



# 海通证券股份有限公司

## HAITONG SECURITIES CO., LTD.\*

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

Stock Code: 6837



# 2023

## ANNUAL REPORT

*\*For identification purpose only*

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## IMPORTANT NOTICE

The Board, the Supervisory Committee, the Directors, the Supervisors and the senior management of the Company warrant the truthfulness, accuracy and completeness of the contents of the annual report (the “**Report**”) and that there is no false representation, misleading statement contained herein or material omission from the Report, for which they will assume joint and several liabilities.

The Report was considered and approved at the fourth meeting of the eighth session of the Board. All the Directors of the Company attended the Board meeting.

None of the Directors or Supervisors has any objection to the Report.

PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers have audited the annual financial reports of the Company prepared in accordance with PRC GAAP and IFRS Accounting Standards respectively, and issued a standard and unqualified audit report of the Company.

Mr. Zhou Jie, the head of the Company, Mr. Zhang Xinjun, the chief financial officer, and Mr. Ma Zhong, the head of the accounting department warrant the truthfulness, accuracy and completeness of the financial report contained in the Report. All financial data in the Report are denominated in RMB unless otherwise indicated.

The Board considered the profit distribution proposal or proposal on capitalization of capital reserve for the Reporting Period, which are as follows:

The Company will declare cash dividend for the profit distribution for 2023, and a cash dividend of RMB1.00 (inclusive of tax) for every 10 shares will be distributed based on the total share capital of the Company as registered on the record date for the 2023 annual dividend distribution excluding the shares in the special stock account for share repurchase of the Company. On the basis of 13,004,541,633 shares, which is calculated based on the total share capital of 13,064,200,000 shares of the Company as at the date of the Board meeting considering the 2023 profit distribution plan deducting 59,658,367 shares in the special stock account for share repurchase of the Company, the total cash dividends amount to RMB1,300,454,163.30, representing 128.96% of the net profit attributable to the shareholders of the parent company on a consolidated basis in 2023.

Forward-looking statements, including future plans and development strategies, may be included in the Report. All statements contained herein other than statements of historical fact are, or may be deemed to be, forward-looking statements. Neither the Company nor any of its subsidiaries undertakes any obligation to publicly update or revise any forward-looking statement as a result of new data. Forward-looking statements, including future plans and development strategies contained in the Report, do not constitute any commitment of the Company to investors. Investors should be reminded of the risks of investment and not place undue reliance on forward-looking statements.

No appropriation of funds on a non-operating basis by the Company’s controlling shareholders and their respective related parties has occurred during the Reporting Period.

The Company did not provide external guarantees in violation of the stipulated decision-making procedures during the Reporting Period.

## STATEMENT OF CHAIRMAN AND GENERAL MANAGER

The year 2023, which was the first year of full implementation of the guiding spirit of the 20th National Congress of the CPC, witnessed the overall recovery and improvement of the economy, the significant progress in realizing high-quality development, the unprecedented attention paid to finance, and the continuous deepening of the capital market reform and opening up. During the year, we celebrated the 35th anniversary of the establishment of Haitong Securities, and the Company moved into Haitong Bund Finance Plaza, the new headquarter building at the South Bund in Shanghai, unveiled the “Haitong Home” (海通家園) corporate culture system. During the year, under the general principle of “making progress while maintaining stability” and the concept of “One Haitong”, we leveraged the synergy and coordination of “investment, financing, sponsorship and research” and wealth management business, and achieved positive performance results in terms of embracing China’s national strategies, serving the real economy, promoting scientific and technological innovation and fulfilling social responsibilities.

**We remain true to our missions and committed to our original aspirations. We persist in contributing to China’s development with financial services and serving the real economy with “Haitong Full Capacity”.**

We closely followed the national key industry and regional development strategies, strengthened the function of financial services in resource allocation, contributed to the establishment of the new pattern of modern capital market with Chinese characteristics featuring high quality and dynamic circulation of capital, technology and real economy, and improved the quality and efficiency in serving the real economy. Firstly, we focused our investment on key sectors, supported the construction of modern industrial systems, facilitated the launch of three master funds including Shanghai Haitong Leading District Industry Guidance Master Fund (上海海通引領區產業引導母基金), and used equity investment to channel vital financial resources to promote the development of new quality productivity and accelerate the virtuous cycle of “technology-industry-finance”. Secondly, we adhered to innovation-driven development and vigorously supported green finance and scientific and technological innovation. We issued the first “Green + Low-carbon Transformation-linked” asset-backed securities product in China, the first green auto asset-backed securities in the Guangdong-Hong Kong-Macau Greater Bay Area and other “first of its kind” financial service products. Thirdly, we focused on market positioning in hard and core technologies and national strategic and emerging industries, targeted key and core technologies and revolutionary technology projects, and supported the listing of key enterprises in key industries. We also deepened our involvement and presence in industrial chains and value chains through industrial mergers and acquisitions, and actively participated in the establishment of diversified and relay-style financial service system covering the entire development cycle of enterprises. Since the launch of the STAR market, we have supported the listings of nearly 60 companies on the STAR market, ranking second in terms of the total funds raised in IPOs. Haitong sponsored up to a quarter of the top 20 STAR-listed companies as measured by their market capitalization.

## STATEMENT OF CHAIRMAN AND GENERAL MANAGER

**Trust and sincerity are our fundamental commitment to customers. We insist on the customer-centric approach and create long-term value with “Haitong Full Capacity”.**

Focusing on customers’ needs for wealth management, investment and financing, we continuously optimized the transformation of our wealth management business and strove to improve our comprehensive financial service capacity covering every stage of customers’ investment cycle. Firstly, we improved our service system for different categories of customers, and leveraged our organizational structure reform and optimization, improved our service quality and service matrix for corporate clients, institutional investors and wealth management clients, enhanced our investment advisory and consulting capabilities, established service systems targeted at our key customers, developed our brand of services for entrepreneurs to help customers preserve and grow their wealth. Secondly, we kept optimizing our branch network distribution, and following the strategy of “developing incremental business, providing distinctive services, strengthening synergy and coordination, and establishing mechanisms”, we actively promoted the construction of comprehensive innovation branches, gradually developed a clear branch layout from “communities to parks”, and achieved preliminary results in the “fund + base” model. Thirdly, we continuously intensified fintech empowerment in our business, and through platforms such as “e-Haitong Cai” (e海通財) and “ShareEBook” (e海方舟), we innovated our investment services with financial technology, upgraded and iterated our services and functions, and continuously improved investors’ sense of fulfilment. By the end of 2023, we had served over 24 million customers.

**Seeking stable growth and increment in an era of change. We adhere to the philosophy of reform and innovation and consolidate the foundation for development with “Haitong Full Capacity”.**

In the face of complex and challenging external environment, we insisted on making progress while maintaining stability, promoting stability with progress and the philosophy of “establishing new capacity before phasing out the existing capacity”. We responded to uncertainties caused by the changing situation with the certainty in our own development. Firstly, we improved the organizational structure of the Company and consolidated the achievements in the reform of the organizational structures of the wealth management, trading and institutional business lines. Seizing the opportunities in the reform of the comprehensive registration-based IPO system, we steadily advanced the organizational restructuring of our investment banking business, and maintained the market leading position in the equity financing business, further demonstrating our advantages in professional expertise. Secondly, we deeply implemented the concept of “One Haitong”, actively optimized the matrix management model of the Group, and continuously enhanced the organizational structures of the Group that suit our business development models, established the refined management systems that focus on prudential “bottom line” mindset and facilitating business development. Thirdly, we accelerated the deployment of financial technologies, built our fintech platform that features “agile, platform-based, intelligent and ecosystem” to develop “Digital Haitong 2.0” and comprehensively advanced the digital transformation in five major areas: business development, operation management, data application, technological capability building, and mechanisms and systems to support the high-quality development of the Company.

## STATEMENT OF CHAIRMAN AND GENERAL MANAGER

**Developing our strategies based on our principles and growing our business for the good of all stakeholders. We value our promises, and fulfil our social responsibilities with “Haitong Full Capacity”.**

We are committed to fulfilling our social responsibilities as a listed company, a financial company and a corporate citizen. We insisted on prudent operations, put people first, promoted green development and created value for our shareholders, employees, the environment and society. Firstly, we built a strong foundation for the Company’s compliance and internal control. We continued various campaigns in the “Year of Consolidating Compliance and Internal Control Culture” and strengthened the achievements in our compliance and internal control from the aspects of system formulation, structure and process standardisation, teams and system construction. Secondly, we implemented the “investor-oriented” concept and carried out two rounds of share buy-back of our A Shares with a total buy-back amount of nearly RMB600 million, enhancing shareholders’ confidence and stabilizing market expectations. Thirdly, we continued to develop Haitong’s charity and CSR brand. Under the “Love in Haitong” party building and CSR brand, we carried out charity and corporate social responsibility activities, including “Hundred Enterprises in Support of Hundred Villages”, “One Company to One County”, special assistance programmes in Tibet and Xinjiang, promoting rural revitalization and promoting shared prosperity with financial strength. In 2023, the Company established the Love in Haitong Public Welfare Foundation, which actively carried out various public welfare activities such as pairing assistance, and rushed to aid the earthquake-stricken area in Jishishan, Gansu. The Company’s total assistance and public welfare donations for the year amounted to approximately RMB16.56 million. The Company’s ESG rating was maintained at A by MSCI for two consecutive years, and the China Association of Public Companies named it the outstanding ESG practice case of the year.

**Adversity builds character. The journey may be long but promising.**

The year 2023 saw lower global economic growth, rapidly escalating geopolitical tensions, the fall of the A-share market after a surge, and the reshaping of China’s financial regulation with continued rigorous regulatory supervision. On the other hand, the comprehensive registration-based IPO system was officially implemented; the “four measures” to revitalise the capital market were issued; the reform of the fee rate of mutual funds was implemented; the Opinions on the High-Quality Development of the Beijing Stock Exchange (the “19 Measures on Deepening Reform”) were released. Higher requirements were imposed on the capital markets, emphasising the integrated approach of strengthening regulatory supervision, preventing risks and fuelling development. Stricter requirements have also been imposed on securities companies to refocus on the real economy, meet customer demands and strengthen compliance and internal control. In the face of a complicated and challenging external environment and increasingly fierce market competition, the Company forged its confidence and overcame difficulties. Believing that deepening reform is the fundamental driving force of the Company’s high-quality development, we actively but steadily carried out intensified reforms in key areas, further improved the “customer-focused business system” and the “service-based management system”, explored the synchronized operational models of “investment banking-investment-research” and “institutional business-asset management business-wealth management business”, and endeavoured to make new progress in the Company’s high-quality development.

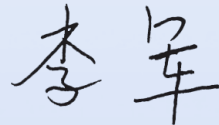
## STATEMENT OF CHAIRMAN AND GENERAL MANAGER

The year 2024 is the 75th anniversary of the founding of the People's Republic of China and a key year for implementing the "14th Five-Year Plan" and deepening the reform of state-owned enterprises. Standing at a new starting point, we firmly believe "those who do not seek easy accomplishment will succeed, and those who do not avoid difficulties will make progress". We will always follow the development philosophy of serving the country and the people with finance and uphold the political and public nature of financial work, by focusing on deepening financial supply-side structural reform, consolidating our functional positioning, improving the "five major aspects", and effectively performing our responsibilities as a "service provider" of direct financing, a "gatekeeper" for the capital market, and a "manager" of social wealth, to contribute to the development of a "investor-oriented" capital market. We will play a leading role in serving the real economy and a stabilising role in safeguarding financial stability, and offer Haitong's strength in accelerating the building of a nation with a strong financial sector and promoting the high-quality development of finance!

