assessed the segment performance based on the grouping of operating segments. Accordingly, the reporting period's segment reporting presentation has been presented in accordance with the approach adopted by management in the financial statements.

- Wealth management business segment: The Company provides brokerage and investment consulting services for retail clients to earn fee and commission, holds cash on behalf of clients to earn interest income, and sells financial products developed by the Company and other financial institutions to earn commission fee; and earns interest income from margin financing and securities lending, collateralized stock repurchase transactions, securities transactions under repurchase agreement and stock option exercise with respect to share incentive schemes of listed companies.;
- Corporate financing business segment: The Company provides one-stop direct financing services for corporate customers and government customers, such as equity financing, debt financing, merger and acquisition financing, NEEQ and structural financing, asset securitisation and financial advisory service, to earn fee and commission, and also earns income from financial leasing business carried out by Everbright Leasing.
- Institutional customer business segment: The Company earns fee and commission by providing integrated services such as investment research and prime brokerage services to institutional clients.
- Investment trading business segment: On the premise of value investment and steady operation, the Company engages in various investment in and trading of stocks, bonds and derivatives to earn investment income.
- Asset management business segment: The Company provides institutional and individual clients with various securities asset management services and fund asset management services to earn management and advisory fees.
- Equity investment business segment: The Company generates income from private equity investment, alternative investment and PPP businesses.
- Others mainly includes other businesses in addition to the above, including the operation of headquarters and investment holding platforms, and the management of general working capital.

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise specified)

63. SEGMENT REPORTING (continued)

(a) Business segments

For the year ended 31 December 2021

	Wealth management	Corporate finance	Institutional customers	Investment trading	Asset management	Equity investment	Others	Segment total
Fee and commission income								
- External	4,888,766	1,871,614	1,004,125	131	1,601,672	2,718	6,479	9,345,505
- Inter-segment	23,933	-	-	-	-	-	-	23,933
Interest income								
- External	4,262,031	125,851	112,859	505,124	55,091	736,637	447,683	6,245,276
- Inter-segment	8,505	-	-	-	10	12	749,058	757,585
Net investment gains								
- External	104,886	151,284	149,732	(516,690)	242,120	477,448	829,676	1,438,456
- Inter-segment	-	-	-	-	-	-	116,814	116,814
Total revenue								
- External	9,225,683	2,148,749	1,266,716	(11,435)	1,898,883	1,216,803	1,283,838	17,029,237
- Inter-segment	32,438	-	-	-	10	12	865,872	898,332
Other income and gains								
- External	4,587,699	12,330	3,089	50	26,352	3,653	235,424	4,868,597
- Inter-segment	1,574	-	-	-	-	-	990	2,564
Segment revenue and other income								
- External	13,813,382	2,161,079	1,269,805	(11,385)	1,925,235	1,220,456	1,519,262	21,897,834
- Inter-segment	34,012	-	-	-	10	12	866,862	900,896
Segment expenses								
- External	(10,475,112)	(962,831)	(375,706)	(483,230)	(855,830)	(1,186,313)	(2,957,302)	(17,296,324)
- Inter-segment	(20,655)	(15,629)	-	-	(9,348)	(735,037)	(810)	(781,479)
Segment operating profit/(loss)								
- External	3,338,270	1,198,248	894,099	(494,615)	1,069,405	34,143	(1,438,040)	4,601,510
- Inter-segment	13,357	(15,629)	-	-	(9,338)	(735,025)	866,052	119,417
Share of profits of associates and joint ventures								
- External	4,842	(18,779)	999	-	83,080	(22,225)	18,779	66,696
- Inter-segment	-	18,779	-	-	-	12,942	-	31,721
Profit/(loss) before income tax								
- External	3,343,112	1,179,469	895,098	(494,615)	1,152,485	11,918	(1,419,261)	4,668,206
- Inter-segment	13,357	3,150	-	-	(9,338)	(722,083)	866,052	151,138
Interest expenses	(2,148,799)	(67,852)	(64,404)	(431,409)	(20,213)	(18,085)	(989,317)	(3,740,079)
Impairment losses	(250)	-	-	-	-	-	-	(250)
Credit loss expense	2,050	(21,562)	(1,088)	(13,362)	-	(356,143)	(4,067)	(394,172)
Depreciation and amortisation expenses	(239,316)	(46,165)	(22,382)	(1,846)	(48,887)	(4,217)	(222,918)	(585,731)

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63. SEGMENT REPORTING (continued)

(a) Business segments (continued)

For the year ended 31 December 2020

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

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63. SEGMENT REPORTING (continued)

(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 2021			Year ended 31 December 2020		
	Mainland China	Outside Mainland China	Total	Mainland China	Outside Mainland China	Total
Total revenue	15,803,319	1,225,918	17,029,237	16,369,877	921,472	17,291,349
Other income and gains	4,830,827	37,770	4,868,597	3,649,581	93,051	3,742,632
Total revenue and other income	20,634,146	1,263,688	21,897,834	20,019,458	1,014,523	21,033,981

Specified non-current assets:

	31 December 2021			31 December 2020		
	Mainland China	Outside Mainland China	Total	Mainland China	Outside Mainland China	Total
Property and equipment	807,061	29,833	836,894	840,675	42,423	883,098
Right-of-use assets	579,176	117,725	696,901	631,733	190,535	822,268
Goodwill	9,380	918,942	928,322	9,380	945,962	955,342
Other intangible assets	199,148	58,265	257,413	146,845	69,395	216,240
Investments in associates and joint ventures	949,452	54,752	1,004,204	1,022,640	70,779	1,093,419
Other non-current assets	62,058	-	62,058	78,248	176	78,424

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group monitors and controls key exposures to the credit risk, liquidity risk and market risk from its use of financial instruments.

(a) Policies for risk management

The Company has established a comprehensive risk management and internal control process to supervise, evaluate and manage risk exposures related to various businesses. The Company formulated the *Basic Risk Management System of Everbright Securities Co., Ltd.* in accordance with the requirements of the *Regulations for Comprehensive Risk Management of Securities Companies*, which clarified the Company's risk management objectives, principles, management structure, risk management procedures, systems, and assessments, and has formed the institutional basis for the company's risk management work. Meanwhile, to strengthen the Company's market and credit classification risk management, and to clarify the Company's valuation process for non-exchange traded derivatives, the Company has formulated the *Market Risk Management Measures of Everbright Securities Co., Ltd.*, *Credit Risk Management Measures of Everbright Securities Co., Ltd.* and *Interim Measures for Valuation of Non-Exchange Traded Derivatives of Everbright Securities Co., Ltd.*

In accordance with the requirements of the *Guidelines for Liquidity Risk Management of Securities Companies*, the Company has issued the *Measures for the Liquidity Risk Management of Everbright Securities Co., Ltd.* and the *Liquidity Risk Contingency Plan of Everbright Securities Co., Ltd.* to clarify the objectives, basic principles, governance structure, reserve account management, indicator monitoring and limit management, stress testing and emergency response mechanism, etc.. The Company has formed the institutional basis for the Company's liquidity risk management. In order to strengthen the Company's risk control index management and stress testing, the Company has compared the requirements of the *Measures for the Administration of Risk Control Indicators of Securities Companies* and formulated the *Measures for the Risk Control Indicators Management with Net Capital as the Core of Everbright Securities Co., Ltd.* and *Stress Test Measures of Everbright Securities Co., Ltd.*

(b) Structure of risk management

In strict accordance with the *Company Law*, *Securities Law* and the requirements of the relevant rules and regulations of CSRC, the Company has established a corporate governance structure composed of shareholders' meetings, the board of directors, the board of supervisors and the Company's management, forming a mechanism of mutual coordination and mutual checks and balances with clear powers and responsibilities among the power organs, decision-making organs, supervisory organs and the management organs to ensure the Company's standardized operation.

The Company's risk management organisation consists of four levels, including the board of directors and its risk management committee; the board of supervisors, management and its subordinate professional committees; the risk management functional departments; and various departments, branches and subsidiaries.

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) Structure of risk management (continued)

The board of directors is responsible for supervising, reviewing and evaluating the Company's risk management work and shall undertake ultimate responsibility for the Company's risk management. The board of directors sets up a risk management committee to carry out its work within the scope of the board's authorization; the board of supervisors assumes the supervisory responsibility of comprehensive risk management, and is responsible for supervising and inspecting the performance of duties and responsibilities of the board of directors and the management in terms of risk management; the Company's operating management is responsible for the implementation of the Company's risk management work, formulating risk management systems and specific implementation plans for risk management policies within the scope of authorization of the board of directors; to establish effective risks for the Company management and; to assess risk management status and to assume primary responsibilities for overall risk management. The Company sets up a chief risk officer who is responsible for promoting the Company's comprehensive risk management work. The operation management sets up professional committees to be responsible for part of the risk management functions within their respective responsibilities; each risk function department identifies, monitors, evaluates and reports on the Company's different risks in accordance with the Company's authorization. The risk function department includes the risk management department and legal compliance department, audit department, information technology department, financial management department, fund management department, operation management headquarters office (the board of supervisors office), investment banking quality control headquarters and investment banking internal affairs office. The Company's departments, branches and subsidiaries conduct business within the scope of the granted authority in accordance with the Company's authorized management system, conduct timely risk self-control in the process of business decision-making and development, and assume direct responsibility for the effectiveness of risk management.

(c) Credit risk

Credit risk refers to the risk that one party to a financial instrument cannot perform its obligations, causing the other party to suffer financial losses. The credit risk of the Group mainly comes from cash and cash equivalents, debt investments, margin financing and securities lending, agreed repurchase business, stock pledged repurchase business, and securities brokerage 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 customer credit ratings and credit management systems, and formulated corresponding investment restrictions based on customer credit ratings and credit lines; the Group has established a mapping relationship between ratings and default probabilities based on credit ratings, industry information and market; and the Group sets a default loss rate based on the data, combined with forward-looking adjustment factors, to confirm the ECLs.

For accounts receivable, based on historical credit loss experience, the Group considers forward-looking information related to the debtor and the economic environment, and adopts the loss rate method to measure the impairment provision.

For financial instruments measured by the loss rate method, the Group initially measures its loss reserves at an amount equivalent to the expected credit losses of the financial instrument in the next 12 months. ECLs in the next 12 months refers to the event of a financial instrument default that may occur within 12 months after the balance sheet date (if the expected duration of the financial instrument is less than 12 months, then the expected duration), which are part of the entire duration of ECLs. If the credit risk of the financial instrument has increased significantly since its initial recognition, the Group will measure its loss provision at an amount equivalent to the ECLs during the entire lifetime of the financial instrument.

The ECLs for the entire duration or within the next 12 months is based on the nature of the financial instrument itself, and is calculated as a single financial instrument or a combination of financial instruments.

The Group has formulated corresponding expected credit loss policies. On the balance sheet date, the Group evaluates whether the credit risk of financial instruments has increased significantly since the initial confirmation by considering the changes in the default risk of financial instruments during the remaining period. Based on the above procedures, the Group divides debt instrument investments into the following stages.

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

ECLs (continued)

Stage 1: When debt financial assets are first recognised, the Group recognises an allowance based on 12-month ECLs. Stage 1 debt financial assets also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When debt financial assets have shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 debt financial assets also include financial assets, where the credit risk has improved and the financial assets have been reclassified from Stage 3.

Stage 3: Debt financial assets are considered credit-impaired. The Group records an allowance for the LTECLs.

POCI: Purchased or originated credit-impaired ("POCI") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered to be a (partial) derecognition of the financial asset.

When estimating the ECLs, the Group considers different scenarios. Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted debt instruments are expected to be recovered, including the probability that the debt instruments will cure and the value of collateral or the amount that might be received for selling the asset.

For financial assets held under resale agreements and margin accounts receivable, the allowance for ECLs may significantly fluctuate due to the decline in fair value of collateral caused by stock market volatility, which may not fully cover the receivables. The Group considers multiple factors to determine the allowance for ECLs, such as the credit situation, repayment ability of the debtor, the credit enhancement measures of the third party, the liquidity and disposal cycle of collateral.

For stock-pledged repurchase business, based on the borrowers' credit quality, contract maturity date, the related collateral securities information, which includes the sector situation, liquidity discount factor, restrictions, concentration, volatility, maintenance margin ratio, issuers' operation condition and related information. The Group sets differentiated collateral to loan ratios (generally the early warning line of the collateral to loan ratios is no less than 150%) as force liquidation thresholds, which is normally no less than 130%, against different exposures related to these transactions.

- Stock-pledged financing with the maintenance margin ratio above the warning line of the collateral to loan ratios, the risk level is designated as a safety level. Stock-pledged financing with the maintenance margin ratio above the force liquidation but lower than the warning line of the collateral to loan ratios, the risk level is designated as an attention level. The safety level and attention level are classified under Stage 1;
- Stock-pledged repurchase business with the maintenance margin ratio above 100% while falling below the force liquidation thresholds, the risk level is designated as a risk level, or stock-pledged repurchase business which is past due for more than 30 days but less than 90 days, or the stock-pledged repurchase business with a right defect (stock pledged frozen) are classified under Stage 2;
- Stock-pledged repurchase business with the maintenance margin ratio falling below 100%, the risk level is designated as a loss level, or the stock-pledged repurchase business which is past due for more than 90 days are classified under Stage 3.

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Criteria of significant increase in credit risk

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group considers reasonable and supportable information that is available without undue cost or effort, including qualitative and quantitative analyses based on historical data, internal and external credit risk ranking, and forward-looking information. The Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition, on either an individual basis or a collective basis for the underlying portfolio of financial instruments with similar credit risk characteristics, to determine the change in the risk of a default occurring over the expected life of the financial instrument.

When one or more of the following quantitative and qualitative standards are triggered, the Group believes that the credit risk of financial instruments has increased significantly:

- The quantitative criteria are mainly as follows: the remaining lifetime default probability on the reporting date has increased by more than a certain percentage from the initial recognition, the maintenance margin ratio is below the liquidation thresholds, and the latest rating is below investment grade;
- Qualitative criteria: Major adverse changes in the business or financial situation of major debtors, the list of customers with early warning signs.