Chairman of the Board: ZHOU Jie



General Manager: LI Jun



## SECTION I DEFINITIONS AND MATERIAL RISK WARNINGS

### I. DEFINITIONS

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

“A Share(s)”	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed and traded on the SSE
“Articles of Association” or “Articles”	the articles of association of Haitong Securities
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors of the Company
“BSE”	the Beijing Stock Exchange
“Code”	the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
“Company” or “Haitong Securities”	Haitong Securities Co., Ltd.
“Company Law”	the Company Law of the People’s Republic of China
“Compliance and Risk Management Committee”	the compliance and risk management committee of the Company
“CSRC”	the China Securities Regulatory Commission
“CSRC Shanghai Bureau”	Shanghai Regulatory Bureau of the China Securities Regulatory Commission
“Development Strategy and ESG Management Committee”	the development strategy and ESG management committee of the Company
“Director(s)”	the director(s) of the Company
“ESG”	environmental, social and governance
“ETF”	exchange traded fund
“EUR”	the official currency of the Eurozone
“FICC”	fixed-income instruments, currencies, and commodities



## SECTION I DEFINITIONS AND MATERIAL RISK WARNINGS

“Fullgoal Fund”	Fullgoal Fund Management Co., Ltd. (富國基金管理有限公司)
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary shares of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange
“Haitong Bank”	Haitong Bank, S.A.
“Haitong Capital”	Haitong Capital Investment Co., Ltd. (海通開元投資有限公司)
“Haitong Futures”	Haitong Futures Co., Ltd. (海通期貨股份有限公司)
“Haitong Innovation Securities”	Haitong Innovation Securities Investment Co., Ltd. (海通創新證券投資有限公司)
“Haitong International”	Haitong International Securities Group Limited (海通國際證券集團有限公司)
“Haitong International Holdings”	Haitong International Holdings Limited (海通國際控股有限公司)
“Haitong UT”	Haitong Unitrust International Financial Leasing Co., Ltd. (海通恒信國際融資租賃股份有限公司), listed on the Hong Kong Stock Exchange, stock code: 1905
“Haitong UT Capital”	Haitong UT Capital Group Co., Limited (海通恒信金融集團有限公司)
“Haitong-Fortis PE”	Haitong-Fortis Private Equity Fund Management Co., Ltd. (海富產業投資基金管理有限公司)
“HFT Investment”	HFT Investment Management Co., Ltd. (海富通基金管理有限公司)
“HK\$”, “HKD” or “HK dollars”	the lawful currency of Hong Kong
“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

## SECTION I DEFINITIONS AND MATERIAL RISK WARNINGS

“HT Asset Management”	Shanghai Haitong Securities Asset Management Company Limited (上海海通證券資產管理有限公司)
“IPO”	initial public offering
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
“NEEQ”	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
“Nomination, Remuneration and Assessment Committee”	the nomination, remuneration and assessment committee of the Company
“NSSF”	the National Council for Social Security Fund of the PRC
“QDII”	Qualified Domestic Institutional Investor
“QFII”	Qualified Foreign Institutional Investor
“Reporting Period”	from 1 January 2023 to 31 December 2023
“RMB” or “Renminbi”	the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shanghai Guosheng Group”	Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司)
“Shanghai Stock Exchange Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“Shanghai Weitai Properties”	Shanghai Weitai Properties Management Co., Ltd. (上海惟泰置業管理有限公司)
“SSE”	the Shanghai Stock Exchange
“Supervisory Committee”	the supervisory committee of the Company

## SECTION I DEFINITIONS AND MATERIAL RISK WARNINGS

“Supervisor(s)”	the supervisor(s) of the Company
“SZSE”	the Shenzhen Stock Exchange
“US\$”, “USD” or “U.S. dollars”	the lawful currency of the United States of America
“WFOE”	Wholly Foreign-Owned Enterprise
“WIND”	Wind Information Co., Ltd.

### II. MATERIAL RISK WARNINGS

The business of the Group is highly dependent on the overall economic and market conditions in China and other countries or regions where it operates. The Group’s results of operations may be materially affected by various factors, such as macro-economic environment, cyclical fluctuations of the industry, development stages of the market, behaviors of the investors and the international economic conditions.

The Group is exposed to major risks in its business operations, including legal and compliance risks, whereby the securities company may be subject to legal liabilities or regulatory penalties, disciplinary actions due to failure to comply with laws, regulations and rules; credit risks, which may result in losses to the operations due to the inability of a borrower, counterparty or debt issuer to meet its agreed financial obligations; market risks, where proprietary investments record losses due to adverse fluctuations of market prices; operational risks triggered by deficiencies in internal processes, operational error and misconduct of staff, IT system failures, or impact from external sources; liquidity risks, where the Group is unable to obtain sufficient funds in a timely manner at a reasonable cost to repay the due debts, fulfil other payment obligations and meet the capital requirements for carrying out normal business; and reputational risks, where the corporate image among stakeholders is damaged due to the Group’s operations, management, other acts or the external incidents. All these risks may directly affect the results of operations and financial position of the Group. In addition, these effects may overlap with each other due to the certain inherent correlation among these risk factors.

For the specific analysis of the abovementioned risks and measures that the Group has taken or will take, please refer to the “Potential risks and countermeasures” under the “Report of the Board of Directors” in the Report and pay special attention to the above risk factors.

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### I. CORPORATE INFORMATION

Chinese name of the Company	海通證券股份有限公司
Chinese abbreviation of the Company	海通證券
English name of the Company	Haitong Securities Co., Ltd.
English abbreviation of the Company	Haitong Securities
Legal representative of the Company	Zhou Jie
General manager of the Company	Li Jun
Authorized representatives of the Company	Zhou Jie, Pei Changjiang
Joint company secretaries	Pei Changjiang, Wong Wai Ling
Chief compliance officer	Zhao Huiwen

#### Registered Capital and Net Capital of the Company

Unit: Yuan Currency: RMB

	As at the end of the Reporting Period	As at the end of last year
Registered capital	13,064,200,000.00	13,064,200,000.00
Net capital	80,835,517,814.17	93,820,238,371.91

#### Business Scope of the Company

Securities brokerage; securities proprietary trading; securities underwriting and sponsorship; securities investment consulting; financial advisory services relating to securities trading and investment activities; direct investment; securities investment fund distribution; provision of intermediary introduction business for futures companies; margin financing and securities lending; agency sale of financial products; stock options market making; other businesses approved by the CSRC. In addition, the Company is permitted to set up subsidiaries that are engaged in outbound investments including investments in financial products. Business activities subject to approval according to law shall be conducted only after necessary approvals have been obtained from the relevant authorities.

#### Qualification for Each Individual Business of the Company

1. Online securities entrustment business qualification (Zheng Jian Xin Xi Zi [2001] No. 3)
2. Qualification for lending and purchase of bonds, bond transactions and bond repurchase business in the national inter-bank lending market and the bond market (Yin Ban Han [2001] No. 819)
3. Qualification for lending transactions and bond transactions in the national inter-bank lending centre (Zhong Hui Jiao Fa [2001] No. 306)
4. Qualification for acquisition of securities business departments (Hu Zheng Ji Bian [2002] No. 090)
5. Qualification for open-end securities investment fund consignment business (Zheng Jian Ji Jin [2002] No. 076)
6. Securities company engaged in relevant innovative activity trials (Zhong Zheng Xie Han [2005] No. 079)
7. Qualification for short-term financial bond underwriting business (Yin Fa [2005] No. 173)
8. SSE Fund Connect business (July 2005)

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

9. Qualification for quotation transfer business (Zhong Zheng Xie Han [2006] No. 3)
10. Qualification for trading on integrated electronic platform of fixed-income securities at Shanghai Stock Exchange (Shang Zheng Hui Han [2007] No. 86)
11. Qualification for National Association of Financial Market Institutional Investors (August 2007)
12. Qualification for overseas securities investment management business as a qualified domestic institutional investor (Zheng Jian Xu Ke [2008] No. 146)
13. A-grade clearing participant qualification of China Securities Depository and Clearing Corporation Limited (Zhong Guo Jie Suan Han Zi [2008] No. 22)
14. Qualification for provision of intermediary introduction business for the futures companies (Hu Zheng Jian Ji Gou Zi [2010] No. 122)
15. Qualification for direct investment business trials (Ji Gou Bu Bu Han [2008] No. 421)
16. Qualification for implementation of the broker system (Hu Zheng Jian Ji Gou Zi [2009] No. 302)
17. Qualification for providing trading units for insurance agency investors (Bao Jian Zi Jin Shen Zheng [2009] No. 1)
18. Qualification for margin financing and securities lending business (Zheng Jian Xu Ke [2010] No. 315)
19. Qualification for engaging in stock index futures hedging business through proprietary trading of the company (Hu Zheng Jian Ji Gou Zi [2010] No. 372)
20. Qualification for fund evaluation business (Zhong Zheng Xie Fa [2010] No. 070)
21. Qualification for securities house assigned by NSSF (August 2011)
22. Qualification for engaging of stock index futures through asset management (Hu Zheng Jian Ji Gou Zi [2011] No. 237)
23. Stock repurchase transaction business trials (Ji Gou Bu Bu Han [2011] No. 512) (Shang Zheng Jiao Zi [2011] No. 37)
24. Qualification for issuance of overseas listed foreign shares (Zheng Jian Xu Ke [2011] No. 1821) (H Share)
25. Trial business of bond collateralised repurchase with quotes (Ji Gou Bu Bu Han [2011] No. 585)
26. Partnership independent custody business trials (Ji Gou Bu Bu Han [2012] No. 686)
27. Over-the-counter (the "OTC") transaction business (Zhong Zheng Xie Han [2012] No. 825)
28. Pilot qualification of engaging in margin and securities refinancing business (Zhong Zheng Jin Han [2012] No. 113)
29. Pilot qualification of underwriting of private debts for SMEs (Zhong Zheng Xie Han [2012] No. 561)
30. Qualification for foreign exchange operation in the securities business (SC201307)
31. NEEQ recommendation business and brokerage business (Gu Zhuan Xi Tong Han [2013] No. 61)
32. Qualification for agency sale of financial products (Hu Zheng Jian Ji Gou Zi [2013] No.180)
33. Equity income swaps business and OTC option trading business (Zhong Zheng Xie Han [2013] No. 996)
34. Pilot qualification of conducting capital consumption payment services for client securities (Ji Gou Bu Bu Han [2013] No. 741)
35. Qualification of the 11th batch of insurance agency for 2013 (Hu Bao Jian Xu Ke [2013] No. 204)

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

36. Qualification for agency distributing precious metal spot contract such as gold and proprietary trading for gold spot contract (Ji Gou Bu Bu Han [2013] No. 959)
37. Custody qualification of security investment funds (Zheng Jian Xu Ke [2013] No. 1643)
38. Qualification for agency business of securities pledge registration (February 2014)
39. Internet securities business trials (Zhong Zheng Xie Han [2014] No. 358)
40. Membership qualification on the gold exchange (Certificate No. T004)
41. Business pilot of financing-oriented option exercise with respect to share incentive schemes of listed companies (Shenzhen Han [2014] No. 321)
42. Qualification for the stock options market making business (Zheng Jian Xu Ke [2015] No. 153)
43. Principal market maker in SSE 50 ETF options contracts (Shang Zheng Han [2015] No. 214)
44. Business qualification for options settlement (Zhong Guo Jie Suan Han Zi [2015] No. 20)
45. Futures membership certificate (Certificate number: NO. G02008)
46. Certificate of Membership of the Asset Management Association of China (Certificate number: 00000147)
47. Qualification for offshore proprietary business (Ji Gou Bu Han [2015] No. 1204)
48. No comment letter on innovative program of one-way video account opening (Zhong Guo Jie Suan Ban Zi [2015] No. 461)
49. Qualification for inter-bank gold price asking transactions (Shang Jin Jiao Fa [2015] No. 120)
50. Qualification for carrying on main underwriting business of debt financial instruments for non-financial enterprises (August 2016)
51. Qualification for note dealing (November 2016)
52. Qualification for relevant business on tools mitigating credit risk (January 2017)
53. Qualification for secondary dealers for OTC options business (Zhong Zheng Xie Fa [2018] No. 386)
54. Qualification for credit derivatives business (Ji Gou Bu Han [2019] No. 469)
55. Qualification for recording military confidential business consultancy services in a secured and confidential condition (October 2019)
56. Stock index and options market making business (Ji Gou Bu Han [2019] No. 3073)
57. Qualification for interest rate swap real-time undertaking business (The announcement of China Foreign Exchange Trade System)
58. Qualified establishment of a credit-protected bond pledge-type repurchase business (Zhong Guo Jie Suan Han Zi [2021] No. 201)
59. Commodity Swap Business Primary Trader (July 2022)
60. Personal Pension Fund Sales Qualification (November 2022)
61. Qualification for SSE Fund Connect market making business (December 2022)
62. Qualification for margin financing and securities lending business of BSE (February 2023)
63. Qualification for SZSE Fund Connect market making business (March 2023)
64. Central bond lending business (December 2023)

The Company is a member of each of the SSE, the SZSE and the BSE and a Class B ordinary clearing member of Shanghai Clearing House and holds warrant clearing business qualification in China Securities Depository and Clearing Corporation Limited. All subsidiaries of the Company conduct their businesses legally or upon obtaining the relevant business qualifications as approved by the relevant regulatory authorities.

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representative of Securities Affairs
Name	Pei Changjiang	Sun Tao
Correspondence address	Haitong Bund Finance Plaza, No. 888 South Zhongshan Road, Huangpu District, Shanghai, the PRC (Postal Code: 200011)	Haitong Bund Finance Plaza, No. 888 South Zhongshan Road, Huangpu District, Shanghai, the PRC (Postal Code: 200011)
Telephone	+86-21-23180000	+86-21-23180000
Facsimile	+86-21-63410627	+86-21-63410627
Email	dshbgs@haitong.com	dshbgs@haitong.com

### III. BASIC CORPORATE INFORMATION

Registered address	No. 689 Guangdong Road, Shanghai, the PRC
Historical change of the registered address	200 Middle Jiangxi Road, Shanghai, the PRC (1988) 480 Middle Sichuan Road, Shanghai, the PRC (1990) 30 Beihaining Road, Shanghai, the PRC (1994) 218 Tangshan Road, Shanghai, the PRC (1998) 98 Huaihai Middle Road, Shanghai, the PRC (2001) Haitong Securities Building, No. 689 Guangdong Road, Shanghai, the PRC (2012)
Business address	Haitong Bund Finance Plaza, No. 888 South Zhongshan Road, Huangpu District, Shanghai, the PRC
Postal code of business address	200011
Internet website	<a href="http://www.htsec.com">http://www.htsec.com</a>
Email	haitong@haitong.com
Principal place of business in Hong Kong	15/F, One Island South, 2 Heung Yip Road, Wong Chuk Hang, Hong Kong
Unified social credit code in the business license	9131000013220921X6

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### IV. INFORMATION DISCLOSURE AND PLACE WHERE THE DOCUMENTS ARE KEPT FOR INSPECTION

Names of newspapers that disclose the annual reports of the Company	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website of the stock exchange on which the annual reports of the Company are disclosed	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>
Website designated by the Hong Kong Stock Exchange for publication of annual reports	<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>
Place where annual reports of the Company are available	Haitong Bund Finance Plaza, No. 888 South Zhongshan Road, Huangpu District, Shanghai, the PRC

### V. BRIEF INFORMATION ON THE SHARES OF THE COMPANY

BRIEF INFORMATION ON THE SHARES OF THE COMPANY					
Class of shares	Stock exchange of listing	Stock short name	Stock code	Stock short name before changes	Share Registrar
A Share	SSE	Haitong Securities	600837	/	Shanghai Branch of China Securities Depository and Clearing Corporation Limited
H Share	Hong Kong Stock Exchange	Haitong Securities	6837	/	Computershare Hong Kong Investor Services Limited



## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### VI. OTHER INFORMATION OF THE COMPANY

#### (I) History of the Company primarily including reorganization and capital increase in previous years

Haitong Securities is a surviving company upon the significant assets disposal of Shanghai Urban Agro-Business Co., Ltd. (上海市都市農商社股份有限公司) (the “SUABC”), a company listed on the SSE, and its merger with Haitong Securities. On 6 July 2007, the surviving company was registered with Shanghai Administration for Industry & Commerce. Following the merger, the former Haitong Securities was deregistered in accordance with laws and the surviving company was renamed as Haitong Securities.

History of Haitong Securities:

Haitong Securities was established under the name of Shanghai Haitong Securities Company (上海海通證券公司) with a registered capital of RMB10 million in Shanghai in 1988, and its substantial shareholder was Bank of Communications, Shanghai Branch.

Upon approval by the People’s Bank of China with the Reply concerning Conversion of Shanghai Haitong Securities Company (上海海通證券公司) (Yin Fu [1994] No. 5), on 27 September 1994, Shanghai Haitong Securities Company (上海海通證券公司) was converted into Haitong Securities Company Limited (海通證券有限公司) with a registered capital of RMB1,000 million.

Upon approval by the CSRC with the Reply concerning Approval of the Share Increase Plan and the Application for being a Comprehensive Securities Company of Haitong Securities Company Limited (海通證券有限公司) (Zheng Jian Ji Gou Zi [2000] No. 296), on 29 December 2000, Haitong Securities Company Limited (海通證券有限公司) completed capital increase with its registered capital increased to RMB3,746.928 million.

Upon approval by the CSRC with the Reply concerning the Overall Change of Haitong Securities Company Limited (海通證券有限公司) into a Joint-stock Limited Liability Company (Zheng Jian Ji Gou Zi [2001] No. 278), on 28 January 2002, Haitong Securities Company Limited (海通證券有限公司) was converted into a joint-stock limited liability company and was renamed as “Haitong Securities Co., Ltd. (海通證券股份有限公司)” with a registered share capital of RMB4,006,093,000.

Upon approval by the CSRC with the Reply concerning Approval of Share Increase of Haitong Securities Co., Ltd. (海通證券股份有限公司) (Zheng Jian Ji Gou Zi [2002] No. 329), on 1 November 2002, the registered share capital of Haitong Securities was increased to RMB8,734,438,870.

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

On 31 July 2007, A Shares of Haitong Securities were listed on the SSE. In 2007, upon approval by the CSRC, SUABC disposed of all its assets and liabilities to Bright Food (Group) Co., Ltd. (光明食品(集團)有限公司) (a controlling shareholder of the Company) and merged with the former Haitong Securities through a reverse takeover. Following the completion of the reverse takeover, the surviving company was renamed as Haitong Securities Co., Ltd. (海通證券股份有限公司) with its registered share capital changed to RMB3,389,272,910.

Upon approval of the CSRC with the Circular on Approval of Non-public Share Issue of Haitong Securities Co., Ltd. (海通證券股份有限公司) (Zheng Jian Fa Xing Zi [2007] No. 368), the Company completed non-public offering on 21 November 2007 and its registered share capital and paid-in capital was changed from RMB3,389,272,910 into RMB4,113,910,590.

On 28 May 2008, cash dividends of RMB1.00 (inclusive of tax) and stock dividends of 3 shares (inclusive of tax) per 10 shares were distributed to all shareholders, and 7 shares per 10 shares were transferred from capital reserve funds to all shareholders. Following the distribution of stock dividends and the capitalization of capital reserve, the Company's total share capital was changed from 4,113,910,590 shares to 8,227,821,180 shares. The registered share capital of the Company was changed to RMB8,227,821,180.

In 27 April 2012, an aggregate of 1,352,340,000 H Shares comprising 1,229,400,000 overseas listed foreign shares (H Shares) issued by the Company and 122,940,000 H Shares transferred to the NSSF by the relevant 25 state-owned shareholders of the Company for the purpose of reduction of state-owned shares and converted into overseas listed foreign shares were listed and commenced trading on the Main Board of the Hong Kong Stock Exchange. On 19 May 2012, joint global coordinators for the Company's IPO of H Shares partially exercised the over-allotment option and the Company issued 127,500,000 additional H Shares, which were subsequently listed and traded on the Main Board of the Hong Kong Stock Exchange on 22 May 2012. The relevant state-owned shareholders of the Company undertook a similar reduction of state-owned shares and transferred 12,750,000 domestic shares (A Shares) of the Company held by them in aggregate (equivalent to 10% of the number of H Shares issued additionally pursuant to the partial exercise of the over-allotment option) to the NSSF in the form of H shares. Following the completion of this issuance of H Shares by the Company, the total number of shares of the Company was 9,584,721,180, among which 8,092,131,180 were A Shares and 1,492,590,000 were H Shares, and the registered share capital of the Company was changed to RMB9,584,721,180.

On 29 May 2015, upon approval by the CSRC with the Reply of Approving Additional Issue of Overseas Listed Foreign Shares by Haitong Securities Co., Ltd. (Zheng Jian Xu Ke [2015] No. 811) and approval by the Hong Kong Stock Exchange, the Company completed the additional issuance of H Shares, and the number of H Shares in issue was 1,916,978,820. Following the completion of the issuance of new H Shares by the Company, the total number of shares of the Company was 11,501,700,000, among which 8,092,131,180 were A Shares and 3,409,568,820 were H Shares. The registered share capital of the Company was changed to RMB11,501,700,000.

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

On 5 August 2020, upon approval by the CSRC with the Approval in Relation to the Non-public Issuance of Shares by Haitong Securities Co., Ltd. (Zheng Jian Xu Ke [2020] No.1038), the Company completed the non-public issuance of A Shares, in which it non-publicly issued 1,562,500,000 ordinary shares (A Shares) to 13 target subscribers including Shanghai Guosheng Group. Following the completion of this issuance, the total number of shares of the Company was changed into 13,064,200,000, among which 9,654,631,180 were A Shares and 3,409,568,820 were H Shares. The registered share capital of the Company was changed into RMB13,064,200,000.

### (II) Organizational structure of the Company

The Company operates in accordance with the relevant laws and regulations including the Company Law, the Securities Law and Guidance for the Internal Control of Securities Companies and the requirements of the Articles of Association. Scientific and standard corporate governance has been established, and the authorities and duties of its general meeting, the Board, the Supervisory Committee and the senior management are clear. Meanwhile, the Company has also established an organizational framework and an operational mechanism in conformity with its development requirements.

1. **Organizational structure of the Company (see Appendix I of the Report)**
2. **Principal subsidiaries and affiliated companies of the Company**

#### (1) *Haitong Capital Investment Co., Ltd*

Registered address: Rooms 07-12, Level 26, No. 689 Guangdong Road, Shanghai

Establishment date: 23 October 2008

Registered capital: RMB7,500 million

Shareholding percentage: 100%

Legal representative: Zhang Xiangyang

Tel: +86-021-63410311

Scope of business: Engaging in equity investment business and other businesses permitted by the CSRC (except for items that require approval according to law, the business activities can be carried out independently according to law with the business license).

#### (2) *Haitong International Holdings Limited*

Registered address: 22/F, Li Po Chun Chambers, 189 Des Voeux Rd Central, Hong Kong

Establishment date: 24 July 2007

Paid-in share capital: HK\$11,180 million

Shareholding percentage: 100%

Tel: +852-39268888

Scope of business: Investment holding

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(3) *Haitong Innovation Securities Investment Co., Ltd*

Registered address: Room 107N, Building No. 2, No. 774 Changde Road, Jing'an District, Shanghai

Establishment date: 24 April 2012

Registered capital: RMB11,500 million

Shareholding percentage: 100%

Legal representative: Shi Jianlong

Tel: +86-021-23212055

Scope of business: Securities investment, financial products investment and equity investment. Business activities subject to approval according to law shall be conducted only after necessary approvals have been obtained from the relevant authorities.

(4) *Shanghai Haitong Securities Asset Management Company Ltd.*

Registered address: Rooms 01-12, Level 32, No. 689 Guangdong Road, Huangpu District, Shanghai

Establishment date: 26 June 2012

Registered capital: RMB2,200 million

Shareholding percentage: 100%

Legal representative: Lu Ying

Tel: +86-021-23219000

Scope of business: Securities asset management. Business activities subject to approval according to law shall be conducted only after necessary approvals have been obtained from the relevant authorities.