Regardless of the method used to assess whether the credit risk has increased significantly, if the contract payment is overdue for more than (including) 30 days, it can usually be presumed that the credit risk of the financial asset has increased significantly, unless reasonable and well-founded information can be obtained at a reasonable cost. Even if the payment is overdue for more than 30 days, the credit risk would not increase significantly.

Definition of credit-impaired financial asset

Credit impairment may be due to the combined effect of several events rather than a single discrete event. To determine whether a financial asset is credit-impaired, the Group considers one or more of the following quantitative and qualitative indicators:

- The contractual payments of the borrower are more than 90 days past due;
- The collateral valuation falls short of the related loan amounts;
- The latest ratings are in default grade;
- Significant financial difficulty of the issuer or the borrower;
- The Group, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a steep discount, which reflects the fact that a credit loss has occurred;
- Other circumstances showing that financial assets are credit-impaired.

The credit impairment of financial assets may be caused by a combination of multiple events, and may not be caused by a separately identifiable event.

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Key parameters for expected credit losses

Depending on whether the credit risk is significantly increased or credit-impaired, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month or lifetime expected credit losses. The key parameters for measuring expected credit losses include the probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”). The Group considers the quantitative analysis of historical data (such as the credit rating of counter parties, ways of guarantee, the category of collateral, and ways of repayment) and forward-looking information, to establish a model of PD, LGD, and EAD.

The Group considers PD/LGD impact on measuring expected credit losses:

- PD is an estimate of the likelihood that a borrower will be unable to meet its debt obligations over the future 12 months or the whole remaining lifetime. The Group estimates PD based on the historical default data, internal and external credit ratings and forward-looking information, etc.
- LGD is the estimated share of the exposure at default that is lost when a borrower default. LGD varies depending on the category of counterparties, ways and priority of recourse, and the category of collateral. LGD is the percentage of loss when default occurs, which is calculated based on the next 12 months or the entire lifetime;
- EAD is an estimation of the extent to which the Group may be exposed to a counterparty in the event of the counterparty’s default in the future 12 months or the whole remaining lifetime;
- Forward-looking information which is included in both the assessment of a significant increase in credit risk and calculation of expected credit losses. The Group identifies the key economic factors affecting credit risk and the expected credit losses of different kinds of business based on historical data analysis. The Group forecasts economic factors periodically and applies expert judgments to determine the impact of forward-looking information on PD.

For stock-pledged financing, the Group periodically makes assessment on the borrowers’ credit risk based on available internal and external information, such as: historical default data, maintenance margin ratio, the liquidity. Loss ratios (considering PD& LGD) applied by the Group under the 3 stages as at 31 December 2021 were as follows:

- Stage 1: 0.05% to 0.25% according to different maintenance margin ratios;
- Stage 2: 0.12% 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 2021</u>	<u>31 December 2020</u>
Financial assets measured at amortised cost	4,136,619	4,451,962
Debt investments at fair value through other comprehensive income	13,098,079	17,638,387
Financial assets held under resale agreements	6,792,387	5,279,946
Financial assets at fair value through profit or loss	14,952,323	23,267,650
Refundable deposits	10,245,462	7,858,108
Finance lease receivables	648,360	1,675,041
Receivable arising from sale-and-leaseback arrangements	1,753,246	1,334,258
Other non-current assets	179,228	70,153
Accounts receivable	1,939,085	2,848,778
Other receivables and prepayments	1,148,082	1,486,123
Margin accounts receivable	48,445,768	46,815,972
Derivative financial assets	547,338	65,946
Clearing settlement funds	403,315	1,051,846
Cash held on behalf of brokerage clients	62,134,265	52,378,308
Bank balances	12,235,084	16,106,906
	<u>178,658,641</u>	<u>182,329,384</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 2021	By geographical area		
	Mainland China	Outside Mainland China	Total
Financial assets measured at amortised cost	3,979,001	157,618	4,136,619
Debt investments at fair value through other comprehensive income	13,098,079	-	13,098,079
Financial assets held under resale agreements	6,792,387	-	6,792,387
Financial assets at fair value through profit or loss	14,912,514	39,809	14,952,323
Refundable deposits	10,200,105	45,357	10,245,462
Finance lease receivables	648,360	-	648,360
Receivable arising from sale-and-leaseback arrangements	1,753,246	-	1,753,246
Other non-current assets	179,228	-	179,228
Accounts receivable	526,840	1,412,245	1,939,085
Other receivables and prepayments	1,015,843	132,239	1,148,082
Margin accounts receivable	43,970,593	4,475,175	48,445,768
Derivative financial assets	444,730	102,608	547,338
Clearing settlement funds	403,315	-	403,315
Cash held on behalf of brokerage clients	52,677,255	9,457,010	62,134,265
Bank balances	11,038,582	1,196,502	12,235,084
Total maximum credit risk exposure	161,640,078	17,018,563	178,658,641
31 December 2020	By geographical area		
	Mainland China	Outside Mainland China	Total
Financial assets measured at amortised cost	4,303,318	148,644	4,451,962
Debt investments at fair value through other comprehensive income	17,632,052	6,335	17,638,387
Financial assets held under resale agreements	5,279,946	-	5,279,946
Financial assets at fair value through profit or loss	22,979,680	287,970	23,267,650
Refundable deposits	7,801,693	56,415	7,858,108
Finance lease receivables	1,675,041	-	1,675,041
Receivable arising from sale-and-leaseback arrangements	1,334,258	-	1,334,258
Other non-current assets	70,153	-	70,153
Accounts receivable	542,111	2,306,667	2,848,778
Other receivables and prepayments	1,345,704	140,419	1,486,123
Margin accounts receivable	46,301,104	514,868	46,815,972
Derivative financial assets	16,560	49,386	65,946
Clearing settlement funds	1,051,846	-	1,051,846
Cash held on behalf of brokerage clients	40,762,033	11,616,275	52,378,308
Bank balances	14,892,950	1,213,956	16,106,906
Total maximum credit risk exposure	165,988,449	16,340,935	182,329,384

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

(iii) Credit rating analysis of financial assets

The Group adopts a credit rating method to monitor the credit risk of the debt securities portfolio. The rating of debt securities is determined with the reference to credit ratings from major credit rating institutions in which the debt issuers are located. The carrying amounts of debt securities at the end of the reporting period are categorised by rating as follows:

	31 December 2021	31 December 2020
Rating		
Short-term bonds		
- AAA	5,338,612	9,505,601
- A to AA+	1,514,430	3,113,947
- B- to BBB+	-	195,760
- C to CC	-	48,638
- Non-rated	187,356	241,496
Sub-total	7,040,398	13,105,442
Long-term bonds		
- AAA	16,318,428	18,463,296
- A to AA+	7,063,300	8,801,561
- B- to BBB+	-	4,031
- C to CC	32,802	5,196
- Non-rated	1,732,093	4,978,473
Sub-total	25,146,623	32,252,557
Total	32,187,021	45,357,999

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 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 2021					Total		
	Carrying amount	Repayable on demand	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year		More than 1 year but less than 5 years	More than 5 years
Financial liabilities								
Loans and borrowings	7,754,006	-	430,984	1,647,797	2,972,472	2,929,171	-	7,980,424
Short-term debt instruments issued	7,244,956	-	442,760	3,276,320	3,637,706	-	-	7,356,786
Placements from other financial institutions	13,692,415	-	11,471,496	1,362,437	880,883	-	-	13,714,816
Financial liabilities at fair value through profit or loss	342,425	342,425	-	-	-	-	-	342,425
Accounts payable to brokerage clients	70,224,000	70,224,000	-	-	-	-	-	70,224,000
Other payables and accruals	3,628,495	3,026,732	297,968	74,372	229,423	-	-	3,628,495
Financial assets sold under repurchase agreements	19,863,912	-	19,871,442	1,496	91	-	-	19,873,029
Derivative financial liabilities	512,046	200,794	28,178	18,319	208,787	55,968	-	512,046
Lease liabilities	710,892	-	24,079	35,888	210,408	438,237	61,701	770,313
Long-term bonds	47,826,703	-	3,349,519	-	9,241,797	40,120,752	-	52,712,068
Other non-current liabilities	51,173	-	-	-	-	42,173	9,000	51,173
Total	171,851,023	73,793,951	35,916,426	6,416,629	17,381,567	43,586,301	70,701	177,165,575

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	31 December 2020					Total		
	Carrying amount	Repayable on demand	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year		More than 1 year but less than 5 years	More than 5 years
Financial liabilities								
Loans and borrowings	7,007,516	-	2,638,036	487,964	2,973,967	1,115,855	-	7,215,822
Short-term debt instruments issued	10,324,937	-	3,237,515	2,045,718	5,179,849	-	-	10,463,082
Placements from other financial institutions	17,722,781	-	11,576,320	3,433,974	2,749,123	-	-	17,759,417
Financial liabilities at fair value through profit or loss	2,612,195	616,644	-	-	1,384,192	825,734	-	2,826,570
Accounts payable to brokerage clients	60,102,708	60,102,708	-	-	-	-	-	60,102,708
Other payables and accruals	4,327,570	1,855,060	189,184	260,967	2,086,831	-	-	4,392,042
Financial assets sold under repurchase agreements	21,655,857	-	21,696,438	254	50	-	-	21,696,742
Derivative financial liabilities	307,647	290,811	11,771	4,856	38	171	-	307,647
Lease liabilities	823,634	-	24,667	36,613	222,185	505,588	108,391	897,444
Long-term bonds	42,019,167	-	117,533	284,799	20,174,114	25,881,688	-	46,458,134
Other non-current liabilities	142,901	-	-	-	-	133,037	9,864	142,901
Total	167,046,913	62,865,223	39,491,464	6,555,145	34,770,349	28,462,073	118,255	172,262,509

(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.

EVERBRIGHT SECURITIES COMPANY LIMITED
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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

The following table lists the Group's interest rate risk at the end of the reporting period. The financial assets and financial liabilities in the table are classified according to the earlier of the contract next repricing dates and maturity dates, and are presented at their book value:

Financial assets	31 December 2021						Total
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest-bearing	
Financial assets measured at amortised cost	-	389,711	1,876,631	1,538,492	248,951	82,834	4,136,619
Debt investments at fair value through other comprehensive income	100,074	84,128	960,550	11,479,319	196,405	277,603	13,098,079
Equity investments designated at fair value through other comprehensive income	-	-	-	-	-	559,564	559,564
Financial assets held under resale agreements	6,278,770	241,007	265,784	-	-	6,826	6,792,387
Financial assets at fair value through profit or loss	824,503	1,501,833	6,023,031	4,878,149	1,548,046	53,974,635	68,750,197
Refundable deposits	498,287	-	-	-	-	9,747,175	10,245,462
Finance lease receivables	42,738	81,567	181,397	54,744	-	287,914	648,360
Receivable arising from sale-and-leaseback arrangements	40,632	191,437	585,513	851,140	-	84,524	1,753,246
Other non-current assets	-	-	-	-	-	179,228	179,228
Accounts receivable	-	-	-	-	-	1,939,085	1,939,085
Other receivables and prepayments	-	-	1,379	-	-	1,146,703	1,148,082
Margin accounts receivable	6,866,190	11,974,964	28,976,882	-	-	627,732	48,445,768
Derivative financial assets	-	-	-	-	-	547,338	547,338
Clearing settlement funds	403,315	-	-	-	-	-	403,315
Cash held on behalf of brokerage clients	49,248,328	1,740,000	11,050,000	-	-	95,937	62,134,265
Cash and bank balances	12,187,109	-	-	-	-	48,171	12,235,280
Total	76,489,946	16,204,647	49,921,167	18,801,844	1,993,402	69,605,269	233,016,275

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

	31 December 2021						Total
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest-bearing	
Financial liabilities							
Loans and borrowings	412,785	1,634,677	2,897,752	2,793,973	-	14,819	7,754,006
Short-term debt instruments issued	441,861	3,254,391	3,533,350	-	-	15,354	7,244,956
Placements from other financial institutions	11,455,000	1,344,524	856,848	-	-	36,043	13,692,415
Financial liabilities at fair value through profit or loss	-	-	-	-	-	342,425	342,425
Accounts payable to brokerage clients	44,840,409	-	-	-	-	25,383,591	70,224,000
Other payables and accruals	-	-	-	-	-	3,628,495	3,628,495
Financial assets sold under repurchase agreements	19,862,332	1,489	91	-	-	-	19,863,912
Derivative financial liabilities	-	-	-	-	-	512,046	512,046
Lease liabilities	21,119	29,526	198,427	402,467	59,353	-	710,892
Long-term bonds	2,999,847	-	8,096,696	35,930,692	-	799,468	47,826,703
Other non-current liabilities	-	-	-	-	-	51,173	51,173
Total	80,033,353	6,264,607	15,583,164	39,127,132	59,353	30,783,414	171,851,023
Net interest rate risk exposure	(3,543,407)	9,940,040	34,338,003	(20,325,288)	1,934,049	38,821,855	61,165,252

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

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

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

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

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(i) Interest rate risk (continued)

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	
	2021	2020
Move in yield curve		
- Up 25 basis points	(33,774)	(84,627)
- Down 25 basis points	34,195	85,576
	Sensitivity of equity	
	2021	2020
Move in yield curve		
- Up 25 basis points	(79,682)	(184,390)
- Down 25 basis points	80,488	187,800

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.

(All amounts expressed in RMB thousand unless otherwise specified)

64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

- (e) Market risk (continued)
- (ii) Currency risk

Foreign exchange risk refers to the risk of foreign currency business conducted by the Group due to changes in foreign exchange rates. Except for the assets and liabilities held in HKD by overseas subsidiaries of the Group, other foreign currency assets and liabilities are insignificant to the overall assets and liabilities. For foreign currency assets and liabilities that are not denominated in the functional currency, such as refundable deposits, accounts receivable, clearing settlement funds, and cash and bank balances., if there is a short-term imbalance, the Group will exchange foreign currencies at market exchange rates to ensure that the net risk exposure remains acceptable.