(5) *Shanghai Zechun Investment & Development Co. Ltd.<sup>1</sup>*

Registered address: No. 366 Jing Ya Road, No. 691.725 De'an Road, Blocks 3-4 and 15-18, Pudong New Area, Shanghai

Establishment date: 18 November 2013

Registered capital: RMB100 million

Shareholding percentage: 100%

Legal representative: Zheng Bo

Tel: +86-021-23180000

Scope of business: Industrial investment, real estate development and management, and investment management. Business activities subject to approval according to law shall be conducted only after necessary approvals have been obtained from the relevant authorities.

<sup>1</sup> Shanghai Zechun Investment & Development Co. Ltd. (上海澤春投資發展有限公司) was deregistered on 26 February 2024.

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(6) *Shanghai Weitai Properties Management Co., Ltd.*

Registered address: Level 3, No. 689 Guangdong Road, Huangpu District, Shanghai

Establishment date: 8 January 2014

Registered capital: RMB10 million

Shareholding percentage: 100%

Legal representative: Jin Lei

Tel: +86-021-23180000

Scope of business: Real estate development and management, property management and catering management. Business activities subject to approval according to law shall be conducted only after necessary approvals have been obtained from the relevant authorities.

(7) *Haitong Futures Co., Ltd.*

Registered address: Level 5, Unit 04 of Level 11, Level 12, No. 799 Yanggao South Road, China (Shanghai) Free Trade Pilot Zone

Establishment date: 18 March 1993

Registered capital: RMB1,301.5 million

Shareholding percentage: 83.22%

Legal representative: Wu Hongsong

Tel: +86-021-38917000

Scope of business: Commodity futures brokerage, financial futures brokerage and futures investment advisory services, asset management and fund sales. Business activities subject to approval according to law shall be conducted only after necessary approvals have been obtained from the relevant authorities.

(8) *HFT Investment Management Co., Ltd.*

Registered address: Room 1802-1803 of Level 18 and Room 1901-1908 of Level 19, No. 479 Lujiazui Ring Road, China (Shanghai) Free Trade Pilot Zone

Establishment date: 18 April 2003

Registered capital: RMB300 million

Shareholding percentage: 51%

Legal representative: Yang Cangbing

Tel: +86-021-38650999

Scope of business: Fund raising, fund sales, asset management and other businesses permitted by the CSRC. Business activities subject to approval according to law shall be conducted only after necessary approvals have been obtained from the relevant authorities.

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### (9) *Haitong UT Capital Group Co., Limited*

Registered address: 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wan Chai, Hong Kong

Establishment date: 27 November 2007

Paid-in share capital: HK\$4,146.16 million

Shareholding percentage: 100%

Tel: +86-021-61355388

Scope of business: Investment holding

### (10) *Fullgoal Fund Management Co., Ltd.*

Registered address: 27-30/F, Century Link Office Tower 2, No. 1196, Century Avenue, China (Shanghai) Free Trade Pilot Zone

Establishment date: 13 April 1999

Registered capital: RMB520 million

Shareholding percentage: 27.775%

Legal representative: Pei Changjiang

Tel: +86-021-20361818

Scope of business: Publicly raised securities investment fund management, fund sales, and asset management for specific customers. Business activities subject to approval according to law shall be conducted only after necessary approvals have been obtained from the relevant authorities.

### (III) *Number and layout of securities branches of the Company*

As of the end of the Reporting Period, the Company had 307 securities branches (see Appendix II of the Report for details).

Province	Number of branches	Province	Number of branches	Province	Number of branches
Anhui	15	Heilongjiang	38	Shandong	17
Beijing	9	Hubei	5	Shanxi	6
Fujian	10	Hunan	6	Shaanxi	5
Gansu	11	Jilin	5	Shanghai	35
Guangdong	29	Jiangsu	29	Sichuan	8
Guangxi Zhuang Autonomous Region	4	Jiangxi	11	Tianjin	2
Guizhou	5	Liaoning	8	Xinjiang Uygur Autonomous Region	4
Hainan	1	Inner Mongolia Autonomous Region	1	Yunnan	5
Hebei	6	Ningxia Hui Autonomous Region	1	Zhejiang	22
Henan	6	Qinghai	1	Chongqing	2

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### *(IV) Number and layout of other securities branch offices*

As of the end of the Reporting Period, the Company had 29 securities branch offices (see Appendix II of the Report for details).

## VII. OTHER RELEVANT INFORMATION

Accounting firm appointed by the Company (domestic)	Name	PricewaterhouseCoopers Zhong Tian LLP
	Office address	11/F, PricewaterhouseCoopers Center, Link Square 2, 202 Hu Bin Road, Huangpu District, Shanghai, the PRC
Accounting firm appointed by the Company (overseas)	Signatory accountants	Xu Kangwei (許康瑋), Wang Yibin (王以彬)
	Name	PricewaterhouseCoopers
	Office address	22/F, Prince Building, Central, Hong Kong, China
Legal Advisor to the Company, as to PRC laws	Signatory accountant	Jack Li (黎英傑)
		Grandall Law Firm (Shanghai)
Legal Advisor to the Company, as to Hong Kong laws		Clifford Chance

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### VIII. MAJOR ACCOUNTING DATA AND FINANCIAL DATA OF THE GROUP

(All of the accounting data and financial indicators set out in the Report are prepared in accordance with IFRS Accounting Standards unless otherwise indicated)

#### (I) Major accounting data and financial indicators over the past three years

Item	2023	2022	As compared to the corresponding period of last year	2021
<b>Results of operations (RMB'000)</b>			Change	
Total revenue, gains and other income	<b>41,765,123</b>	41,980,221	-0.51%	57,809,561
Profit before income tax	<b>1,565,875</b>	7,999,036	-80.42%	18,543,799
Profit for the year – attributable to owners of the Company	<b>1,008,406</b>	6,545,347	-84.59%	12,826,517
Net cash generated from operating activities	<b>14,902,043</b>	17,793,023	-16.25%	52,747,409
Other comprehensive income	<b>127,486</b>	-138,962	N/A	-351,298
<b>Earnings per share (RMB/share)</b>			Change	
Basic earnings per share	<b>0.08</b>	0.50	-84.00%	0.98
Diluted earnings per share	<b>0.08</b>	0.50	-84.00%	0.98
<b>Profitability indicators</b>			Change	
Weighted average returns on net assets (%)	<b>0.61</b>	3.99	Decreased by 3.38 percentage points	8.09



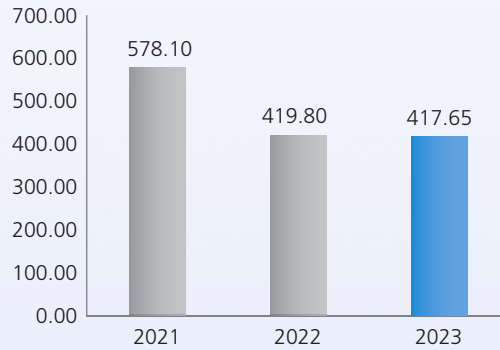
## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Item	<b>31 December 2023</b>	31 December 2022	As compared to the end of the last year	31 December 2021
<b>Indicators of size (RMB'000)</b>			Change	
Total assets	<b>754,586,792</b>	753,609,305	0.13%	744,925,149
Total liabilities	<b>579,787,233</b>	575,987,247	0.66%	567,170,363
Accounts payable to brokerage clients	<b>106,538,717</b>	115,513,463	-7.77%	123,202,200
Equity attributable to owners of the Company	<b>163,243,990</b>	164,591,957	-0.82%	163,137,964
<b>Total share capital ('000 shares)</b>	<b>13,064,200</b>	13,064,200	0.00%	13,064,200
<b>Net assets per share attributable to owners of the Company (RMB/share)</b>	<b>12.50</b>	12.60	-0.79%	12.49
<b>Gearing ratio (%) <sup>(1)</sup></b>	<b>73.03</b>	72.16	Increased by 0.87 percentage point	71.41

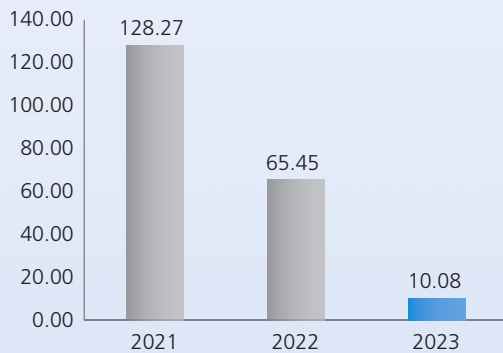
Note 1: Gearing ratio = (total liabilities – accounts payable to brokerage clients)/(total assets – accounts payable to brokerage clients)

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

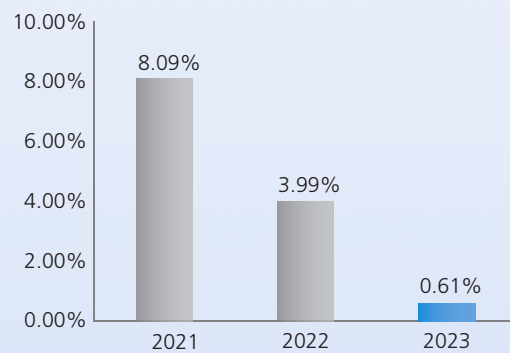
**Total revenue, gains and other income  
(RMB in 100 million)**



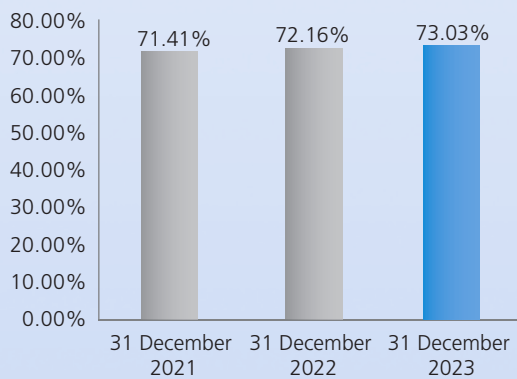
**Profit for the year – attributable to owners of the Company  
(RMB in 100 million)**



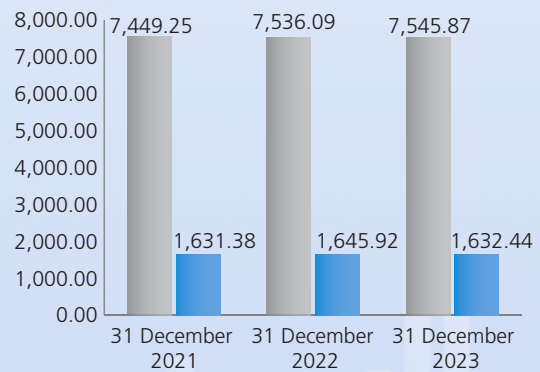
**Weighted average returns on net assets**



**Gearing ratio**



**Indicators of size  
(RMB in 100 million)**



■ Total assets ■ Equity attributable to owners of the Company

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### (II) Major accounting data and financial indicators over the past five years

#### 1. Profitability

Unit: '000 Currency: RMB

	2023	2022	2021	2020	2019
Total revenue, gains and other income	<b>41,765,123</b>	41,980,221	57,809,561	54,277,200	51,552,112
Total expenses	<b>40,742,786</b>	34,767,766	40,915,651	39,062,907	37,829,835
Profit before income tax	<b>1,565,875</b>	7,999,036	18,543,799	15,757,310	13,871,921
Profit for the year – attributable to owners of the Company	<b>1,008,406</b>	6,545,347	12,826,517	10,875,396	9,523,248

#### 2. Financial position

Unit: '000 Currency: RMB

	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Total asset	<b>754,586,792</b>	753,609,305	744,925,149	694,073,351	636,793,631
Total liabilities	<b>579,787,233</b>	575,987,247	567,170,363	525,947,039	495,674,888
Accounts payable to brokerage clients	<b>106,538,717</b>	115,513,463	123,202,200	108,167,568	87,464,142
Equity attributable to owners of the Company	<b>163,243,990</b>	164,591,957	163,137,964	153,448,468	126,090,993
Share capital	<b>13,064,200</b>	13,064,200	13,064,200	13,064,200	11,501,700

#### 3. Key financial indicators

	2023	2022	2021	2020	2019
Basic earnings per share	<b>0.08</b>	0.50	0.98	0.90	0.83
Diluted earnings per share	<b>0.08</b>	0.50	0.98	0.90	0.83
Weighted average returns on net assets (%)	<b>0.61</b>	3.99	8.09	7.88	7.81
Gearing ratio (%) <sup>(1)</sup>	<b>73.03</b>	72.16	71.41	71.30	74.31
Net assets per share attributable to owners of the Company (RMB/share)	<b>12.50</b>	12.60	12.49	11.75	10.96

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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### (III) Accounting data differences between IFRS Accounting Standards and PRC GAAP

The net profits for the years ended 31 December 2023 and 2022 and the net assets as at 31 December 2023 and 31 December 2022 as stated in the consolidated financial statements of the Group prepared in accordance with PRC GAAP are consistent with those in accordance with IFRS Accounting Standards.