Sensitivity analysis

Assuming that all other risk variables except the exchange rate remain unchanged, the exchange rate changes of RMB against the USD, HKD and other currencies on December 31 will cause the RMB to appreciate by 10%, which will result in an increase/(decrease) in the equity and net profit of the Group details as following. This effect is converted into RMB and presented at the spot exchange rate at the end of the reporting date.

	Sensitivity of profit after tax	
	2021	2020
USD	(37,988)	12,212
HKD	116,020	86,804
Other currency	(18,878)	(30,279)
	Sensitivity of equity	
	2021	2020
USD	(37,988)	12,212
HKD	116,020	86,804
Other currency	(18,878)	(30,279)

On 31 December, assuming that other variables remain unchanged, changes in the exchange rate of RMB against the USD, HKD and other currencies depreciate the RMB by 10%, which will result in changes in the equity and net profit of the Group as shown in the above table. The amount is the same but in the opposite direction.

The above sensitivity analysis is based on the assumption that the exchange rate changes at the end of the reporting date, and the financial instruments held by the Group at the end of the reporting date that are exposed to exchange rate risks are remeasured at the exchange rate.

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64. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Market risk (continued)

(iii) Price risk

Price risk refers to the risk of fluctuations in market prices other than exchange rate risk and interest rate risk, regardless of whether these changes are caused by factors related to a single financial instrument or its issuer, or by all similarities with transactions in the market. Price risks can stem from changes in commodity prices, stock market indexes, equity instrument prices, and other risk variables.

The price risk faced by the Group mainly comes from the price fluctuation of financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income. Relevant financial assets mainly include equity, stock (including stock indices), funds and commodities, as well as financial derivatives such as swaps, futures and options linked to them. In addition to monitoring positions, transactions and profit and loss indicators, the Group conducts daily monitoring of price risk mainly through value-at-risk, sensitivity indicators, and stress testing indicators.

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

	Sensitivity of profit after tax	
	2021	2020
Increase by 10%	4,032,718	2,638,877
Decrease by 10%	(4,032,718)	(2,638,877)
	Sensitivity of equity	
	2021	2020
Increase by 10%	4,070,429	2,927,516
Decrease by 10%	(4,070,429)	(2,927,516)

(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 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.

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise specified)

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 2021			Total
	Level I	Level II	Level III	
Assets				
Financial assets at fair value through profit or loss				
– Debt securities	3,139,348	11,778,965	34,010	14,952,323
– Equity shares	3,166,461	728	1,901,166	5,068,355
– Funds	22,684,632	10,112,178	1,693,965	34,490,775
– Others	1,780,299	9,545,098	2,913,347	14,238,744
Debt investments at fair value through other comprehensive income				
– Debt securities	-	13,098,079	-	13,098,079
Equity investments designated at fair value through other comprehensive income				
– Equity securities	82,401	-	477,163	559,564
Derivative financial assets	19,571	389,608	138,159	547,338
Total	30,872,712	44,924,656	7,157,810	82,955,178
Liabilities				
Financial liabilities at fair value through profit or loss	-	342,425	-	342,425
Derivative financial liabilities	17,020	225,568	269,458	512,046
Total	17,020	567,993	269,458	854,471

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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65. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

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

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

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

(i) Financial instruments in Level I

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

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise specified)

65. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

(ii) Financial instruments in Level II

The fair values of financial instruments (financial assets/liabilities at fair value through profit or loss, and debt investments at fair value through other comprehensive income) are quoted by the valuation system of the relevant bond registration and settlement agency. The relevant quotation agencies used observable input values that reflect market conditions in the process of forming quotations.

The fair values of financial instruments (financial assets/liabilities at fair value through profit or loss, debt investments at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income and derivative instruments) that are not traded in an active market, the fair value of those instruments are determined by valuation techniques. Observable inputs required by valuation techniques include, but are not limited to, valuation parameters such as the yield curve, net asset value, and price-to-earnings ratio.

In 2021, the valuation technique used in the above-mentioned continuous Level II fair value measurement of the Group has not changed.

(iii) Valuation methods for specific investments

The Group has developed relevant procedures to determine appropriate valuation techniques and input values in the continuous Level III fair value measurement. The Group regularly reviews the relevant procedures and the suitability of fair value determination.

Financial assets/ liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Listed equity investments with disposal restrictions within a specific period	Option pricing model	Volatility	The higher the volatility, the lower the fair value
Equity securities, preference shares, unlisted equity investment	Market valuation approach	Discount for lack of marketability	The higher the discount, the lower the fair value
Trust products, bonds, asset management products and Wealth management products	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discount rate, the lower the fair value
Derivative assets	Option pricing model	Volatility	The higher the volatility, the higher the fair value
Derivative assets	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discount rate, the lower the fair value
Derivative liabilities	Option pricing model	Volatility	The higher the volatility, the higher the fair value

In 2021, the valuation technique used in the above-mentioned continuous Level III fair value measurement of the Group has not changed.

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

65. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

(iii) Valuation methods for specific investments (continued)

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

	Financial assets at fair value through profit or loss	Equity investments designated at fair value through other comprehensive income	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities
As at 31 December 2020	6,258,829	471,340	64,315	(1,301,326)	(304,379)
Gains/(losses) for the year	470,493	-	1,745	42,908	(17,248)
Changes in fair value recognised in other comprehensive income	-	36,789	-	-	-
Purchases or issues	10,925,133	-	96,734	-	(77,370)
Transfer in	13,788	23,018	-	-	-
Transfer out	(1,548,746)	(5,137)	-	285,679	-
Sales and settlements	(9,577,009)	(48,847)	(24,635)	972,739	129,539
As at 31 December 2021	6,542,488	477,163	138,159	-	(269,458)
Total profits/(losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	683,910	-	4,064	-	(12,457)

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise specified)

65. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

(iii) Valuation methods for specific investments (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level III of the fair value hierarchy (continued):

	Financial assets at fair value through profit or loss	Debt investments at fair value through other comprehensive income	Equity investments designated at fair value through other comprehensive income	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities
As at 31 December 2019	21,286,111	13,456	542,867	-	(405,952)	-
Gains/(losses) for the year	(1,398,396)	(27,921)	-	8,083	104,619	131
Changes in fair value recognised in other comprehensive income	-	16,544	9,075	-	-	-
Purchases or issues	21,592,180	-	56,280	56,232	(999,993)	(304,510)
Transfer in	13,881	-	-	-	-	-
Transfer out	(50,085)	-	(25,058)	-	-	-
Sales and settlements	(35,184,862)	(2,079)	(111,824)	-	-	-
As at 31 December 2020	6,258,829	-	471,340	64,315	(1,301,326)	(304,379)
Total profits/(losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	(1,408,677)	-	-	8,083	104,619	131

EVERBRIGHT SECURITIES COMPANY LIMITED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise specified)

65. FAIR VALUE INFORMATION (continued)

(c) Fair value of other financial instruments (carried at other than fair value)

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2021 and 2020 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 2021	31 December 2020
Financial assets		
- Financial assets measured at amortised cost	4,136,619	4,451,962
Financial liabilities		
- Long-term bonds	47,826,703	42,019,167

Fair value:

	31 December 2021			Total
	Level I	Level II	Level III	
Financial assets				
- Financial assets measured at amortised cost	-	4,223,406	1,473	4,224,879
Financial liabilities				
- Long-term bonds	-	48,280,514	-	48,280,514
	31 December 2020			Total
	Level I	Level II	Level III	
Financial assets				
- Financial assets measured at amortised cost	-	4,542,506	5,195	4,547,701
Financial liabilities				
- Long-term bonds	-	42,215,244	-	42,215,244

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 Financial Holdings Limited, wholly-owned subsidiaries of the Company. As at 31 December 2021, the balance of the above guarantees amounted to RMB5.247 billion.

During the reporting period, guarantees provided by controlling subsidiaries of the Company mainly included the loan guarantees and financing guarantees provided by Everbright Securities Financial Holdings Limited, and its subsidiaries to their subsidiaries for the business development of such companies. As at 31 December 2021, the balance of the above guarantees amounted to RMB1.681 billion.

EVERBRIGHT SECURITIES COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise specified)

67. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<u>31 December 2021</u>	<u>31 December 2020</u>
Non-current assets		
Property and equipment	698,797	729,918
Right-of-use assets	493,324	564,124
Other intangible assets	157,330	123,000
Investments in subsidiaries	8,608,690	8,608,690
Investments in associates and joint ventures	717,185	646,885
Financial assets measured at amortised cost	1,787,443	4,039,777
Debt investments at fair value through other comprehensive income:	11,675,724	12,330,427
Equity investments designated at fair value through other comprehensive income	472,668	499,135
Refundable deposits	1,226,605	1,056,351
Deferred tax assets	1,836,094	1,449,730
Other non-current assets	154,181	119,095
Total non-current assets	<u>27,828,041</u>	<u>30,167,132</u>
Current assets		
Accounts receivable	480,971	464,147
Other receivables and prepayments	1,642,208	1,860,820
Margin accounts receivable	43,970,593	41,096,756
Financial assets measured at amortised cost	2,191,558	263,541
Debt investments at fair value through other comprehensive income:	1,422,355	5,329,173
Equity investments designated at fair value through other comprehensive income	-	4,593,864
Financial assets held under resale agreements	6,622,623	5,190,126
Financial assets at fair value through profit or loss	60,220,934	50,185,206
Derivative financial assets	418,835	9,237
Clearing settlement funds	3,553,344	1,037,891
Cash held on behalf of brokerage clients	39,411,653	34,014,952
Cash and bank balances	4,381,650	10,925,416
Total current assets	<u>164,316,724</u>	<u>154,971,129</u>
Total assets	<u>192,144,765</u>	<u>185,138,261</u>

EVERBRIGHT SECURITIES COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

(All amounts expressed in RMB thousand unless otherwise specified)

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

	<u>31 December 2021</u>	<u>31 December 2020</u>
Current liabilities		
Short-term debt instruments	7,244,956	10,324,937
Placements from other financial institutions	13,692,415	17,722,781
Financial liabilities at fair value through profit or loss	-	1,007,372
Accounts payable to brokerage clients	38,445,307	33,088,840
Employee benefits payable	1,132,710	968,824
Other payables and accruals	3,276,118	3,689,208
Current tax liabilities	550,347	1,209,385
Financial assets sold under repurchase agreements	19,342,985	21,247,394
Derivative financial liabilities	349,209	71,774
Lease liabilities due within one year	141,548	163,598
Contract liabilities	25,075	31
Long-term bonds due within one year	11,896,011	16,742,339
Total current liabilities	<u>96,096,681</u>	<u>106,236,483</u>
Net current assets	<u>68,220,043</u>	<u>48,734,646</u>
Total assets less current liabilities	<u>96,048,084</u>	<u>78,901,778</u>
Non-current liabilities		
Long-term bonds	35,930,692	23,775,649
Lease liabilities	357,988	395,970
Other non-current liabilities	71	-
Total non-current liabilities	<u>36,288,751</u>	<u>24,171,619</u>
Net assets	<u>59,759,333</u>	<u>54,730,159</u>
Equity		
Share capital	4,610,788	4,610,788
Other equity instruments	4,999,057	2,000,000
Reserves	36,346,067	35,551,821
Retained profits	13,803,421	12,567,550
Total equity	<u>59,759,333</u>	<u>54,730,159</u>

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

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

	Share capital	Other equity instruments	Capital reserve	Reserves				Fair value reserve	Retained profits	Total
				Surplus reserves	General reserve					
As at 1 January 2021	4,610,788	2,000,000	25,138,971	3,441,295	6,761,624	209,931	12,567,550	54,730,159		
Profit for the year	-	-	-	-	-	-	3,072,704	3,072,704		
Other comprehensive income	-	-	-	-	-	(100,382)	-	(100,382)		
Total comprehensive income	-	-	-	-	-	(100,382)	3,072,704	2,972,322		
Issuance of the perpetual bonds	-	2,999,057	-	-	-	-	-	2,999,057		
Appropriation to surplus reserve	-	-	-	307,270	-	-	(307,270)	-		
Appropriation to general reserve	-	-	-	-	614,567	-	(614,567)	-		
Dividends approved in respect of the previous year	-	-	-	-	-	-	(728,505)	(728,505)		
Perpetual bond Interest	-	-	-	-	-	-	(213,700)	(213,700)		
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	-	(27,209)	27,209	-		
As at 31 December 2021	4,610,788	4,999,057	25,138,971	3,748,565	7,376,191	82,340	13,803,421	59,759,333		

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

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

	Share capital	Other equity instruments	Capital reserve	Reserves				Retained profits	Total
				Surplus reserves	General reserve	Fair value reserve			
As at 1 January 2020	4,610,788	-	25,138,971	2,971,443	5,821,920	151,439	9,446,259	48,140,820	
Profit for the year	-	-	-	-	-	-	4,698,523	4,698,523	
Other comprehensive income	-	-	-	-	-	61,415	-	61,415	
Total comprehensive income	-	-	-	-	-	61,415	4,698,523	4,759,938	
Issuance of the perpetual bonds	-	2,000,000	-	-	-	-	-	2,000,000	
Appropriation to surplus reserve	-	-	-	469,852	-	-	(469,852)	-	
Appropriation to general reserve	-	-	-	-	939,704	-	(939,704)	-	
Dividends approved in respect of the previous year	-	-	-	-	-	-	(170,599)	(170,599)	
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	-	(2,923)	2,923	-	
As at 31 December 2020	4,610,788	2,000,000	25,138,971	3,441,295	6,761,624	209,931	12,567,550	54,730,159	

(All amounts expressed in RMB thousand unless otherwise specified)

68. EVENTS AFTER THE REPORTING PERIOD

(a) Issuance of corporate bonds after the reporting period

On 21 February 2022, the Company publicly issued the first batch of perpetual subordinated bonds of Year 2022 amounting to RMB2 billion to professional investors, which has a term of 5 years and bears a coupon interest rate of 3.73%. The coupon interest rate remains unchanged for the first 5 interest accrual years which will be reset every 5 years from the 6th interest accrual year.

On 10 March 2022, the Company publicly issued the second batch of perpetual subordinated bonds of Year 2022 amounting to RMB1 billion to professional investors, which has a term of 5 years and bears a coupon interest rate of 4.08%. The coupon interest rate remains unchanged for the first 5 interest accrual years which will be reset every 5 years from the 6th interest accrual year.

On 22 March 2022, the Company publicly issued the third batch of perpetual subordinated bonds of Year 2022 amounting to RMB1.5 billion to professional investors, which has a term of 5 years and bears a coupon interest rate of 4.03%. The coupon interest rate remains unchanged for the first 5 interest accrual years which will be reset every 5 years from the 6th interest accrual year.

(b) Redemption of corporate bonds after the reporting period

On 22 January 2019, the Company issued the first batch of corporate bonds of Year 2019 amounting to RMB3 billion through non-public offering, which had a term of 3 years and bore a fixed interest rate of 3.88%. The redemption work of these bonds was completed on 24 January 2022, total principal and interest paid by the Company were RMB3 billion and RMB116 million, respectively.

(c) Dissolution of subsidiaries after the reporting period

Evershine Development Investment Holdings Limited, a subsidiary of Everbright Fortune Financial Leasing Co., Ltd., was dissolved on 21 January 2022.

SHK Alternative Managers Limited, a subsidiary of Everbright Securities Financial Holdings Limited, was dissolved on 4 January 2022; Grand Securities Company Limited, a subsidiary of Everbright Securities Financial Holdings Limited, announced the completion of liquidation on 18 February 2022.

(d) Profit distribution plan after the accounting period

On 24 March 2022, based on the total number of 4,610,787,639 ordinary shares of the Company, the board proposed to distribute cash dividend of RMB2.28 (tax inclusive) per 10 ordinary shares to all the shareholders, with a total amount of RMB1,051,260 thousand (2020: RMB728,505 thousand).

The proposal is subject to the approval by the shareholders at the next general meeting. The cash dividend is not recognised as a liability as at 31 December 2021.

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 24 March 2022.

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, 2021	Securities and Funds Institutions Regulatory Department of China Securities Regulatory Commission	Ji Gou Bu Han [2021] No. 1683	Reply on Matters in Relation to the Pilot Operation of the Fund Investment Consultancy Business of Everbright Securities Company Limited

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

Date	Issuing Authority	Document Number	Title
November 22, 2021	CSRC Shanghai Office	Hu Zheng Jian Jue [2021] No. 198	Decision on Imposing Regulatory Measures Ordering Everbright Futures Co., Ltd. Beijing Branch to Make Corrections
January 13, 2022	CSRC Shanghai Office	Hu Zheng Jian Jue [2022] No. 6	Decision on Imposing Measures Ordering Everbright Pramerica Fund Management Co., Ltd. to Make Corrections
January 19, 2022	CSRC Guangdong Office	Xing Zheng Jian Guan Cuo Shi Jue Ding Shu [2022] No. 9	Decision on Issuing Warning Letter to the Securities Brokerage Branch at Hongfu Road, Nancheng, Dongguan of Everbright Securities Company Limited

II. Classification of the Company by Relevant Regulatory Authority

In 2019, the Company was granted A rating in A class in the classified supervision and administration appraisal of securities companies.

In 2020, the Company was granted AA rating in A class in the classified supervision and administration appraisal of securities companies.

In 2021, the Company was granted AA rating in A class in the classified supervision and administration appraisal of securities companies.

III. Qualifications of Each of the Businesses of the Company and Its Majority-owned Subsidiaries

(I) Business qualifications of the Company

Approving Authority	Business Qualification
People's Bank of China	Qualification for proprietary trading business (Reply on the Establishment of Everbright Securities Limited, Yin Fu [1996] No. 81) Investment consultancy and financial advisory businesses (Reply on the Establishment of Everbright Securities Limited, Yin Fu [1996] No. 81) Underwriting of commercial papers (Notice of the People's Bank of China on Engaging in Underwriting of Commercial Papers by Everbright Securities Limited and Haitong Securities Co., Ltd., Yin Fa [2005] No. 173) Proprietary trading and leasing of gold (Notice on Delivery of Filing Materials, Yin Shi Huang Jin Bei [2015] No. 31) Member of the national inter-bank market (inter-bank lending and trading of bonds, spot bonds transactions and bond repurchase businesses) (Notice on Approving the Admission of Some Securities Companies into the National Inter-bank Market, Yin Ban Fa [1999] No. 147)

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Approving Authority	Business Qualification
CSRC and its branch offices	<p>Qualification for proxy sales of financial products (Hu Zheng Jian Ji Gou Zi [2012] No. 547)</p> <p>Qualification for proxy sales of open-ended securities investment funds (Zheng Jian Ji Jin Zi [2004] No. 49)</p> <p>Qualification for intermediary introduction for futures (Hu Zheng Jian Ji Gou Zi [2010] No. 121)</p> <p>Sponsor underwriting and merger and acquisition businesses</p> <p>Agency for spot precious metal (including gold) contracts and proprietary trading of spot gold contracts (Letter of No Objection on Carrying out the Businesses of Agency for Precious Metals (including Gold) Spot Contract and Proprietary Trading of Spot Gold Contract by Everbright Securities Company Limited, Ji Gou Bu Han [2015] No. 280)</p> <p>Qualification for equity securities returns swap business (Letter of No Objection on Engaging in Equity Securities Returns Swap Business by Everbright Securities Company Limited, Ji Gou Bu Bu Han [2013] No. 30)</p> <p>Market making for stock index options (Reply on Opinions of Everbright Securities Company Limited in Market Making for Stock Index Options, Ji Gou Bu Han [2019] No. 3065)</p> <p>Market making for stock options (Reply on Approving the Qualification of Everbright Securities Company Limited in Market Making for Stock Options, Zheng Jian Xu Ke [2015] No. 164)</p> <p>Qualification for margin financing and securities lending businesses (Zheng Jian Xu Ke [2010] No. 314)</p> <p>Securities transactions under repurchase agreements (pilot) (Ji Gou Bu Bu Han [2012] No. 459)</p> <p>Qualification for entrusted investment management (Reply on Approving the Qualification of Everbright Securities Limited in Entrusted Investment Management, Zheng Jian Ji Gou Zi [2002] No. 127)</p> <p>Carrying out of direct investment business (pilot) (Letter of No Objection on Carrying out Direct Investment Business by Everbright Securities Company Limited, Ji Gou Bu Bu Han [2008] No. 446)</p> <p>Notice on Supporting the Carrying out of Credit Derivatives by Securities Companies and Serving Private Enterprises in Bond Financing (Hu Zheng Jian Ji Gou Zi [2019] No. 41)</p> <p>Letter of No Objection on Carrying out Client Securities Capital Consumption Payment Services Business (Pilot) by Everbright Securities Company Limited (CSRC Ji Gou Bu Bu Han [2012] No. 560)</p> <p>Qualification for securities investment funds custodian business (Zheng Jian Xu Ke [2020] No. 1242)</p> <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>
Shanghai Stock Exchange	<p>Lead market maker of CSI 300ETF options of Shanghai Stock Exchange (Notice on Everbright Securities Company Limited in Carrying out Business as the Lead Market Maker of CSI 300ETF Options, Shang Zheng Han [2019] No. 2301)</p> <p>Lead market maker for SSE 50ETF options (Qualification for Lead Market Maker of SSE 50ETF Options, Shang Zheng Han [2016] No. 152)</p> <p>Qualification for participant of stock options transactions of Shanghai Stock Exchange (stock options brokerage, authority for proprietary trading business) (Notice on Everbright Securities Company Limited Becoming a Participant of Stock Options Transactions of Shanghai Stock Exchange, Shang Zheng Han [2015] No. 63)</p> <p>Qualifications for A-share trading unit transactions under Southbound Trading (Shang Zheng Han [2014] No. 650)</p> <p>Authority for securities transactions under repurchase agreements (Shang Zheng Hui Zi [2012] No. 176)</p> <p>Authority for collateralized stock repurchase transactions (Shang Zheng Hui Zi [2013] No. 67)</p>
Shenzhen Stock Exchange	<p>Lead market maker of CSI 300ETF options of Shenzhen Stock Exchange (Notice on Approving CITIC Securities and other Option Agencies to Become Market Maker of CSI 300ETF Options on Shenzhen Stock Exchange, Shen Zheng Hui [2019] No. 483)</p> <p>Authority for securities transactions under repurchase agreements (Shen Zheng Hui [2013] No. 15)</p> <p>Authority for collateralized stock repurchase transactions (Shen Zheng Hui [2013] No. 58)</p> <p>Financing for exercise of options under share options incentive schemes of listed companies (pilot) (Shen Zheng Han [2014] No. 320)</p> <p>Authority for transactions under Southbound Trading of Shenzhen – Hong Kong Stock Connect (Shen Zheng Hui [2016] No. 330)</p> <p>Dealer authority for stock option transactions on Shenzhen Stock Exchange (Shen Zheng Hui [2019] No. 470)</p>

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Approving Authority	Business Qualification
Other Institutions	<p>Market maker of CSI 300ETF stock index options of China Financial Futures Exchange (Notice on Announcing the List of Market Maker of CSI 300ETF Stock Index Options)</p> <p>Market making for National Equities Exchange and Quotations (Gu Zhuan Xi Tong Han [2014] No. 772)</p> <p>Filing as outsourcing services institution for private funds (Asset Management Association of China, Filing Number: A00037)</p> <p>Qualification for commercial paper transactions of Shanghai Commercial Paper Exchange (Piao Jiao Suo [2017] No. 9)</p> <p>Qualification for interbank gold bilateral transactions (Reply on Approving the Carrying out of Interbank Gold Bilateral Transactions by Everbright Securities Company Limited, Shang Jin Jiao Fa [2017] No. 68)</p> <p>Interest rate swaps</p> <p>Pooled settlement of and quotation for credit default swaps (Notice on Approval of Becoming a Member of the Group for Pooled Settlement of and Quotation for Credit Default Swaps)</p> <p>Margin refinancing (pilot) (Zhong Zheng Jin Han [2012] No. 124)</p> <p>Refinancing (pilot) (Zhong Zheng Jin Han [2012] No. 115)</p> <p>Securities lending refinancing (pilot) (Zhong Zheng Jin Han [2013] No. 45)</p> <p>Adjusting the credit limit of refinancing (Zhong Zheng Jin Han [2014] No. 278, Zhong Zheng Jin Han [2016] No. 28)</p> <p>Qualification for Agreed Reporting Refinancing Business on Sci-Tech Innovation Board (pilot) (Zhong Zheng Jin)</p> <p>Securities business foreign exchange operation license (foreign currency securities underwriting, foreign currency securities brokerage and foreign currency lending) (Notice of Approving Everbright Securities Company Limited Changing the Company Name Set out in Securities Business Foreign Exchange Operation License, Shanghai Hui Fu [2005] No. 72)</p> <p>Lead Underwriter for Debt Financing Instruments of Non-financial Enterprises (Announcement of National Association of Financial Market Institutional Investors, [2012] No. 19)</p> <p>Qualifications for Independently Conducting Lead Underwriting Business for Debt Financing Instruments of Non-financial Enterprises (Zhong Shi Xie Fa [2020] No. 170)</p> <p>Special membership qualification of Shanghai Gold Exchange: No. T009 (April 3, 2015)</p> <p>Qualification for recording military confidential business consultancy services in a secured and confidential condition (Certifying authority: State Administration of Science, Technology and Industry for National Defence, certificate number: 151912006)</p>

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Approving Authority	Business Qualification
China Securities Depository and Clearing Co., Ltd.	<p>Qualification for account opening agency</p> <p>Qualification for class A clearing participant (Zhong Guo Jie Suan Han Zi [2008] No. 12)</p> <p>Qualification for participation in multilateral net amount guarantee settlement (Zhong Guo Jie Suan Fa Zi [2014] No. 28)</p> <p>Qualification for digital certificate service agency</p> <p>Qualification for securities pledge registration agency</p> <p>Qualification for settlement of options (Zhong Guo Jie Suan Han Zi [2015] No. 28)</p> <p>Qualification for remote account opening for special institutions and products</p>
Interbank Market Clearing House Co., Ltd.	<p>Qualification for clearing of bond netting transactions of Shanghai Clearing House (Qing Suan Suo Hui Yuan Zhun Zi [2015] No. 049)</p> <p>Qualification for the central clearing business of standard bond forward transactions of Shanghai Clearing House (Qing Suan Suo Hui Yuan Zhun Zi [2015] No. 115)</p> <p>Notice on Matters regarding Participation in the Centralized Clearing Business of Credit Default Swap (2018 Bian Han No. 355)</p> <p>Key dealer of credit risk mitigation tool, December 21, 2018 http://www.nafmii.org.cn/zlgl/xyfx/jgzz/201907/t20190701_77368.html</p> <p>Creator of credit risk mitigation warrant, December 21, 2018 http://www.nafmii.org.cn/zlgl/xyfx/jgzz/201907/t20190701_77369.html</p> <p>Creator of credit-linked notes, December 21, 2018 http://www.nafmii.org.cn/zlgl/xyfx/jgzz/201907/t20190701_77370.html</p>
Beijing Stock Exchange	<p>Notice on Matters in Relation to Application for Membership of the Beijing Stock Exchange (Bei Zheng Ban Fa [2021] No. 7)</p>