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

As at 31 December 2023, the net capital of the Company was approximately RMB80,836 million, representing a decrease of RMB12,984 million as compared to the end of last year (approximately RMB93,820 million). During the Reporting Period, all the risk control indicators including net capital of the Company met the regulatory requirements.

Item	As at 31 December 2023	As at 31 December 2022
Net capital (RMB)	<b>80,835,517,814.17</b>	93,820,238,371.91
Net assets (RMB)	<b>153,271,166,148.86</b>	149,045,782,898.20
Risk coverage ratio (%)	<b>197.71</b>	241.26
Capital leverage ratio (%)	<b>17.68</b>	21.12
Liquidity coverage ratio (%)	<b>223.69</b>	293.75
Net stable funding rate (%)	<b>141.88</b>	162.85
Net capital/net assets (%)	<b>52.74</b>	62.95
Net capital/liabilities (%)	<b>28.96</b>	36.97
Net assets/liabilities (%)	<b>54.91</b>	58.74
Proprietary equity securities and securities derivatives/ net capital (%)	<b>16.92</b>	16.59
Proprietary non-equity securities and securities derivatives/net capital (%)	<b>229.18</b>	193.66

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### I. MANAGEMENT DISCUSSION AND ANALYSIS

#### (I) Overall operation

In 2023, the Company focused on the main theme of serving national strategies and the real economy and acted on the general principle of pursuing progress while ensuring stability. Following the philosophy of “One Haitong” and through the synergy and coordination of “investment, financing, sponsorship and research” and wealth management business, the Company’s business operations maintained strong performance, realizing positive results in serving major national strategies, deepening organizational and structural reform, optimizing the transformation of the wealth management business, promoting digital and intelligent empowerment, enhancing group management and other aspects.

#### (II) Analysis of principal operations

##### 1. Wealth management business

###### *Market conditions:*

In 2023, the market as a whole showed a volatile and adjusting trend. The trading activities of stocks and funds declined, while the scale of bond trading grew steadily. According to WIND, the trading volume of stocks and funds in the Shanghai Stock Exchange and the Shenzhen Stock Exchange in 2023 reached RMB480 trillion, representing a year-on-year decrease of 3.10%; the settlement volume of bonds in the interbank and exchange markets was RMB2,573 trillion, representing a year-on-year increase of 18.14%; The average daily turnover in the Hong Kong Stock Exchange was HK\$105.2 billion, representing a year-on-year decrease of 15.59%. The market value and proportion of the shares held by institutional investors continued to increase. As at the end of 2023, the market value of the outstanding A shares held by various professional institutional investors such as social security funds, mutual funds, insurance funds, and pension funds reached RMB15.9 trillion in total, and the shareholding percentage increased from 17% in early 2019 to 23%. In order to activate the capital market and improve the sense of fulfilment of investors, the regulatory authorities continued to direct securities companies to reduce transaction rates and fees. With the fluctuations of the equity market, the upgrading of customer demands and the intensification of competition in the industry, securities companies saw decrease in the commission rates of the brokerage business, decline in the value of traditional channel business and narrowing profitability, which forced the wealth management business to accelerate its transformation and reform and improve the professionalism, diversity and full-cycle coverage of wealth management services.

Due to the impact of the fluctuations in the stock markets, the scale of equity funds declined moderately. The financial product sales market was under continuous pressures. According to WIND, the net assets of stock and hybrid funds in aggregate as at the end of 2023 were RMB6,285.3 billion, representing a decrease of 10.64% as compared to the end of last year; the units issued by newly established funds in 2023 reached 1,145.2 billion, representing a year-on-year decrease of 22.40%. Among them, the units of stock funds issued were 142.4 billion, representing a year-on-year decrease of 9.95%; the units of hybrid funds issued were 153.1 billion, representing a year-on-year decrease of 44.15%; the units of bond funds issued were 812.0 billion, representing a year-on-year decrease of 17.56%. With the counter-cyclical adjustment policies continuously issued by the government, the scale of margin financing and securities lending in the market generally increased while maintaining stability. According to WIND, the balance of margin financing and securities lending in the market amounted to RMB1.65 trillion as at the end of 2023, representing an increase of 7.17% as compared to the end of last year. The stock pledge repurchase business generally entered the stage of stable operation with certain declines.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### *Operating measures and performance:*

In 2023, focusing on customer needs, the Company established platforms and systems covering the full life cycle of financial products. The sales of financial products and the scale of existing financial products both increased steadily; following the philosophy of “developing incremental business, providing distinctive services, strengthening coordination, and establishing mechanisms”, the Company proactively advanced the development of new branches featuring integration and innovation, and accelerated the development of its network of branches in key cities; the Company promoted the development of the ETF ecosystem, allowing more customers to share the dividends of China’s economic and industrial development; through its efforts in enhancing the development of digital finance platform, improving service quality and expanding service scope, the Company’s monthly active users continuously increased. In 2023, the Company actively implemented various measures to reduce rates and fees, and the commission rates of the stock and fund brokerage businesses decreased by 7.4% as compared to the same period last year. As of the end of 2023, the Company’s wealth management business had 18.09 million customers, representing an increase of 6.20% as compared to the end of last year, and the assets under management (the “AUM”) for the customers amounted to RMB3.0 trillion, representing an increase of 0.60% as compared to the end of last year. In 2023, the number of new customers of the Company reached 1.1 million, and the AUM for new customers amounted to RMB259.2 billion, representing a year-on-year increase of 30.91%.

### *Changes in the agency trading volume of the Company in 2023*

	<b>The Reporting Period</b>	<b>The corresponding period of previous year</b>
Trading volume of stocks <i>(RMB100 million)</i>	125,047	136,801
Trading volume of funds <i>(RMB100 million)</i>	35,018	33,828
<b>Total <i>(RMB100 million)</i></b>	<b>160,065</b>	<b>170,629</b>

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### (1) Retail brokerage business

The Company deeply explored customer demands and built a customer-centric, wealth management transformation-oriented, multilevel customer service system focusing on information, products, investment research, investment advisory and intelligent apps. Based on the platforms of “e-Haitong Cai” (e海通財) and “ShareEBook” (e海方舟), the Company provided comprehensive financial solutions to wealth management customers and institutional clients.

In 2023, the Company continuously implemented the institutional transformation of its wealth management business, and strove to improve the integrated financial service capability covering the full lifecycle of customers. **The Company accelerated the reform of its branches and outlets**, strengthened the coverage of branches in areas under national significant development strategies and strove to build integrated financial platforms with featured business properties. As of the end of 2023, 11 comprehensive branches, including the Shanghai Pudong Branch, have officially commenced operation and 7 comprehensive branches were under preparation. **The Company established a service system for strategic customers**, integrated resources to meet demands, explored the “1+N” service model for strategic customers and preliminarily developed “park finance”, “industrial finance”, “corporate finance” and other featured services. In 2023, the net AUM for new corporate customers of the Company exceeded RMB170 billion and the number of new corporate customers reached 785. **The Company developed the ecosystem of regional cooperation platforms**. Through the linkage of “introduction, investment and insurance”, it sped up in the coverage of parks and formulated measures on the high-quality development of regions. As at the end of 2023, the Company has entered into strategic cooperation agreements with over 80 governments, industrial parks and enterprises. **The Company built its brand for entrepreneurial services**. With the focus on entrepreneurial customers, the Company launched six brand services under the “Haitong Entrepreneurial Office” and preliminarily established a private banking customer service system. As at the end of 2023, the number of private banking customers with average daily net assets of over RMB6 million was over 15,000 and the aggregate AUM was over RMB760 billion. **The Company comprehensively improved the investment advisory service capabilities**. It upgraded the “Ying Investment Advisory (盈投顧)” service brand, optimized the three-dimensional

## SECTION III REPORT OF THE BOARD OF DIRECTORS

service structure of “trading + wealth management + comprehensive finance”, launched multi-layered, multi-dimensional and diversified customer service tools represented by in-depth information disclosure, press release, live-streaming and strategy conference and continuously promoted customized services for special accounts towards high-net-worth customers under “Ingenuity 100 (匠心 100)”. **The Company entered the new stage of digital and intelligent empowerment.** It completed the digital and intelligent planning on key sectors with the focus on wealth management and institutional services. The “e-Haitong Cai” (e海通財) APP launched five major special zones including share incentive and private wealth to develop the super online access of the Group. “ShareEBoook” (e海方舟), the service platform for institutional trading, was restructured and launched real-time counters based on both software and hardware to continuously improve users’ experience through the iteration and upgrading of the service function. In 2023, the number of monthly active users of “e-Haitong Cai” (e海通財) APP was 5.82 million, ranking fourth in the industry. The AUM for customers of “ShareEBoook” (e海方舟) was nearly RMB140 billion, representing a year-on-year increase of 60%.



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### (2) Sales of financial products

The Company strove to improve its financial products' market penetration by focusing on improving customer experience and through various measures including strengthening its sales organization, straightening out the communication mechanism, optimizing the system platform, and improving the sales system, and continuously strengthening in-depth cooperation with external quality fund companies, and establishing a professional evaluation and tracking mechanism based on product segmentation, covering public offerings, private offerings, and asset management and other products, as well as the whole life cycle of products before, during and after sales. Under the complex market environment, the Company carried out planning on the full spectrum of products and optimized the product portfolio, maintaining growth momentum in the sales scale of financial products. As of the end of 2023, the penetration of the Company's financial products was RMB129.8 billion, representing an increase of 12.36% as compared to the end of last year. The Company focused on promoting the sales of products offered by public funds under broker settlement mode. On the one hand, it strengthened cooperation with quality fund companies in developing the ecosystem of broker settlement businesses and improving the pool of fund products. On the other hand, by accurately targeting the needs of financial institutions such as banks, insurance companies and mutual funds as well as large enterprise customers for investment in off-exchange funds, the Company launched "e-Haitong He" (e海通合), a comprehensive service system for off-exchange funds, to improve customers' investment experience and boost the influence of the service brand of the financial products.

### (3) Financing business

In 2023, the Company's financing business firmly seized opportunities in the reform of the capital market, enhanced the implementation of policies and ensured the steady and orderly development of the business. The margin financing and securities lending business continuously boosted efforts in expanding key customers and businesses and actively introduced high-net-worth customers and professional investors to consolidate the customer base and optimize the customer structure. Meanwhile, leveraging the comprehensive service advantages of "One Haitong", it provided customers with integrated services on investment, financing and risk management, achieving effective growth in the size of the margin financing and securities lending business and improving the institutionalization and productization. The stock pledge repurchase business continued to delve into the sector of financing services for the real economy, delve into introducing quality projects, and prevented and mitigated business risks through various measures. As of the end of 2023, the size of the Company's financing business was RMB91.8 billion, of which the size of margin financing and securities lending business was RMB65.6 billion and the size of stock pledge repurchase business was RMB26.2 billion.

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### *Changes in the scale of the financing business of the Company as at the end of 2023*

	<b>As at the end of the Reporting Period</b>	<b>As at the end of the previous year</b>
Balance of margin financing and securities lending business (RMB100 million)	655.62	611.64
Balance of stock pledge business <sup>2</sup> (RMB100 million)	262.06	273.68
Balance of stock repo transaction (RMB100 million)	0.31	2.44
<b>Total (RMB100 million)</b>	<b>917.99</b>	<b>887.76</b>

#### (4) Futures business

In 2023, Haitong Futures steadily developed its business and continuously consolidated its market position. The trading volume of future contracts under its brokerage amounted to RMB31.8 trillion (without double counting) and its market share was 5.6%. Its client equity amounted to RMB50.22 billion with a market share of 3.6%. It successfully achieved the first trading on the first day of launch of futures under the Containerized Freight Index (Europe Service) on the Shanghai Futures Exchange. The multi-asset allocation systems and sales channels of the futures asset management business were further improved. As of the end of 2023, the scale of futures asset management business amounted to over RMB22 billion, representing an increase of 117.5% over the beginning of the year; the new sales volume of the fund exceeded RMB2.8 billion, representing a year-on-year increase of 350%.

<sup>2</sup> It does not include stock pledged repo business operated through off-balance sheet asset management activities, the scale of such business as at the end of the Reporting Period was RMB3,388 million

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### (5) Private wealth management business of Haitong International

The private wealth management team of Haitong International continued to strengthen its products and solutions. With the diversified offering of stocks, bonds, funds, derivatives and alternative investment products as the basis and professional investment advisory services as the driver, it developed comprehensive product and service capabilities. In 2023, it newly introduced structured products and provided high-net-worth customers with more investment options to help investors reduce risks and achieve steady revenue despite the market fluctuations. In addition, the private wealth management team of Haitong International fully leveraged digital technologies and further enhanced the systematicity and refinement of the services to improve the service quality and customer experience.

## 2. Investment banking business

### *Market conditions:*

With the overall slowdown of global economic development in 2023, the stock issuance in A-share market slowed down. With the implementation of the institutional reform in financial regulation, the regulation continues to tighten. According to WIND, in 2023, 790 equity financing projects were recorded in the whole market, representing a year-on-year decrease of 16.40%; the total proceeds amounted to RMB1,101.1 billion, representing a year-on-year decrease of 33.06%. The number of IPO projects was 313 and the total amount of fund raised was RMB356.5 billion, representing a year-on-year decrease of 26.87% and 39.25%, respectively. In 2023, a total of 77 companies were newly listed on the BSE, and the total amount of fund raised through public offerings was RMB14,733 million. As of the end of 2023, a total of 239 companies were listed on the BSE with the operation quality and market functions increasingly enhanced.

In 2023, the bond issuance in the PRC maintained a growth trend with the market scale steadily expanded. According to WIND, the total amount of bond issuance amounted to RMB71 trillion, representing a year-on-year increase of 15.45%. Interest rate bonds issuance reached RMB26 trillion, representing a year-on-year increase of 14.78%, among which treasury bond issuance amounted to RMB11 trillion, representing a year-on-year increase of 14.18%, local government bonds issuance amounted to RMB9 trillion, representing a year-on-year increase of 26.78%, and policy bank bonds issuance amounted to RMB6 trillion, representing a year-on-year increase of 0.66%. The credit bonds issuance was RMB19 trillion, representing a year-on-year increase of 5.08%. The aggregate interbank negotiable certificate of deposit issuance amounted to RMB26 trillion, representing a year-on-year increase of 25.39%.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### *Operating measures and performance:*

#### (1) Equity financing

In terms of domestic equity financing, the Company focused on promoting the optimization of the organizational structure of general investment banking. With serving national strategies as the guideline and the full implementation of the registration system as an opportunity, the Company further implemented the strategies on “industry focus” and “region focus”, and continued to strengthen the brand advantage and consolidate its leading market position. Meanwhile, the Company implemented the internal control concept with “solid control on the first line, professional control on the second line and strict control on the third line”, steadily promoted internal and external reform measures, continuously improved management systems, business procedures and internal management systems of the investment banking business and practically improved the quality of its practice. In 2023, the Company completed a total of 42 equity financing projects with the funds raised amounting to RMB63.7 billion. It completed 22 IPOs, ranking third in the market, and the funds raised amounted to RMB46.6 billion, ranking second in the market. It completed 10 IPOs on the STAR Market with the funds raised amounting to RMB38 billion, ranking second and first in the market, respectively. It completed three issuance and listing projects on the BSE. It completed 20 refinancing projects, including 16 private placements and 4 convertible bonds with its participation in sponsorship and underwriting, with the total funds raised amounting to RMB17.1 billion. The Company adhered to the “specialization” route, focused on benchmark projects and facilitated technology enterprises in self-reliance. Among the top 20 enterprises in terms of the financing scale in the entire market in 2023, the Company successfully sponsored 6 enterprises. Among the 22 enterprises sponsored by the Company, 7 were in the integrated circuit sector. This further expanded the Company’s brand advantage in the semiconductor industry. The Company served national strategies on regional development. It completed 11 IPOs in the Yangtze River Delta with the funds raised amounting to RMB34.7 billion, ranking second and first in the market, respectively. It facilitated various enterprises in the Pearl River Delta in successfully listing on the capital market and increasingly expanded its influence in the Guangdong-Hong Kong-Macao Greater Bay Area and the Central China. The Company vigorously promoted the development of green finance and served 11 green enterprises through green equity financing with the funds raised amounting to RMB24.9 billion, which also unlocked new possibilities and prospects for the development of the Company in the new energy sector. The Company vigorously promoted the application for IPOs with a rich reserve of equity financing projects. As at the end of 2023, the Company had 51 IPOs in which the Company acted as sponsor under review or to be launched, ranking third in the market.

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### *Domestic equity financing project issuance and project reserves*

		The Reporting Period	The corresponding period of the previous year
IPO	Underwritten amount <i>(RMB100 million)</i>	466.15	395.88
	Number of underwritten transactions	22	30
Refinancing offering	Underwritten amount <i>(RMB100 million)</i>	170.84	203.95
	Number of underwritten transactions	20	17
Number of projects under CSRC review and pending for listing	IPO	51	70
	Refinancing offering	12	17

Source: WIND, CSRC, SSE, SZSE and BSE

In terms of overseas equity financing, Haitong International is committed to providing a full range of investment banking services, and further enhances the “One Haitong” business synergy effect while expanding fee-based income sources. In 2023, Haitong International completed four IPOs on the Hong Kong Stock Exchange as sponsor, ranking fifth in the Hong Kong market in terms of the number of IPOs. It completed six IPOs in Hong Kong as underwriter and two equity financing projects as underwriter in the Hong Kong secondary market (excluding the bulk trading of old stocks with a trading scale of less than US\$25 million).

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### (2) Bond financing

Regarding domestic bond financing, the Company maintained innovation-driven development and grew steadily. In 2023, the Company underwrote 1,228 bonds as lead underwriter with the amount of bonds underwritten reaching RMB484.7 billion, of which the amount of enterprise bonds and corporate bonds underwritten was RMB10.6 billion and RMB104.9 billion, respectively. The Company focused on national strategies and implemented the new concept of green development. It underwrote 46 green bonds as lead underwriter with the amount of bonds underwritten amounting to RMB15.0 billion. The Company facilitated high-quality development of scientific and innovative enterprises and underwrote 66 technological innovation bonds as lead underwriter with the amount of bonds underwritten reaching RMB20.9 billion. It served national strategies on regional coordinated development and issued the first demonstration area bond in the integrated development of the Yangtze River Delta in China. It supported the establishment of offshore financial systems and issued the first Shanghai Free Trade Zone (the "FTZ") offshore bond (Mingzhu Bonds) of securities companies in China, which was awarded the second prize of Shanghai Financial Innovation Achievement Award.

#### ***Changes in the underwritten scale of domestic bond (lead underwritten) projects***

		The Reporting Period	The corresponding period of the previous year
Enterprise bonds	Underwritten amount (RMB100 million)	106	231
	Number of underwritten	22	48
Corporate bonds	Underwritten amount (RMB100 million)	1,049	1,160
	Number of underwritten	312	291
Others	Underwritten amount (RMB100 million)	3,692	1,877
	Number of underwritten	894	660

Note: Others include other bonds underwritten except enterprise bonds and corporate bonds.  
Source: WIND

Regarding the overseas bond financing business, Haitong International completed various representative star transactions as core lead underwriter. It deeply practiced the concept of ESG and sustainable finance and completed the underwriting of 11 green and sustainability bonds with the funds raised amounting to US\$2.38 billion. Based on market demand, it further expanded the debt management and restructuring business. It completed nine debt management projects during the year.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 3. *Asset management business*

#### *Market conditions:*

With the continuous growth in the PRC economy and residents' wealth coupled with the implementation of new regulations on asset management, the gradual improvement of pension systems and other measures on deepening the reform of the capital market, the standardized and net-worth asset management industry represented by mutual funds became a segment with strong vitality and growth potential in the financial market. Returning to the origin of the asset management industry and enhancing the active management capability became the key to the development of the asset management business of securities companies. According to the Asset Management Association of China, as at the end of 2023, the AUM of the publicly offered funds was RMB27.60 trillion, representing an increase of 6.02% as compared to the end of last year. The asset management business of securities companies has been under the transformation period of reducing channel businesses and transforming towards collective investment. As at the end of 2023, the total AUM of the private asset management business of the securities and futures companies was RMB12.41 trillion, representing a decrease of 13.28% as compared to the end of last year. The total AUM of the private asset management business of the securities companies and their asset management subsidiaries was RMB5.30 trillion, representing a decrease of 15.59% as compared to the end of last year.

#### *Operating measures and performance:*

Adhering to the requirements of the Opinions on Speeding up in Promoting the High-quality Development of the Public Fund Industry issued by the CSRC, the Company continuously enhanced its active management capability, strove to develop a product mix with full coverage of customer categories, investment markets and investment strategies, actively planned the transformation of the asset management business and established presence in the mutual fund market and advanced the high-quality development of the asset management business. As of the end of 2023, the total AUM of the asset management business of the Group was nearly RMB2.0 trillion.

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### (1) Fund management company

As of the end of 2023, the AUM of Fullgoal Fund reached RMB1.4 trillion. In terms of public fund business, its long-term investment business delivered positive results and it maintained the leading position in the industry in terms of AUM and many innovative products were among the “first batch”. The amount of equity ETFs exceeded RMB50 billion, ranking among the top ten in the market. In terms of non-public fund business, the AUM of various types of pension funds increased by over 10%, ranking sixth among fund companies.

As at the end of 2023, the AUM of HFT Investment amounted to RMB412.9 billion. It newly won the bidding for a total of 20 projects, covering corporate annuity, occupational annuity and social security portfolios. The AUM of bond ETFs reached RMB29.3 billion, nearly doubling the scale at the beginning of the year and ranking first in the market. The AUM for individual customers for the retailing of monetary funds increased by RMB11.2 billion as compared to the beginning of the year.

### (2) HT Asset Management

With the strategy on public fund and private fund products as two wheels driving the development, HT Asset Management is committed to developing an all-around asset management institution. In terms of public fund business, it actively planned the transformation of the asset management business and developed in the public fund market. With over ten public fund products participating in the transformation to the public offered mutual funds as drivers and on the premise of maintaining the liquidity and safety of products, HT Asset Management provided outstanding returns to investors and set up the public fund brands of the Company. In 2023, HT Asset Management preliminarily formed a product matrix comprising publicly offered products of different risk grades and different maturities through the transformation of 17 collective investment scheme products, and achieved the appreciation of products and assets on the premise of sufficient control of investment risks. In terms of private fund business, relying on the sound investment track and market reputation, it actively expanded the business cooperation with banks and other third-party sales institutions, carried out the maintenance of existing high-net-worth customers and institutional customers, and strove to develop a private fund and asset management product system with full coverage of customer categories, investment markets and investment strategies. In 2023, with customer demand as orientation and market risk and revenue as basis, HT Asset Management focused on the layout on the comprehensive product matrix covering fixed income, quantitative, alternative investment, investment portfolios and cross-border asset management to satisfy the asset allocation demand of different investors. As at the end of 2023, the AUM of HT Asset Management amounted to RMB70.7 billion, of which the AUM of actively managed assets amounted to RMB69.6 billion, accounting for 98.42%. The collective investment scheme index enhancement, medium- and short-term bonds, Nian Nian Wang private fund with fixed income and other products recorded outstanding investment performance. The program of “New Path for Credit Enhancement in Financing by SMEs” was awarded the nomination prize of Shanghai Financial Innovation Achievement Award.