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

(II) Business qualifications of majority-owned subsidiaries

Name of Majority-owned Subsidiary	Business Qualification
Everbright Asset Management	<p>License for Carrying out Securities and Futures Business in the People's Republic of China (serial number: 000000047217)</p> <p>License for qualified domestic institutional investor to carry out overseas securities investment and management business (Reply on Approving the Establishment of a Securities Management Subsidiary of Everbright Securities Company Limited) (Zheng Jian Xu Ke [2011] No. 1886)</p> <p>Entrusted insurance fund management http://www.gov.cn/gzdt/2012-10/12/content_2242366.htm</p>
Everbright Futures and its subsidiaries	<p>Commodity futures brokerage (CSRC)</p> <p>Financial futures brokerage (Zheng Jian Qi Huo Zi [2007] No. 297)</p> <p>Qualification for IB business (Hu Zheng Jian Qi Huo Zi [2010] No. 74)</p> <p>Futures investment consultancy (Zheng Jian Xu Ke [2011] No. 1770)</p> <p>Asset management (Zheng Jian Xu Ke [2012] No. 1499)</p> <p>Sales of publicly offered securities investment funds (Hu Zheng Jian Xu Ke [2017] No. 10)</p> <p>Qualification for the comprehensive settlement of financial futures (Zheng Jian Qi Huo Zi [2007] No. 298)</p> <p>Stock options (Shang Zheng Han [2015] No. 168 and Shen Zheng Han [2019] No. 721)</p> <p>Business qualifications of Everbright Photon: warehouse receipt service and pricing service (business name is now changed to OTC derivatives business), basis transaction (business name is now changed to basis trade) (China Futures Association Han Zi [2014] No. 364)</p> <p>Business qualifications of Everbright Photon: 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 (4th Batch of Members as Private Investment Fund Subsidiaries and Alternative Investment Subsidiaries of Securities Association of China)</p>
Everbright Pramerica	<p>License for Carrying out Securities and Futures Business in the People's Republic of China (serial number: 000000029148)</p> <p>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)</p> <p>Qualified domestic institutional investor (Reply on Approving the Carrying out of Overseas Securities Investment Management by Everbright Pramerica Fund Management Co., Ltd. as a Qualified Domestic Institutional Investor, Zheng Jian Xu Ke [2008] No. 1044)</p>
EBSHK	<p>Entrusted insurance fund management</p> <p>License for Carrying out Securities and Futures Business in the People's Republic of China (000000029442)</p>

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Name of Majority-owned Subsidiary		Business Qualification	
EBSHK	Everbright Securities Investment Services (HK) Limited	Type 1 regulated activity – Dealing in securities Type 4 regulated activity – Advising on securities Type 9 regulated activity – Asset management Exchange Participant China Connect Exchange Participant Options Trading Exchange Participant Direct Clearing Participant China Connect Clearing Participant Direct Clearing Participant Financial intermediary company under the regulation of the Monetary Authority of Macao	(SFC AAC153) The Stock Exchange Participant ID 01086 The Stock Exchange HKATS Code SHK SEOCH DCASS Code CSHK HKSCC Participant ID B01086 Monetary Authority of Macao
	CES Nominees (HK) Limited	Associated entity Trust and corporate service provider	(SFC AAS942) (The Hong Kong Companies Registry License Number TC002563)
	CES Commodities (HK) Limited	Type 2 regulated activity – Dealing in futures contracts General Clearing Participant Futures dealer	(SFC AAF237) HKCC DCASS Code CSHK HKFE HKATS Code SHK
	now renamed as CES Forex (HK) Limited	Type 3 regulated activity – Leveraged foreign exchange trading Money Service Operator	(SFC ACI995) (Hong Kong Customs and Excise Department, license number: 12-09-00833)
	Everbright Securities Digital Finance (HK) Limited	Type 1 regulated activity – Dealing in securities	(SFC AAC483)
	Everbright Securities Global (HK) Limited	Type 1 regulated activity – Dealing in securities Type 6 regulated activity – Advising on corporate finance	(SFC AAI430)
	Bright Fund Management Limited	Type 1 regulated activity – Dealing in securities Type 4 regulated activity – Advising on securities Type 9 regulated activity – Asset management	(SFC AAI432)
	China Everbright Securities (HK) Limited	Type 1 regulated activity – Dealing in securities Type 4 regulated activity – Advising on securities Type 6 regulated activity – Advising on corporate finance Type 9 regulated activity – Asset management Exchange Participant China Connect Exchange Participant China Connect Clearing Participant Direct Clearing Participant	(SFC AAW536) The Stock Exchange Participant ID 01355 HKSCC Participant ID B01355

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Name of Majority-owned Subsidiary	Business Qualification	
China Everbright Forex & Futures (HK) Limited	Type 2 regulated activity – Dealing in futures contracts	(SFC AEX690)
	Type 3 regulated activity – Leveraged foreign exchange trading	
	Clearing participant	HKCC DCASS Code CCEV
	Futures dealer	HKFE HKATS Code CEV
China Everbright Research Limited	Type 4 regulated activity – Advising on securities	(SFC AEH589)
China Everbright Capital Limited	Type 1 regulated activity – Dealing in securities Type 4 regulated activity – Advising on securities Type 6 regulated activity – Advising on corporate finance	(SFC ACE409)
China Everbright Securities Asset Management Limited	Type 1 regulated activity – Dealing in securities Type 4 regulated activity – Advising on securities Type 9 regulated activity – Asset management License for Carrying out Securities and Futures Business in the People's Republic of China (serial number: 000000029462)	(SFC AYE648)
CES Wealth Management (HK) Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance) Mandatory Provident Fund intermediary	(Hong Kong Insurance Authority FB1134)
		(Hong Kong Mandatory Provident Fund Schemes Authority IC000854)
CES Insurance Consultants (HK) Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance) Insurance brokerage business under the regulation of the Monetary Authority of Macao Mandatory Provident Fund intermediary	(Hong Kong Insurance Authority FB1019)
		(Monetary Authority of Macao 02/CRE) (Hong Kong Mandatory Provident Fund Schemes Authority IC000203)
China Everbright Wealth Management Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance)	(Hong Kong Insurance Authority FB1153)
CES Insurance Agency (HK) Limited	Insurance agency business	(Hong Kong Insurance Authority FA2265)
Bright Bullion Company Limited	Member of the Chinese Gold and Silver Exchange Society of Hong Kong approved to trade: – 99 Tael Gold – 999.9 Kilo Gold HKD – Loco London Gold – Loco London Silver	(The Chinese Gold and Silver Exchange Society of Hong Kong, license number: M950; membership number: 044)

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

Name of Majority-owned Subsidiary	Business Qualification	
Sun Hing Bullion Company Limited	Member of the Chinese Gold and Silver Exchange Society of Hong Kong approved to trade: – 99 Tael Gold – 999.9 Kilo Gold HKD	(The Chinese Gold and Silver Exchange Society of Hong Kong, license number: M949; membership number: 040)
Shun Loong Bullion Limited	Member of the Chinese Gold and Silver Exchange Society of Hong Kong approved to trade: – 99 Tael Gold – 999.9 Kilo Gold HKD	(The Chinese Gold and Silver Exchange Society of Hong Kong, license number: M951; membership number: 068)
Everbright Securities (UK) Company Limited	Dealing in securities; advising on securities; studying China’s macro policies, industry policies and A shares (through Everbright Securities, its subsidiary in Shanghai) and global depository receipt cross-border conversion institution in UK for the Shanghai-London Stock Connect program	(Registration Number of English corporate: 07106467, a member of London Stock Exchange and registered in UK Financial Conduct Authority – Ref. NO.: 524544 Chinese Depository Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and London Stock Exchange – Shang Zheng Han [2019] No. 2141)

APPENDIX INFORMATION DISCLOSURE OF SECURITIES COMPANIES

IV. 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. Zhejiang Branch	11-2, 11-3, Building No. 1, Greenland Center, No. 9 Shijun Road, Zhongma Street, Jiangbei District, Ningbo, Zhejiang, 315020	2010/7/1	Huang Qin	0574-83867085
Everbright Securities Co., Ltd. Shenzhen Branch	17A, 17B, New Enterprise Office Building A, No. 6011 Shennan Avenue, Tian'an Community, Shatou Street, Futian District, Shenzhen, Guangdong, 518030	2010/7/21	Wu Wenqu	0755-82960906
Everbright Securities Co., Ltd. Guangdong Branch	01B, 45F, Yuexiu Financial Building, No. 28, Zhujiang East Road, Tianhe District, Guangzhou, 510623	2010/7/21	Su Manlin	020-38036232
Everbright Securities Co., Ltd. Shenyang Branch	No. 169(301), Shiyiwei Road, Shenhe District, Shenyang, 110014	2011/7/21	Jiang Xun	024-22869766
Everbright Securities Co., Ltd. Shanghai Branch	10F, No. 1128 Century Avenue, China (Shanghai) Pilot Free Trade Zone, 200120	2011/7/25	Zhang Yuehua	021-58313335
Everbright Securities Co., Ltd. Nanjing Branch	Room 1101-1104, Building No. 4, No. 248 Lushan Road, Jianye District, Nanjing, Jiangsu, 210019	2011/8/3	Ni Tielian	025-52852258
Everbright Securities Co., Ltd. Beijing Branch	2nd Floor, East Side Building, Yuetan Building, No. 2 Yuetan North Street, Xicheng District, Beijing, 100045	2011/8/5	Li Xi	010-68081186
Everbright Securities Co., Ltd. Chongqing Branch	No. 108, Dapingzheng Street, Yuzhong District, Chongqing, 400042	2011/8/23	Zhou Guoping	023-68890806
Everbright Securities Co., Ltd. Dongguan Branch	No. 1701A, Yuefeng Building, No.2 Sanyuan Road, Nancheng Street, Dongguan, Guangdong, 523000	2016/6/27	Lin Yan'e	0769-22220682
Everbright Securities Co., Ltd. Wuhan Branch	20F, T2 Office Building, Changchenghui, No. 9 Zhongbei Road, Wuchang District, Wuhan, Hubei, 430071	2016/7/14	Zhang Youfu	027-87832666
Everbright Securities Co., Ltd. Shandong Branch	Floor A2, International Financial Center, No. 67 Hong Kong West Road, Shinan District, Qingdao, Shandong, 266071	2016/7/19	Ma Yan	0532-82020180
Everbright Securities Co., Ltd. Chengdu Branch	Unit 2, 3&4, 12F, Office Building No. 2, International Financial Square, No. 1 Hongxing Road 3rd section, Jinjiang District, Chengdu, Sichuan, 610021	2016/7/29	Wan Jiazhu	028-80582960

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. Xi'an Branch	12F, Building B, Wanzhong International, No. 1 Qujiangchi East Road, Xi'an, Shaanxi, 710061	2016/9/9	Deng Yibin	029-83218778
Everbright Securities Co., Ltd. Fujian Branch	Unit 05&06, 21F, Financial Center Building, No. 82 Zhanhong Road, Siming District, Xiamen, Fujian, 361021	2018/5/16	Wang Fei	0592-7797779

(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	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
2	Zhejiang Branch	Securities brokerage branch at Heyi Road, Ningbo	Shops 19-1 & 19-2, No.168 Heyi Road, Haishu District, Ningbo, Zhejiang, 315010	Zhejiang Province	0574-87342364
3	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	0574-87881840
4	Zhejiang Branch	Securities brokerage branch at Xiangshangang Road, Xiangshan County	3rd Floor, No. 501 Xiangshangang Road, Dandong Street, Xiangshan County, Zhejiang, 315700	Zhejiang Province	0574-65730271
5	Zhejiang Branch	Securities brokerage branch at Qixiang North Road, Ninghai	No. 289 Qixiang North Road, Yuelong Street, Ninghai County, Ningbo, Zhejiang, 315600	Zhejiang Province	0574-65567368
6	Zhejiang Branch	Securities brokerage branch at Xinqi, Beilun District, Ningbo	Room 104-107, 201-207, No. 560 Donghe Road, Beilun District, Ningbo, Zhejiang, 315800	Zhejiang Province	0574-86884305
7	Zhejiang Branch	Securities brokerage branch at Chengguan, Zhenhai, Ningbo	No. 85 Yanjiang West Road, Zhenhai District, Ningbo, Zhejiang, 315200	Zhejiang Province	0574-86261936
8	Zhejiang Branch	Securities brokerage branch at Sanbei West Street, Cixi	Floor 1-4, No. 201, Sanbei West Street, Cixi, Zhejiang, 315300	Zhejiang Province	0574-63898141
9	Zhejiang Branch	Securities brokerage branch at Yuesheng Road, Ningbo	Rooms 6-1, 2, 3, 4, 7, 8&9, Building 007, No. 359 Yuesheng Road, Ningbo, Zhejiang, 315000	Zhejiang Province	0574-87529633
10	Zhejiang Branch	Securities brokerage branch at Xiaowen Street, Ningbo	No. 2, Lane 29, Xiaowen Street, Haishu District, Ningbo, Zhejiang, 315010	Zhejiang Province	0574-87286008
11	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	0574-88516306
12	Zhejiang Branch	Securities brokerage branch at Yan'an Road, Hangzhou	Room 108 of Building A & 8th Floor of Building B, No. 484 Yan'an Road, Xiacheng District, Hangzhou, Zhejiang, 310009	Zhejiang Province	0571-87925544

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
13	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
14	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
15	Zhejiang Branch	Securities brokerage branch at Binhong Road, Jinhua	Floor 1-3, Kexin Building, (No. 959 Binhong Road), Wucheng District, Jinhua, Zhejiang, 321000	Zhejiang Province	0579-83189108
16	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	0574-62855128
17	Zhejiang Branch	Securities brokerage branch at Guanhaiwei, Cixi	No. 15-18, 19 & 21, Jinlong Building, Jinci Plastic, Guanhaiwei Town, Cixi, Zhejiang, 315300	Zhejiang Province	0574-63925020
18	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
19	Zhejiang Branch	Securities brokerage branch at Shifu Road, Wenzhou	Room 602, Tongrenhengjiu Building, Shifu Road, Lucheng District, Wenzhou, Zhejiang, 325000	Zhejiang Province	0577-88900399
20	Zhejiang Branch	Securities brokerage branch at Qianhu North Road, Ningbo	No. 946 Qianhu North Road, Yinzhou District, Ningbo, Zhejiang, 315000	Zhejiang Province	0574-88214062
21	Zhejiang Branch	Securities brokerage branch at Wansong East Road, Ruian	Level 2, No. 170 & Levels 1-2, No. 172 Wansong East Road, Anyang Street, Ruian, Wenzhou, Zhejiang, 325200	Zhejiang Province	0577-66875987
22	Zhejiang Branch	Securities brokerage branch at Guanhe South Road, Shengzhou	No. 369-101, Guanhe South Road, Sanjiang Street, Shengzhou, Shaoxing, Zhejiang, 312400	Zhejiang Province	0575-81391280
23	Zhejiang Branch	Securities brokerage branch at Baohua Street, Ningbo	No. 21, Baohua Street, Yinzhou District, Ningbo, Zhejiang, 315040	Zhejiang Province	0574-87953509
24	Zhejiang Branch	Securities brokerage branch at Shifu Avenue, Taizhou	Rooms 201 & 202-A, Urban Green Park, No.243 Shifu Avenue, Jiaojiang District, Taizhou, Zhejiang, 318000	Zhejiang Province	0576-88537978
25	Zhejiang Branch	Securities brokerage branch at Wenzong South Road, Haining	No.101 Wenzong South Road, Haining, Jiaxing, Zhejiang, 314400	Zhejiang Province	0573-87327799
26	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
27	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
28	Zhejiang Branch	Securities brokerage branch at Wangchong Road, Shangyu District, Shaoxing	No. 699 Wangchong Road, Baiguan Street, Shangyu District, Shaoxing, Zhejiang, 312300	Zhejiang Province	0575-82816290