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### *Changes in AUM and net income of HT Asset Management*

	The Reporting Period		The corresponding period of the previous year	
	AUM (RMB100 million)	Net income (RMB10 thousand)	AUM (RMB100 million)	Net income (RMB10 thousand)
Collective asset management	225	14,708	337	24,763
Single asset management	121	20,650	198	13,914
Specialized asset management	361	1,060	353	1,013
<b>Total</b>	<b>707</b>	<b>36,418</b>	<b>888</b>	<b>39,690</b>

#### (3) Private equity funds

The PE investment fund business of the Company actively served national strategies, gave priority to supporting and promoting the development of the real economy and facilitated the transformation, upgrading and rapid development of China's economy and industries. On the one hand, it maintained focus on advanced manufacturing, integrated circuit, bio-pharmaceutical, new energy and other key industries encouraged by the state. The amount of investment in relevant sectors accounted for over 50% and is still under rapid growth. On the other hand, it actively implemented the investment strategy of "early investment in small and scientific and technological enterprises". Through Haitong SME Development Fund and other medium- and early-period funds, it invested in tens of small and medium scientific and technological innovation enterprises in total and effectively facilitated their growth. In 2023, the Company invested in 52 new projects with an investment amount of RMB3.1 billion. It established 10 new funds with the amount of funds actually raised reaching RMB4.3 billion. As at the end of 2023, a total of 63 funds were under management and the scale of the funds under management totaled RMB33.3 billion.

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While deeply exploring key areas and key industries, the PE investment fund business of the Company actively explored the development of more empowerment industries and facilitated new models and new approaches in industrial upgrading. It made attempts and achieved preliminary results in the master fund business. In 2023, the Company successively signed contracts on three master funds, namely Pudong New Area Leading District Master Fund (浦東新區引領區母基金), Anhui Conch Haitong Industrial Internet Master Fund (安徽海螺工業互聯網母基金) and Haitong Xingtai Yangtze River Delta Cooperation Development Fund (海通興泰長三角合作發展基金), with a total scale of over RMB14 billion, and will actively leverage the roles of master fund as “magnifying len”, “telescope” and “microscope” and properly carry out work related to investment of master fund.

### *Changes in the scale of private equity business*

	As at the end of the Reporting Period	As at the end of the previous year
Number of funds managed	63	55
AUM balance (RMB100 million)	333	300
Accumulated number of investment projects	52	42
Accumulated amount of investment projects (RMB100 million)	31	35
Number of exited projects (including partial exit)	64	65

#### (4) Overseas asset management

Haitong International’s asset management team emphasizes customer orientation, speeds up in product transformation and optimizes asset structure. It explores and serves customers’ investment and allocation demands in both the domestic and overseas markets, and facilitates overseas institutional customers’ investment in the China market. In 2023, Haitong International’s asset management team continued to reduce the exposure to investment risks, improved the structure of asset management and continuously explored new products and business opportunities. While maintaining the overall stable business revenue, it successfully achieved growth in the AUM for external customers against the market headwinds. Meanwhile, it seized market opportunities, established two new monetary funds, successfully transformed one ESG-themed public stock fund and completed the issuance of an Asian investment bond fund registered in Europe under active management.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 4. *Trading and institutional client services*

#### *Market Conditions:*

The A-share market declined after an upsurge and the overall performance was lackluster since 2023. The SSE Index, CSI 300, ChiNext Index and STAR 50 fell by 3.7%, 11.4%, 19.4% and 11.2%, respectively. The BSE 50 outshone others and increased by 14.9%. The overall performance of the H-share market was similar as the A-share market. The HSI index declined by 13.8%. The monetary policy of the central bank of China was relatively loose, and bond market performance was relatively stable. Major interest rates fluctuated narrowly at a low level. ChinaBond Treasury Bond Total Net Price Index, ChinaBond Corporate Bond Total Net Price Index and CSI Aggregate Bond Total Return Index closed up 2.0%, 2.3% and 4.7%, respectively.

#### *Operating measures and performance:*

##### (1) Trading business

For the fixed-income business, while ensuring the stability of the core proprietary bond investment business, the Company actively carried out customer demand-driven business, and promoted the development of the quotation repurchase business and derivatives business. It actively participated in the construction of the bond market and the trading volume of all product categories was comprehensively improved. The trading volume of spot bonds exceeded RMB3 trillion, representing a year-on-year increase of approximately 670%. The trading volume of treasury futures was over 800,000 lots, representing a year-on-year increase of approximately 130%. The Company actively served national strategies and its investment in social responsibility exceeded RMB60.0 billion. In 2023, the Company received a number of awards including China Financial Futures Exchange (CFFEX) Treasury Futures 10th Anniversary (2013-2023) Best Contribution Award (中金所國債期貨十周年(2013-2023)最佳貢獻獎), Shanghai Gold Exchange (SGE) Outstanding Member (上海黃金交易所優秀會員) and Excellent Bond Investment Institution (Proprietary Trading Category) (優秀債券投資機構(自營類)).

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In the face of the adverse market conditions for the domestic equity investment business, the Company actively optimized the position structure and controlled risks through various measures. For the derivative and trading business, the Company provided various on-balance-sheet non-standardized derivative products through over-the-counter derivative instruments to increasingly enrich the “toolkits” for the Company’s on-balance-sheet products and launched income certifications covering, among others, stock index, commodity, interest rate and strategic index. For the market-making business, the Company focused on the improvement of service standards, actively fulfilled social responsibilities and obtained all qualifications for the fund market-making business and the equity option market-making business. In 2023, the number of main market-making products of fund market-making business exceeded 440, covering all top fund companies. It was awarded A in the annual comprehensive appraisal on main market makers of funds listed on Shanghai and Shenzhen stock exchanges and the annual comprehensive appraisal on main market makers on the platform of fund connects, contributing shares and mutual funds trading volume of over RMB1 trillion for the year. The option market-making business was awarded the CFFEX 2023 Outstanding Stock Index Option Market Maker Gold Award. Preliminary results were achieved in the strategic adjustment on the stock market making business. The number of markets making subjects on the NEEQ reached 79 with a net increase of 26 with the market ranking surging significantly to the third. The Company was recognized as the 2023 outstanding market maker in terms of the market making scale.

Adhering to the strategic requirements on insisting on “professionalism and dedication”, and the “two focuses” (focusing on key industries and key investment stages) and practicing “three servings” (serving the real economy, national strategies on scientific and technological innovation and “One Haitong”), Haitong Innovation Securities selected direct equity investment projects and focused on quality enterprises in integrated circuit, bio-pharmaceutical, new energy, new materials, high-end equipment manufacturing, environmental protection and other industries. In 2023, the Company completed six new equity investment projects, four fund investment projects and ten new STAR Market co-investment projects.

Due to the global environment with high interest rates, geopolitical situation and other factors, the Hong Kong stock and securities markets showed a sluggish trend. The fixed income sales and trading team of Haitong International continuously consolidated its business position in the sales and trading of fixed income products in the primary and secondary markets based on market conditions. Under the market environment with high capital costs, it appropriately expanded the flow financing business on bond repurchase and satisfied the financing demand of customers. Meanwhile, persisting in “One Haitong” and based on the business positioning of rooting in Hong Kong with a global horizon, it strengthened the business synergy with the parent company and explored new business opportunities in bond and interest rate connects.

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### (2) Institutional client business

The Company continuously improved the development of “big sales”, improved the service standards for institutional customers and promoted the transformation of institutional service models. Leveraging on the comprehensive licenses and business layout of the Company, it developed teams with one-stop and comprehensive financial service capabilities and service experience and expanded the breadth and depth of cooperation with institutional customers through companion services. The development of “big sales” was generally recognized by domestic and overseas customers. In 2023, the Company continued to boost service efforts, actively expanded service scenarios and improved the quality of customer services. On the one hand, it vigorously promoted comprehensive services, deeply understood customers’ demands and characteristics, constantly explored the potential of services and facilitated comprehensive business cooperation. On the other hand, it developed the brand of Haitong’s institutional services and provided institutional customers such as public funds, insurance firms, private equity funds, banks and wealth management subsidiaries, and QFII with comprehensive, long-term and high-quality investment research services, to effectively improve investors’ sense of fulfillment. In terms of the WFOE business, it successfully launched the Company’s first foreign-invested public fund under the settlement via trader model and various products for special accounts of foreign-invested public funds. For comprehensive financial services, the Company entered into strategic cooperation agreements with two large overseas commercial banks and achieved point-to-plane breakthroughs in cooperation models. For QFII institutional services, it assisted QFII institutions in participating in strategic investment in various IPOs and private placements, realizing breakthroughs in comprehensive financial services, and the trading volume of QFII recorded a year-on-year increase of 59%.

The Company is committed to building a leading research brand in the industry to boost the development of its institutional business and support the expansion of its investment banking business through research. It enhanced synergies within the Group and boosted support to customer services in branches and business departments. It provided targeted services to institutional clients through online livestreaming, telephone meetings and offline forums, further consolidating and exerting its brand advantages. The research business continuously boosted research efforts in macro economy and industrial chains. With the “Yangtze River Delta Conference on Finance for Sci-Tech”, the “Investment Strategy Meeting on New Energy Industrial Chains”, the “Annual Investment Strategy Meeting” and other large conferences as the link, the Company provided comprehensive services to over 1,000 government parks, licensed financial institutions and enterprises present at the meetings, covering wealth management customers of branches. It vigorously coordinated the Group’s research resources, linked internal and external business demands of the Group and actively undertook tens of research topics entrusted by government, regulatory authorities, industry associations and colleges, fulfilling the role as a think tank. In the selection of the best analysts organized by the New Fortune in 2023, the Company ranked fifth among the most influential research institutes. The research team of Haitong International covered more than 1,800 stocks in Greater China, Japan, the United States, India and other regions. In 2023, Haitong International won 10 awards of the team and analyst categories in the annual poll on securities companies organized by Asiamoney, an international authoritative financial media.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 5. *Financial leasing business*

#### *Market conditions:*

In 2023, against the backdrop of the optimization and adjustment of the top-level design of national financial regulation, the financial leasing industry in China was still under a crucial period with gradual improvement, transformation and optimization and accelerated clearing, and both challenges and opportunities existed. On the one hand, due to the impacts of the changing regulatory environment, the intensified market competition and various factors, the number of market players in the domestic financial leasing industry and the balance of domestic financial leasing contracts continued to decline slightly. On the other hand, with the constant upgrading of the industrial structure and the firm implementation of the dual-circulation development strategy in China, the financial leasing industry will embrace more development opportunities and broader development potential. Leveraging its own endowment and advantages of “financing + assets-leasing” and with returning to the essence of leasing and serving the real economy as the main theme, the financial leasing industry focused on principal responsibilities and businesses and considered serving advanced manufacturing, digital economy, green development, scientific and technological innovation as well as micro, small and medium-sized enterprises as a key orientation in business transformation. It is expected to embrace new development opportunities in facilitating economic transformation and the upgrading of industrial structures in China and promoting the high-quality economic development.