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
29	Zhejiang Branch	Securities brokerage branch at Dengta Street, Lishui	Rooms 101 & 201, No. 129 Dengta Street, Liandu District, Lishui, Zhejiang, 323000	Zhejiang Province	0578-2518610
30	Zhejiang Branch	Securities brokerage branch at Feiyunjiang Road, Hangzhou	Room 2002, No. 3 Zanchengtaihe Plaza, Shangcheng District, Hangzhou, Zhejiang, 310008	Zhejiang Province	0571-87609799
31	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
32	Zhejiang Branch	Securities brokerage branch at, Tiaoxi West Road, Huzhou	No. 367 and 369 Tiaoxi West Road, Fucheng Commercial Building, Aishan Street, Wuxing District, Huzhou, Zhejiang, 313000	Zhejiang Province	0572-2795525
33	Zhejiang Branch	Securities brokerage branch at Baiyun Middle Avenue, Quzhou	No. 72 Baiyun Middle Avenue, Kecheng District, Quzhou, Zhejiang, 312400	Zhejiang Province	0570-8061888
34	Zhejiang Branch	Securities brokerage branch at Qingfeng South Road, Tongxiang	No. 79 Qingfeng South Road (South), Wutong Street, Tongxiang, Jiaxing, Zhejiang, 314599	Zhejiang Province	0573-88265669
35	Zhejiang Branch	Securities brokerage branch at Xuefeng West Road, Yiwu	No. 417 and 419 Xuefeng West Road, Beiyuan Street, Yiwu, Jinhua, Zhejiang, 321000	Zhejiang Province	0579-85018333
36	Zhejiang Branch	Securities brokerage branch at Xueyuan Road, Hangzhou	No. 131-1 Xueyuan Road, Xihu District, Hangzhou, Zhejiang, 310012	Zhejiang Province	0571-88017851
37	Shenzhen Branch	Securities brokerage branch at Shennan Avenue, Shenzhen	3rd Floor, Podium Building, Metropolis Sunshine Garden, No. 6017, Shennan Avenue, Futian District, Shenzhen, 518000	Guangdong Province	0755-88325233
38	Shenzhen Branch	Securities brokerage branch at Jintian Road, Shenzhen	Unit 08, 09b and Unit 2503, A02 Floor, Rongchao Economic and Trade Center, No. 4028 Jintian Road, Lianhua Street, Futian District, Shenzhen, 518038	Guangdong Province	0755-83774923
39	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
40	Shenzhen Branch	Securities brokerage branch at Guomao Avenue, Haikou	Level 1 & 2, Xianle Garden, No. 63 Guomao Avenue, Longhua District, Haikou, Hainan, 570125	Hainan Province	0898-68582018
41	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	0771-5305013
42	Shenzhen Branch	Securities brokerage branch at Haide Third Road, Shenzhen	Unit 04, Floor 05, China Resources Building, No. 2666 Keyuan South Road, Yuehai Street, Nanshan District, Shenzhen, 518054	Guangdong Province	0755-86055273

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
43	Shenzhen Branch	Securities brokerage branch at Longfu Road, Shenzhen	Unit 06.07, 5th Floor, Building A, Rongchaoyinglong Building, No. 5 Longfu Road, Longcheng Street, Longgang District, Shenzhen, 518172	Guangdong Province	0755-28370875
44	Shenzhen Branch	Securities brokerage branch at Renmin North Road, Longhua, Shenzhen	Area B, 1st Floor, Podium Building, Floor 1-3, Building 3 and 4, Yinquan Garden, Minzhi Office, Longhua New District, Shenzhen, 518000	Guangdong Province	0755-81483239
45	Shenzhen Branch	Securities brokerage branch at Xiangmihu Road, Shenzhen	17D, Building A, New Enterprise Office Building, No. 6011 Shennan Avenue, Tian'an Community, Shatou Street, Futian District, Shenzhen, 518042	Guangdong Province	0755-82523596
46	Shenzhen Branch	Securities brokerage branch at Heping Road, Shenzhen	Room 1005-1006, 10th Floor, Jintian Building, No. 1199 Heping Road, Nanhu Street, Luohu District, Shenzhen, 518000	Guangdong Province	0755-82295970
47	Shenzhen Branch	Securities brokerage branch at Haixiu Road, Shenzhen	Room 3-40, Building 2, Longguang Century Building, South to Xinghua Road, No.21 Haixiu Road, Xin'an Street, Baoan District, Shenzhen, 518100	Guangdong Province	0755-49568167
48	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
49	Shenzhen Branch	Securities brokerage branch at Keyuan Road, Shenzhen	No. 03A, 5th Floor, Oriental Science and Technology Building, No. 16 Keyuan Road, Nanshan District, Shenzhen, 518000	Guangdong Province	0755-86707407
50	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	0772-2128010
51	Shenzhen Branch	Securities brokerage branch at Menghai Avenue, Shenzhen	Room 2104, Building A, Zhuoyue Qianhaiyihao Building, No.5033 Menghai Avenue, Shenzhen-Hong Kong Cooperation Zone, Qianhai, Shenzhen, 518054	Guangdong Province	0755-86713730
52	Guangdong Branch	Securities brokerage branch at Zhujiang New Town, Guangzhou	Room 4501 (Unit 11-15), No. 28 Zhujiang East Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong, 510627	Guangdong Province	020-38883517
53	Guangdong Branch	Securities brokerage branch at Maidi Road, Huizhou	Maikete Building, No. 61 Maidi Road, Huicheng District, Huizhou, Guangdong, 516000	Guangdong Province	0752-2117213

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
54	Guangdong Branch	Securities brokerage branch at Zhongshan 2nd Road, Guangzhou	5th Floor, East Gate, No. 35 Zhongshan 2nd Road, Yuexiu District, Guangzhou, Guangdong, 510080	Guangdong Province	020-37631955
55	Guangdong Branch	Securities brokerage branch at Jihua 6th Road, Foshan	Room 07-11, 13th Floor, Building 1, No. 11 Jihua 6th Road, Chancheng District, Foshan, Guangdong, 528000	Guangdong Province	0757-83031628
56	Guangdong Branch	Securities brokerage branch at Guangzhou Avenue Middle, Guangzhou	Room 101, 201, and 207, Acquisition and Editing Building, No. 289 Guangzhou Avenue Middle, Yuexiu District, Guangzhou, Guangdong, 510699	Guangdong Province	020-86198353
57	Guangdong Branch	Securities brokerage branch at Huadi Avenue, Guangzhou	1st and 2nd floors of Building 5-6, Hongmianyuan North District, Liwan District, Guangzhou, Guangdong, 510370	Guangdong Province	020-81598177
58	Guangdong Branch	Securities brokerage branch at Fazhan Avenue, Jiangmen	4th Floor, 103, Building 1, No. 178 Fazhan Avenue, Pengjiang District, Jiangmen, Guangdong, 529000	Guangdong Province	0750-3166123
59	Guangdong Branch	Securities brokerage branch at Daliang, Shunde	3rd Floor, Zhengye Building, East Side of Youth Palace, No.101 Fengshan Middle Road, Daliang, Shunde District, Foshan, Guangdong, 528300	Guangdong Province	0757-22381378
60	Guangdong Branch	Securities brokerage branch at Pingshan, Huizhou	2nd and 3rd Floors, Building 4, Yijingwan, Xizhijiangpan, Pingshan Overseas Chinese Town, Huidong County, Huizhou, Guangdong, 516300	Guangdong Province	0752-8558329
61	Guangdong Branch	Securities brokerage branch at Renmin Avenue North, Zhanjiang	Shop No. 1, 1st Floor, Huahe International Hotel, No. 6, Renmin Avenue North, Development Zone, Zhanjiang, Guangdong, 524000	Guangdong Province	0759-2232083
62	Guangdong Branch	Securities brokerage branch at Lvjing Road, Foshan	2nd Floor, No. 22 Lvjing 3rd Road, Chancheng District, Foshan, Guangdong, 528000	Guangdong Province	0757-82733081
63	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	020-22169012
64	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, 528311	Guangdong Province	0757-29998118
65	Guangdong Branch	Securities brokerage branch at Huancheng East Road, Panyu, Guangzhou	1st and 2nd Floors, No. 153, Huancheng East Road, Shiqiao, Panyu District, Guangzhou, Guangdong, 511400	Guangdong Province	020-28641138

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
66	Guangdong Branch	Securities brokerage branch at Danshui, Huizhou	3rd Floor, Wanshun Building, Renmin 6th Road, Danshui Town, Huiyang District, Huizhou, Guangdong, 516211	Guangdong Province	0752-3725221
67	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
68	Guangdong Branch	Securities brokerage branch at Huashan Road, Shantou	2nd Floor, Binhai Building, No. 7 Huashan Road, Longhu District, Shantou, Guangdong, 515041	Guangdong Province	0754-88484400
69	Guangdong Branch	Securities brokerage branch at Jinyan Avenue, Meizhou	4D, 4th Floor, Baoying International Building, Jinyan Avenue, Sanjiao Town, Meijiang District, Meizhou, Guangdong, 514000	Guangdong Province	0753-2331968
70	Guangdong Branch	Securities brokerage branch at Haibin South Road, Zhuhai	Unit B, Basement 1st Floor, Everbright International Trade Center, No. 47 Haibin South Road, Jida, Xiangzhou District, Zhuhai, Guangdong, 519000	Guangdong Province	0756-6868289
71	Guangdong Branch	Securities brokerage branch at Xinghu Avenue North, Zhaoqing	A6-1, 3rd Floor of Street Shop, S1, Beihaiyi Peninsula, Xinghu Avenue, Duanzhou District, Zhaoqing, Guangdong, 526000	Guangdong Province	0758-2312023
72	Guangdong Branch	Securities brokerage branch at Country Garden, Beijiao, Shunde	1-4 of the 1st Floor, Xiyuanmingcuigu Convenience Store, Country Garden Neighborhood Committee, Beijiao Town, Shunde District, Foshan, Guangdong, 528311	Guangdong Province	0757-22381378
73	Guangdong Branch	Securities brokerage branch at Jiangnandadao Middle Road, Guangzhou	Room 318, No.168 Jiangnandadao Middle Road, Haizhu District, Guangzhou, Guangdong, 510240	Guangdong Province	020-89667701
74	Guangdong Branch	Securities brokerage branch at Yonghe East Road, Heyuan	No. 310-12, Yonghe East Road, Yuancheng District, Heyuan, Guangdong, 517000	Guangdong Province	0762-3124333
75	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	0750-22866916
76	Guangdong Branch	Securities brokerage branch at Nanzhuang, Foshan	Shop 106, No. 1, Lot "Zhufudaoutang" (Self-edited) of Jili Village Committee, Nanzhuang Town, Chancheng District, Foshan, Guangdong, 528000	Guangdong Province	0757-83552938
77	Guangdong Branch	Securities brokerage branch at Jingang Avenue, Nansha, Guangzhou	Rooms 805 & 806, No. 8 Jingang Avenue, Nansha Street, Nansha District, Guangzhou, Guangdong, 511458	Guangdong Province	020-84681849

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
78	Guangdong Branch	Securities brokerage branch at Jianshe North Road, Yunfu	2nd Floor, Jinshan Building, No. 5 Jianshe North Road, Yuncheng District, Yunfu, Guangdong, 523799	Guangdong Province	0766-8922828
79	Guangdong Branch	Securities brokerage branch at Pazhou, Guangzhou	Room 408, No. 26 Chenyue Road, Haizhu District, Guangzhou, Guangdong, 510000	Guangdong Province	020-31958990
80	Guangdong Branch	Securities brokerage branch at Longxi Avenue, Guangzhou	Room 1109, 11th Floor, No. 83 Huadi Avenue Middle, Liwan District, Guangzhou, Guangdong, 510000	Guangdong Province	020-81808809
81	Guangdong Branch	Securities brokerage branch at Qiguanxi Road, Zhongshan	2nd floor of Area 5 of the first floor of Xinghuijunting, No. 32 Qiguan West Road, Shiqi District, Zhongshan, Guangdong, 528400	Guangdong Province	0760-87112018
82	Guangdong Branch	Securities brokerage branch at Xincheng Road, Heshan, Jiangmen	3rd Unit of Room 1101, Hesui Building, No. 189 Xincheng Road, Shaping, Heshan, Jiangmen, Guangdong, 529700	Guangdong Province	0750-8202282
83	Guangdong Branch	Securities brokerage branch at, Yingbin Avenue, Huadu, Guangzhou	1F-03, Minggao Mall, No. 123, Yingbin Avenue, Xinhua Street, Huadu District, Guangzhou, Guangdong, 510801	Guangdong Province	020-36823338
84	Guangdong Branch	Securities brokerage branch at Xiyue South Road, Maoming	Shop 55, 1st Floor, Yard 15, No. 123, Xiyue South Road, Maonan District, Maoming, Guangdong, 525000	Guangdong Province	0668-2156555
85	Guangdong Branch	Securities brokerage branch at Liyuan Road, Xinxing, Yunfu	1st Floor, Shops 17 & 18, Level 1, Building 3, Hupan Huayuan, No. 4 Liyuan Road, Xincheng Town, Xinxing County, Yunfu, Guangdong, 527400	Guangdong Province	0766-2223668
86	Guangdong Branch	Securities brokerage branch at Tianhe North Road, Guangzhou	Room 2706, No. 689 Tianhe North Road, Tianhe District, Guangzhou, Guangdong, 510620	Guangdong Province	020-38883517
87	Shenyang Branch	Securities brokerage branch at Shiyiwei Road, Shenyang	No.169 Shiyiwei Road, Shenhe District, Shenyang, Liaoning, 110014	Liaoning Province	024-23283156
88	Shenyang Branch	Securities brokerage branch at Jingwei'erdao Street, Harbin	No. 22 Jingwei'erdao Street, Daoli District, Harbin, Heilongjiang, 150010	Heilongjiang Province	0451-87655608
89	Shenyang Branch	Securities brokerage branch at Longhua Road, Qiqihar	No. 136 Longhua Road, Qiqihar, Heilongjiang, 161000	Heilongjiang Province	0452-6150777
90	Shenyang Branch	Securities brokerage branch at Jiefang Road, Changchun	3rd Floor, Everbright Building, No. 2677 Jiefang Road, Changchun, Jilin, 130021	Jilin Province	0431-88400506
91	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	0459-8178818
92	Shenyang Branch	Securities brokerage branch at Dongxing Road, Heihe	No. 2, Dongxing Road, Aihui District, Heihe, Heilongjiang, 164300	Heilongjiang Province	0456-6107000
93	Shenyang Branch	Securities brokerage branch at Wuwu Road, Dalian	6th Floor, No. 47 Wuwu Road, Zhongshan District, Dalian, Liaoning, 116001	Liaoning Province	0411-39852303

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
94	Shenyang Branch	Securities brokerage branch at Jinshan Street, Dandong	No. 96-6 Jinshan Street, Yuanbao District, Dandong, Liaoning, 118000	Liaoning Province	0415-2831818
95	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
96	Shenyang Branch	Securities brokerage branch at Xincheng Road, Fushun	No. 36 Fushuncheng Street, Shuncheng District, Fushun, Liaoning, 113000	Liaoning Province	024-53986116
97	Shanghai Branch	Securities brokerage branch at Huaihai Middle Road, Shanghai	31st Floor, No. 1045 Huaihai Middle Road, Xuhui District, Shanghai, 200031	Shanghai	021-64727070
98	Shanghai Branch	Securities brokerage branch at Century Avenue, Shanghai	Floors 1 to 2 of East Section, No. 1118 Century Avenue, Pudong New Area, Shanghai, 200120	Shanghai	021-20235708
99	Shanghai Branch	Securities brokerage branch at Zhongxing Road, Shanghai	No. 1103 Zhongxing Road, Zhabei District, Shanghai, 200070	Shanghai	021-56313344
100	Shanghai Branch	Securities brokerage branch at Dong'an Road, Shanghai	Room 902, No.562 Dong'an Road, Xuhui District, Shanghai, 200032	Shanghai	021-33633259
101	Shanghai Branch	Securities brokerage branch at Xianxia Road, Shanghai	Rooms 108 & 301, No. 333 Xianxia Road, Changning District, Shanghai, 200336	Shanghai	021-32522201
102	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
103	Shanghai Branch	Securities brokerage branch at Zhangyang Road, Shanghai	2nd Floor, No. 1233 Zhangyang Road, Pudong New Area, Shanghai, 200120	Shanghai	021-58778388
104	Shanghai Branch	Securities brokerage branch at Xizang Middle Road, Shanghai	Room A, 12th Floor, New Jinqiao Plaza, No. 585 Xizang Middle Road, Huangpu District, Shanghai, 200003	Shanghai	021-53082921
105	Shanghai Branch	Securities brokerage branch at Huahe Road, Baoshan, Shanghai	No. 280 Huahe Road, Baoshan District, Shanghai, 200436	Shanghai	021-36527888
106	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
107	Shanghai Branch	Securities brokerage branch at Fangdian Road, Shanghai	Room 01, No. 1388 Fangdian Road, Pudong New Area, Shanghai, 201204	Shanghai	021-26120950
108	Shanghai Branch	Securities brokerage branch at Tacheng Road, Shanghai	2nd Floor, Building 3, No. 885 Tacheng Road, Jiading District, Shanghai, 201800	Shanghai	021-69977168
109	Shanghai Branch	Securities brokerage branch at Xinzha Road, Shanghai	Room 111.112.113, 1st Floor, No.1518 Xinzha Road, Jing'an District, Shanghai, 200040	Shanghai	021-60191918

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
110	Shanghai Branch	Securities brokerage branch at Renmin South Road, 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	021-57197322
111	Shanghai Branch	Securities brokerage branch at Weiqing West Road, Shanghai	Floor 1-2, No.711 Weiqing West Road, Jinshan District, Shanghai, 200540	Shanghai	021-33691852
112	Shanghai Branch	Securities brokerage branch at Mudanjiang Road, Shanghai	Rooms 1503 & 1504, No. 1248 Mudanjiang Road, Baoshan District, Shanghai, 200940	Shanghai	021-66593811
113	Shanghai Branch	Securities brokerage branch at Eshan Road, Shanghai	A-1, 1st Floor, Weitai Building, No. 58, Lane 91, Eshan Road, China (Shanghai) Pilot Free Trade Zone, 201200	Shanghai	021-60871009
114	Shanghai Branch	Securities brokerage branch at Hongbaoshi Road, Shanghai	Room 02, 19th Floor, Building 1, No.500 Hongbaoshi Road, Changning District, Shanghai, 201103	Shanghai	021-52555002
115	Shanghai Branch	Securities brokerage branch at Jinke Road, Shanghai	Room 112, No. 2891 Jinke Road, Pudong New Area, Shanghai, 201206	Shanghai	021-58950537
116	Shanghai Branch	Securities brokerage branch at Dongdaming Road, Shanghai	Unit C, 22/F, No. 1158 Dongdaming Road, Hongkou District, Shanghai, 200082	Shanghai	021-65051026
117	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
118	Nanjing Branch	Securities brokerage branch at Zhongxin Road, Danyang	No. 5 Zhongxin Road, Danyang, Jiangsu, 212300	Jiangsu Province	0511-86571128
119	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	0512-62986800
120	Nanjing Branch	Securities brokerage branch at Guangzhou Road, Nanjing	Rooms 1101 and 1102, No. 2 Guangzhou Road, Gulou District, Nanjing, Jiangsu, 210008	Jiangsu Province	025-83196985
121	Nanjing Branch	Securities brokerage branch at Taiping South Road, Nanjing	Room 606, Fenghuangherui Building, No.389 Taiping South Road, Qinhuai District, Nanjing, Jiangsu, 210002	Jiangsu Province	025-84578511
122	Nanjing Branch	Securities brokerage branch at Dongfang Road, Danyang	Shops 14 & 15, Area A, Newspaper Building, Danyang, Jiangsu, 212300	Jiangsu Province	0511-86950029
123	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
124	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
125	Nanjing Branch	Securities brokerage branch at Nanhai Road, Haimen	Room 22111, 1st Floor, Building 2, No. 1399 Nanhai Road, Haimen Street, Haimen District, Nantong, Jiangsu, 226100	Jiangsu Province	0513-81203128

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
126	Nanjing Branch	Securities brokerage branch at Jinshui'an, Changzhou	No. 1-23, 24 & 25, Juning Jinshui'an, Diaojiao Road, Tianning District, Changzhou, Jiangsu, 213161	Jiangsu Province	0519-81081203
127	Nanjing Branch	Securities brokerage branch at Wenchang West Road, Yangzhou	No. 221 Wenchang West Road, Yangzhou, Jiangsu, 225009	Jiangsu Province	0514-87912288
128	Nanjing Branch	Securities brokerage branch at Jiefang South Road, Yancheng	Rooms 105 & 106, Building 1, Nanmenhuafu, No. 15 Jiefang South Road, Tinghu District, Yancheng, Jiangsu, 224001	Jiangsu Province	0515-89885599
129	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	0527-82280018
130	Nanjing Branch	Securities brokerage branch at Jiyang Road, Jiangyin	1st and 5th Floors, No. 20, Jiyang Road, Jiangyin, Jiangsu, 214400	Jiangsu Province	0510-86837801
131	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	0510-85617707
132	Nanjing Branch	Securities brokerage branch at Gongnong Road, Nantong	2nd Floor, No. 131 Gongnong Road, Nantong, Jiangsu, 226001	Jiangsu Province	0513-81203128
133	Nanjing Branch	Securities brokerage branch at Zhongshan Road, Wuxi	No. 163 Zhongshan Road, Liangxi District, Wuxi, Jiangsu, 214000	Jiangsu Province	0510-82728750
134	Nanjing Branch	Securities brokerage branch at Jiubin South Road, Yixing	No. 100, Jiubin South Road, Yixing, Jiangsu, 214200	Jiangsu Province	0510-80708893
135	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
136	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	0512-56307782
137	Nanjing Branch	Securities brokerage branch at Zhujiang East Road, Changshu	No. 93-6, 7 Zhujiang East Road, Yushan Town, Changshu, Jiangsu, 215500	Jiangsu Province	0512-52977750
138	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	0517-83505006
139	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
140	Nanjing Branch	Securities brokerage branch at Taiping Road, Taicang	108, Building 6, Yijing South Garden, No. 1, Kangfu Road, Taiping South Road, Taicang, Jiangsu, 215400	Jiangsu Province	0512-53452888

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
141	Nanjing Branch	Securities brokerage branch at Lushan Road, Nanjing	Room 407, Building 3, Jiaye International, No.158 Lushan Road, Jianye District, Nanjing, Jiangsu, 210019	Jiangsu Province	025-86555863
142	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
143	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, Jiangsu, 215200	Jiangsu Province	0512-63969692
144	Nanjing Branch	Securities brokerage branch at Dongfeng North Road, Taizhou	No.1-1039 Dongfeng North Road, Hailing District, Taizhou, Jiangsu, 225300	Jiangsu Province	0523-86862688
145	Nanjing Branch	Securities brokerage branch at Shengtai Road, Nanjing	(Part of) Room 301, Huijinqilin Building, No. 6 Shengtai Road, Moling Street, Jiangning District, Nanjing, Jiangsu, 211106	Jiangsu Province	025-86167221
146	Beijing Branch	Securities brokerage branch at Yuetan North Road, Beijing	3rd Floor, East Side Building, Yuetan Building, No. 2 Yuetan North Street, Xicheng District, Beijing, 100045	Beijing	010-68081268
147	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
148	Beijing Branch	Securities brokerage branch at Dongzhong Road, Beijing	2nd Floor, Building B, Donghuan Plaza, No. 29 Dongzhong Street, Dongcheng District, Beijing, 100027	Beijing	010-64182866
149	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
150	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
151	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	010-83067048
152	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
153	Beijing Branch	Securities brokerage branch at Sanyuanqiao, Beijing	Unit 307, 3rd Floor, Block B, Building 1, No. 18 Xiaguangli, Dongsanhuan North Road, Chaoyang District, Beijing, 100027	Beijing	010-64710873
154	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,050000	Hebei Province	0311-68019169

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
155	Beijing Branch	Securities brokerage branch at Beijing Headquarters Base	Room 410, Floor 4, Floor 1-5(501), Building 5, Yard 26, Waihuan West Road, Fengtai District, Beijing, 100070	Beijing	010-63780182
156	Beijing Branch	Securities brokerage branch at Sijiqing, Beijing	201-202A, Area B, 2nd Floor, No. 14 Tonghui Road, Haidian District, Beijing, 100195	Beijing	010-60561800
157	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
158	Beijing Branch	Securities brokerage branch at Daxing, Beijing	Room 101, Building 2, Yard 19 and No. 19 Jinxing West Road, Daxing District, Beijing, 102600	Beijing	010-53221989
159	Beijing Branch	Securities brokerage branch at Yonganli, Beijing	1604, 13th Floor, Building 1, Yard A3, Yongandongli, Chaoyang District, Beijing, 100022	Beijing	010-58793155
160	Beijing Branch	Securities brokerage branch at Xizhimen, Beijing	8C12, 8th Floor, Building 2, Yard 1, Xizhimenwai Street, Xicheng District, Beijing, 100044	Beijing	010-58302858
161	Chongqing Branch	Securities brokerage branch at Renmin Middle Road, Kunming	No. 26 Renmin Middle Road, Wuhua District, Kunming, Yunnan, 650000	Yunnan Province	0871-63183887
162	Chongqing Branch	Securities brokerage branch at Dapingzheng Street, Chongqing	Floors 2 & 3, Tianhai Building, No. 108 Dapingzheng Street, Yuzhong District, Chongqing, 400042	Chongqing	023-68710313
163	Chongqing Branch	Securities brokerage branch at Yongchuan, Chongqing	3D-1 and 3D-3, Building 3, No. 918, Middle Section, Yuxi Avenue, Yongchuan District, Chongqing, 402160	Chongqing	023-49810047
164	Chongqing Branch	Securities brokerage branch at Lijiatuo, Chongqing	No. 5, Mawangpingzheng Street, Lijiatuo, Banan District, Chongqing, 400054	Chongqing	023-62861758
165	Chongqing Branch	Securities brokerage branch at Caifu Avenue, Chongqing	10-1, 10-2 & 10-3, No. 2 Caifu Avenue, Yubei District, Chongqing, 401120	Chongqing	023-66294189
166	Chongqing Branch	Securities brokerage branch at Minquan Road, Chongqing	6th Floor, Unit 1, Hejingjurong Plaza, No. 58 Minquan Road, Yuzhong District, Chongqing, 400010	Chongqing	023-63719100
167	Chongqing Branch	Securities brokerage branch at Minzhu Road, Zunyi	6th Floor, Textile Building, No. 2 Minzhu Road, Honghuagang District, Zunyi, Guizhou, 563000	Guizhou Province	0851-27567998
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	0874-3133116
169	Chongqing Branch	Securities brokerage branch at Beixia West Road, Chongqing	2-2, No. 15 Beixia West Road, Beibei District, Chongqing, 400700	Chongqing	023-60306611
170	Chongqing Branch	Securities brokerage branch at Jinchang Road, Chongqing	1-2, Building 28, No. 7 Jinchang Road, New North Zone, Chongqing, 401122	Chongqing	023-63215725

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
171	Chongqing Branch	Securities brokerage branch at Xintian Avenue, Guiyang	Room C, 9th Floor, Yonglixingzuo, No.188, South Section, Xintian Avenue, Yunyan District, Guiyang, Guizhou, 550004	Guizhou Province	0851-83852751
172	Dongguan Branch	Securities brokerage branch at Hongfu Road, Nancheng, Dongguan	Rooms 30001 and 30002, Unit 2, Building 4, No. 200 Hongfu Road, Nancheng Street, Dongguan, Guangdong, 523000	Guangdong Province	0769-22220278
173	Dongguan Branch	Securities brokerage branch at Shilong, Dongguan	2nd Floor, Shop No. 5 and Shop No. 1-9, Phase 4, Haoxingyiyuan, Xincheng District, Shilong Town, Dongguan, Guangdong, 523320	Guangdong Province	0769-86600816
174	Dongguan Branch	Securities brokerage branch at Shida Road, Liaobu, Dongguan	411, Yinji Building, Shida Road, Liaobu, Dongguan, Guangdong	Guangdong Province	0769-83325878
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	0769-85995022
176	Dongguan Branch	Securities brokerage branch at Sanyuan Road, Dongguan	Room 1701B, Yuefeng Building, No. 2 Sanyuan Road, Nancheng Street, Dongguan, Guangdong, 523000	Guangdong Province	0769-28630008
177	Dongguan Branch	Securities brokerage branch at Changfu West Road, Dalang Town, Dongguan	Room 1610, 1611, 1612 & 1613, Building 1, No. 268 Changfu West Road, Qiufu Road, Dalang Town, Dongguan, Guangdong, 523770	Guangdong Province	0769-81238662
178	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	0769-22220796
179	Dongguan Branch	Securities brokerage branch at Xuexing Road, Dongguan	Room 1030, No. 76 Xuexing Road, Dongcheng Street, Dongguan, Guangdong, 523106	Guangdong Province	0769-21681165
180	Dongguan Branch	Securities brokerage branch at Zongbu 2nd Road, Songshan Lake, Dongguan	Room 103, Block 1, Building 1, District 1, Everbright Digital Home, No. 2 Zongbu 2nd Road, Songshan Lake High-tech Industrial Development Zone, Dongguan, Guangdong, 523000	Guangdong Province	0769-22897922
181	Dongguan Branch	Securities brokerage branch at Changping Avenue, Dongguan	2nd Floor, Building 1, Lianguan Plaza, Changping Avenue, Changping Town, Dongguan, Guangdong, 523560	Guangdong Province	0769-83335253
182	Dongguan Branch	Securities brokerage branch at Binhai Avenue, Humen, Dongguan	Room 202, No. 57 Humen Section, Binhai Avenue, Humen Town, Dongguan, Guangdong, 523900	Guangdong Province	0769-82881128
183	Dongguan Branch	Securities brokerage branch at Dezheng Middle Road, Chang'an Town, Dongguan	Room 113, No.222 Dezheng Middle Road, Chang'an Town, Dongguan, Guangdong, 523852	Guangdong Province	0769-22189286

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	Wuhan Branch	Securities brokerage branch at Furong Middle Road, Changsha	(13th Floor, News Building) No. 469, Section 1, Furong Middle Road, Kaifu District, Changsha, Hunan, 410005	Hunan Province	0731-88099717
185	Wuhan Branch	Securities brokerage branch at Ziyang Road, Wuhan	No. 133 Shouyi Road, Wuchang District, Wuhan, Hubei, 430064	Hubei Province	027-88060350
186	Wuhan Branch	Securities brokerage branch at Xinhua Road, Wuhan	1st Floor, Meilin Mansion, No. 485 Xinhua Road, Jiangnan District, Wuhan, Hubei, 430021	Hubei Province	027-85784820
187	Wuhan Branch	Securities brokerage branch at Renmin Middle Road, Changsha	12th Floor, No.218 Renmin Middle Road, Yuhua District, Changsha, Hunan, 410007	Hunan Province	0731-88658865
188	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
189	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, Hubei (Wuhan Area of the Hubei Pilot FTZ), 430070	Hubei Province	027-63499266
190	Wuhan Branch	Securities brokerage branch at Mochou Avenue, Zhongxiang	No. 66 Mochou Avenue, Zhongxiang, Jingmen, Hubei, 431900	Hubei Province	0724-4267130
191	Wuhan Branch	Securities brokerage branch at Beijing North Road, Shiyan	No. 35-40, 11th Floor, Building A, Wanda Plaza, No. 95 Beijing North Road, Hanjiang Street Office, Zhangwan District, Shiyan, Hubei, 442000	Hubei Province	0719-8682608
192	Wuhan Branch	Securities brokerage branch at Tanxi Road, Xiangyang	Room 3 and 5, 6th Floor, Unit 1, Building 1, Mingyuan, District A of Shanshuitanxi, Tanxi Road, Xiangcheng District, Xiangyang, Hubei, 441000	Hubei Province	0710-3516580
193	Shandong Branch	Securities brokerage branch at Jinshui Road, Zhengzhou	No. 1 of No. 125 Jinshui Road, Jinshui District, Zhengzhou, Henan, 450003	Henan Province	0371-66762911
194	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
195	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, Shandong, 250016	Shandong Province	0531-66599161

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
196	Shandong Branch	Securities brokerage branch at Jinhua Street, Yantai	Rooms 2808-2811 & 2820, Block B, Wanda Financial Center, No. 1 Jinhua Street, Zhifu District, Yantai, Shandong, 264001	Shandong Province	0535-6632666
197	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
198	Shandong Branch	Securities brokerage branch at Wanfu Road, Laiwu	No. 1 Wanfu North Road, Laicheng District, Laiwu, Shandong, 271100	Shandong Province	0634-5626686
199	Shandong Branch	Securities brokerage branch at Tongan Road, Qingdao	Room 1101, Building 1, Rongbai Fortune Building, No.886 Tongan Road, Laoshan District, Qingdao, Shandong, 266000	Shandong Province	0532-88911189
200	Shandong Branch	Securities brokerage branch at Pingan Avenue, Zhengzhou	No. 005, 2nd Floor, E District, Incubator Building, Creative Garden, Northwest Corner of the Intersection of East Road of Longzihu Middle Road and Pingan Avenue, Zhengdong New District, Zhengzhou, Henan, 450046	Henan Province	0371-88928998
201	Shandong Branch	Securities brokerage branch at Liuquan Road, Zibo	1st Floor, No.272 Liuquan Road, Hightech Zone, Zibo, Shandong, 255000	Shandong Province	0533-3577288
202	Shandong Branch	Securities brokerage branch at Dongchang West Road, Liaocheng	Shop 8, Building 1, Shuicheng Jiayuan Community, No. 113 Dongchang West Road, Dongchangfu District, Liaocheng, Shandong, 252000	Shandong Province	0635-2180599
203	Shandong Branch	Securities brokerage branch at Haibin North Road, Weihai	302, No. 98 Haibin North Road, Zhudao Street, Huancui District, Weihai, Shandong, 264200	Shandong Province	0631-5305659
204	Shandong Branch	Securities brokerage branch at Dongfeng East Street, Weifang	Rooms 2105, 2106 & 2109, Complex 2, Shenghuayuan Community, No. 5922 Dongfeng East Street, Beihai Community, Xincheng Street, Hi-Tech Industrial Development Zone, Weifang, Shandong, 261000	Shandong Province	0536-8795525
205	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	0531-82399766
206	Shandong Branch	Securities brokerage branch at Zhoushan Road, Luoyang	4th Floor, Zhongtai Mansion, Zhoushan Road, Jianxi District, Luoyang, Henan, 471003	Henan Province	0379-60672166
207	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

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
208	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
209	Chengdu Branch	Securities brokerage branch at Hongxing Road, Chengdu	No. 70, Section 2, Hongxing Road, Jinjiang District, Chengdu, Sichuan, 610020	Sichuan Province	028-82007711
210	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	0832-2182758
211	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	0832-8239407
212	Chengdu Branch	Securities brokerage branch at Chunxi Road, Chengdu	No. 1205, Office Building 2, International Finance Square, No. 1, Section 3, Hongxing Road, Jinjiang District, Chengdu, Sichuan, 610020	Sichuan Province	028-86702468
213	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
214	Chengdu Branch	Securities brokerage branch at Baituba Road, Nanchong	Shops 201, 202, 203, 204, 205 & 206, 2nd Floor, Building 5, Junhuishangpin, No. 308 Baituba Road, Shunqing District, Nanchong, Sichuan, 637000	Sichuan Province	0817-2163333
215	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
216	Chengdu Branch	Securities brokerage branch at Jin'an Avenue, Guang'an	No. 201 and 202, No. 46, Section 1, Jin'an Avenue, Guang'an District, Guang'an, Sichuan, 638000	Sichuan Province	0826-8089996
217	Chengdu Branch	Securities brokerage branch at Dangui Street, Zigong	2nd Floor, Yingxiang Commercial Building, Group 37, Dangui Street Neighborhood Committee, Ziliujing District, Zigong, Sichuan, 643002	Sichuan Province	0813-8111555
218	Chengdu Branch	Securities brokerage branch at Hongxing Road, Meishan	Room 301, 3rd Floor, Building 14, District 10, Rose Garden, No.167, Section 2, Hongxing East Road, Dongpo District, Meishan, Sichuan, 620010	Sichuan Province	028-38288368
219	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

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
220	Chengdu Branch	Securities brokerage branch at Chongwen Road, Yibin	No. 2-6, Chongwen Road, Xuzhou District, Yibin, Sichuan, 644600	Sichuan Province	0831-8030086
221	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
222	Xi'an Branch	Securities brokerage branch at Minzhu Road, Urumqi	No. 137, Minzhu Road, Tianshan District, Urumqi, Xinjiang Uygur Autonomous Region, 830002	Xinjiang Uygur Autonomous Region	0991-6298798
223	Xi'an Branch	Securities brokerage branch at Wusi Street, Xining	No.48, Wusi Street, Chengxi District, Xining, Qinghai, 810001	Qinghai Province	0971-8018836
224	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	0971-8018836
225	Xi'an Branch	Securities brokerage branch at Jiefang Road, Taiyuan	No. 139 Jiefang Road, Xinghualing District, Taiyuan, Shanxi, 030002	Shanxi Province	0351-3038666
226	Xi'an Branch	Securities brokerage branch at Jianguo Street, Xining	No. 26 Jianguo Street, Chengdong District, Xining, Qinghai, 810000	Qinghai Province	0971-8163966
227	Xi'an Branch	Securities brokerage branch at East Street, Hanzhong	No. 8 East Street, Hantai District, Hanzhong, Shaanxi, 723000	Shaanxi Province	0916-2530229
228	Xi'an Branch	Securities brokerage branch at Wenjing Road, 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
229	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	0990-6609962
230	Xi'an Branch	Securities brokerage branch at Donggang West Road, Lanzhou	No. 555 Donggang West Road, Chengguan District, Lanzhou, Gansu, 730000	Gansu Province	0931-8728645
231	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	029-81209390
232	Xi'an Branch	Securities brokerage branch at Jiefang West Street, Yinchuan	4th Floor, Yinji Times MOCO Building, Jiefang West Street, Xingqing District, Yinchuan, Ningxia Hui Autonomous Region, 750004	Ningxia Hui Autonomous Region	0951-2095525
233	Fujian Branch	Securities brokerage branch at Wuyi North Road, Fuzhou	7th Floor, 1#, Zhengxiang Center, East Side, No. 153 Wuyi North Road, Shuibu Street, Gulou District, Fuzhou, 350001	Fujian Province	0591-87810343
234	Fujian Branch	Securities brokerage branch at Financial Center Building, Zhanhong Road, Xiamen	Unit 01, 21st Floor, No. 82 Zhanhong Road, Siming District, Xiamen, Fujian, 361021	Fujian Province	0592-7797779

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
235	Fujian Branch	Securities brokerage branch at Guangchang South Road, Nanchang	Building 17, Hengmao Huacheng, No. 205 Guangchang South Road, Xihu District, Nanchang, Jiangxi, 330003	Jiangxi Province	0791-86665000
236	Fujian Branch	Securities brokerage branch at Tian'an Road, Quanzhou	3rd Floor, Youth Building, No. 288 Tian'an North Road, Fengze District, Quanzhou, Fujian, 362000	Fujian Province	0595-28279605
237	Fujian Branch	Securities brokerage branch at Haojiang Road, Shishi	10th Floor, Zhonghe International Building, Haojiang Road, Shishi, Fujian, 362700	Fujian Province	0595-83995525
238	Fujian Branch	Securities brokerage branch at Qingchang Avenue, Fuqing	105, 1st floor, 13#, Qiaorong Garden, Yinxi Street, Fuqing, Fujian, 350300	Fujian Province	0591-85877836
239	Fujian Branch	Securities brokerage branch at Nanchang Middle Road, Zhangzhou	No. D16, Building 6, Liyuan Plaza, No. 31 Nanchang Middle Road, Xiangcheng District, Zhangzhou, Fujian, 363000	Fujian Province	0596-2990518
240	Fujian Branch	Securities brokerage branch at Gaoshi Road, Yichun	No. 1-201, 2nd Floor, Building 1, No.981 Gaoshi Road, Yuanzhou District, Yichun, Jiangxi, 336000	Jiangxi Province	0795-3563333
241	Fujian Branch	Securities brokerage branch at Xueyuan Middle Street, Putian	Room 201, No. 60/66/88 Xueyuan Middle Street, Fenghuangshan Street, Chengxiang District, Putian, Fujian, 351100	Fujian Province	0594-2032626
242	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
243	Branch directly under the headquarters	Securities brokerage branch at Nanjing West Road, Shanghai	Room 1005, No.699 Nanjing West Road, Jing'an District, Shanghai, 200041	Shanghai	021-80197037
244	Branch directly under the headquarters	Securities brokerage branch at Kaixuan Road, Shanghai	Room 301, Building 1, No. 399 Kaixuan Road, Changning District, Shanghai, 200050	Shanghai	021-62160279