#### *Operating measures and performance:*

In 2023, Haitong UT seized opportunities in the comprehensive domestic social and economic recovery, followed the orientation of national strategies and policies, maintained a focus on the origin of leasing operation, adjusted and optimized the asset layout, sped up in promoting the construction of industrial ecosystems, deepened the implementation of localization strategy and enhanced empowerment with financial technology, effectively consolidating the quality of assets and guaranteeing the steady scale and continue revenue growth of Haitong UT. In 2023, Haitong UT recorded a total revenue of RMB8,412 million and achieved a profit of RMB1,607 million, representing a year-on-year increase of 4.9%. The average yield rate of interest-bearing assets was 6.86% and the weighted average return on net assets was 8.88%. As of 31 December 2023, Haitong UT's total assets reached RMB123,351 million; total equity reached RMB20,245 million, representing an increase of 7.5% as compared to the end of last year; non-performing asset ratio amounted to 1.12% and the provision coverage ratio for non-performing assets was 265.82%.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### II. DESCRIPTIONS OF THE INDUSTRY IN WHICH THE COMPANY OPERATES DURING THE REPORTING PERIOD

For the details of the industry in which the Company operates during the Reporting Period, please see “I. Management Discussion and Analysis” in this section.

### III. THE BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

The Group’s principal business lines comprise wealth management, investment banking, asset management, trading and institutional client services, financial leasing and others. For the details of the business activities of the Group, please see “I. Management Discussion and Analysis” in this section.

### IV. ANALYSIS OF THE COMPANY’S CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Through years of operations, the Company has gradually developed its specific core competitiveness in the following seven aspects.

#### 1. Service value chains and customer ecosystems with the focus on new quality productivity

The Group insisted on implementing national development strategies, firmly adhered to the origin of financial institutions of serving the real economy, actively embraced the new development paradigm and promoted the cultivation of new quality productivity, becoming a key practitioner of national strategies and a crucial explorer of financial reform. It vigorously integrated into the cycle of “technology-industry-finance”, focused on supporting technological innovation based on the STAR Market, enhanced the Haitong brand in semiconductor, high-end equipment, biopharmaceuticals and other innovative sectors with “hard technology” and developed market influence. It served green and circular economy through innovation and continuously explored financial service means in investment banking, financial leasing, asset management and other business sectors to facilitate “carbon peaking and carbon neutrality” and supported the development of green industries and green projects. The Group developed the ecosystems and value chains of master funds, participated in the establishment of national funds and industrial funds in the Yangtze River Delta and focused on advancing services in key areas and sectors such as Lingang New Area and leading industries in Shanghai. The Group leveraged on its professional strength, actively fulfilled the missions and undertakings as a state-owned financial enterprise, established open customer ecosystems with closed-loop service and value chains, delivering various innovation results and continuously providing key support for improving the competitive advantages and brand influence of the Company.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 2. Comprehensive financial service platform with full-featured layout

On the basis of its existing's business, the Group has continuously expanded the scope of its financial products and services and extended the boundaries of financial services through establishing and acquiring professional subsidiaries. The Group has developed into a financial service conglomerate with businesses covering securities and futures brokerage, investment banking, proprietary trading, asset management, private equity investment, alternative investment, financial leasing and overseas banking. The Group's wealth management business continued to deepen its service capabilities and enhance the efficiency of resource integration. The investment banking business of the Group centered on the entire life cycle of science and innovation enterprises, leveraged the advantages of the integration of production and finance and the functions of the capital market, and focused on the key industry chain, actively laid out and focused on the development of integrated circuits and biomedicine industry, and ranked among the top in the industry. The AUM in terms of the types of products and the assets business of the Group increases steadily. The size and brand influence of the Group's private equity investment business has ranked top in the industry and its overseas business actively served national strategies including the "Belt and Road" initiative and the "Guangdong-Hong Kong-Macao Greater Bay Area" strategy. The financial leasing business of the Group consolidates and maintains the industry-leading position. The research services segment of the Group has strong market recognition. The Group adhered to the philosophy of "One Haitong" and deepened the synergy and linkage of "investment, financing, sponsorship and research" and wealth management business line, strengthened overall coordination, and effectively promoted business implementation. The Group's integrated financial platform has strong economies of scale and cross-selling potential, providing strong support for the business development of the Company and enabling the provision of comprehensive financing services to customers.



## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 3. Extensive branch network and strong customer base

The Group's branch network covered all six international financial centers namely New York, London, Singapore, Hong Kong, Shanghai and Tokyo. As at the end of the Reporting Period, the Group had 341 securities and futures branches (including 307 securities branches and 34 futures branches) spanning across 30 provinces, municipalities and autonomous regions in China. The Group also established branches, subsidiaries or offices in 15 countries and regions in five continents (Asia, Europe, North America, South America and Oceania). With a nationwide branch network and a strategic international presence, the Group has built a large and stable customer base. As at the end of the Reporting Period, the Group had over 24 million domestic and overseas customers.

### 4. An international cross-border service platform with accelerated and deepened reform

The Group has established a cross-border comprehensive financial service platform through the acquisition and integration of Haitong International and Haitong Bank and the establishment of a branch in Shanghai FTZ, and acquired first-mover advantages in the Asia-Pacific and strategic reserves in Europe and the United States. The Group continuously deepened the cross-border integrated linkage capability to assist Chinese customers in going global and served bringing in overseas customers. Haitong International constantly boosted its project execution capabilities and brand influence in the Hong Kong IPO market, actively engaged in the issuance of green and sustainable development bonds, built a comprehensive trading, research and sales platform for global institutional clients, created the private wealth management model for entrepreneur customers and focused on developing featured investment research platforms in the asset management sector. Haitong Bank is a key reserve for deepening the Group's globalization strategy and an important platform for the Group to implement the national strategy on the "Belt and Road" initiatives. Haitong Bank owns local expertise and over 30 years of experience in the European Union and South America and all the banking licenses required for local operation. Haitong Bank is committed to developing the cross-border business cooperation between China and Europe as well as China and Latin America while supporting its extensive coverage of local business, with a focus on three key business areas namely corporate banking, investment banking and asset management. In respect of cross-border business in the free trade zone, the Company, as one of the first securities institutions participating in the FTU (自貿區分賬核算單元) system of Shanghai FTZ, facilitated financial reform and innovation and business practice in the FTZ. In 2023, Shanghai FTZ branch focused on key fields such as free trade zone offshore bonds and continuously promoted the development of FTU and the coordination of the cross-border business activities of the Group. These all-around and multi-jurisdiction international business platforms will help the Group seize the opportunities for ever-growing cross-border business, meet customers' demands for cross-border business and improve the Group's international influence.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 5. Leading capital strength

The Company has rapidly enhanced and maintained its solid capital strength through several rounds of strategic equity and bond financing, including A-share and H-share listing and secondary offering, and its net assets have steadily ranked among the top in the industry for many consecutive years. We have maintained long-term good cooperative relationships with institutional investors, continuously strengthened the construction of financing capacity, and promoted various financing plans in an orderly manner, which enhanced the Company's liquidity management capability and risk prevention and control capability to ensure the healthy and orderly development of the domestic and overseas operation. Sufficient capital is the foundation for the Company's business development, meeting the diverse financial services needs of its customers, and continuously improvement of its capability to serve the real economy.

### 6. Prudent operational philosophy

Upholding the operational philosophy of "pragmatic, pioneering, steady and excellent" and the risk management philosophy of "prudence and even conservativeness," the Company has successfully gone through multiple market and business cycles, regulatory reforms and industry transformations in over 30 years of operations. The Company has basically established a group-wide risk management system to implement the requirements for overall risk management and to effectively manage, among others, market risk, credit risk, liquidity risk and operational risk. The Company established and improved the compliance management system and organizational system in accordance with the regulatory requirements, and continuously strengthened the performance of compliance review, compliance monitoring and compliance inspection functions to ensure and facilitate the Company's continued compliance and steady development. Meanwhile, the Company has always adhered to the working principle of taking risk prevention as its first priority, and strictly adopted relevant measures to control the risks of money laundering and terrorist financing in accordance with anti-money laundering laws and regulations.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 7. Industry-leading fintech innovation capabilities

The Company has adhered to the strategy of “development driven by technology”. Aiming at building the “Digital Haitong 2.0” featured with “agile, platform-based, smart, and ecological”, the Company insisted on self-reliance and controllability of key technologies, deeply promoted the innovation of financial technologies, and has developed into a trailblazer and pioneer in the digital transformation of the industry. It continuously deepened the efforts in empowering businesses. The “e-Haitong Cai (e海通財)” platform developed a comprehensive service wealth access of the Group integrating group ecosystem, industry ecosystem and user ecosystem, maintaining among top four in the industry in terms of the number of monthly active users. The “ShareEBook (e海方舟)” platform introduced various partners on mainstream algorithms and strategies in the market to develop the algorithm platform with the characteristics of Haitong. The “e-Haitong Yan (e海通衍)” platform connected northbound-southbound cross-border trading businesses and provided domestic and overseas institutional investors with diversified and professional cross-border investment trading and hedge instruments. The Company constantly consolidated its digital base and established a self-developed technological park with the largest scale and most advanced equipment among securities companies. It actively practiced the ESG concept and focused on developing green and low-carbon parks. It became the first securities company in the industry to use photovoltaic energy and successfully commenced operation. With the continuous improvement in data governance, the Company strove to establish the management system on value-driven data assets with high reliability. It has passed the certification on the data management capability under national standards and became one of the first securities companies with DCMM Level-4 certification. Its fintech innovation capabilities have been continuously enhanced. As at the end of the Reporting Period, the Company has obtained a total of 20 national patents and 102 software copyrights, ranking first in the industry in terms of the number of copyrights. The Company won over 20 awards, including the Second Prize of Financial Technology Development Award by People’s Bank of China for 2022 (2022 年度中國人民銀行金融科技發展獎二等獎) and the first prize of the Excellent Research Topics by the Shenzhen Stock Exchange, maintaining the leading position in the industry in terms of the number of technological results and the level of prizes.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### V. OPERATIONS DURING THE REPORTING PERIOD

As of 31 December 2023, the total assets of the Group amounted to RMB754,587 million, and the net assets attributable to the parent company amounted to RMB163,244 million. In 2023, the Group realized a revenue of RMB41,765 million and a net profit attributable to the parent company of RMB1,008 million; the weighted average return on net assets was 0.61%. The subsidiaries of the Company realized a revenue of RMB21,390 million, comprising 47% of the Group.

#### (I) Analysis of the consolidated statement of profit or loss

##### 1. Composition of revenue

Unit: '000 Currency: RMB

Item	2023	2022	Increase/decrease	
	Amount		Amount	Amount
Commission and fee income	<b>12,497,095</b>	14,668,674	-2,171,579	-14.80%
Interest income	<b>18,319,806</b>	17,514,777	805,029	4.60%
Finance lease interest income	<b>1,722,243</b>	2,302,792	-580,549	-25.21%
Investment income and gains (net)	<b>481,234</b>	-1,034,439	1,515,673	N/A
Other income and gains	<b>8,744,745</b>	8,528,417	216,328	2.54%
<b>Total revenue, gains and other income</b>	<b>41,765,123</b>	41,980,221	-215,098	-0.51%

In 2023, the total revenue, other income and gains realized by the Group amounted to RMB41,765 million, representing a decrease of RMB215 million or 0.51% as compared to the corresponding period of last year, mainly due to the decrease of commission and fee income.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### a. Commission and fee income

Unit: '000 Currency: RMB

Item	2023	2022	Amount change	Percentage change
Securities and futures brokerage business income	<b>6,815,148</b>	7,645,318	-830,170	-10.86%
Underwriting and sponsor fees	<b>3,183,399</b>	3,952,650	-769,251	-19.46%
Asset management fee income (including fund management income)	<b>2,004,330</b>	2,305,142	-300,812	-13.05%
Financial advisory and consultancy fee income	<b>389,264</b>	632,859	-243,595	-38.49%
Others	<b>104,954</b>	132,705	-27,751	-20.91%
<b>Total commission and fee income</b>	<b>12,497,095</b>	14,668,674	-2,171,579	-14.80%

The commission and fee income amounted to RMB12,497 million, representing a decrease of RMB2,172 million or 14.80% as compared to the corresponding period of last year, mainly due to the decrease of securities and futures broking fee income and underwriting and sponsor fees.

### b. Interest income

Interest income amounted to RMB18,320 million, representing an increase of RMB805 million or 4.60% as compared to the corresponding period of last year, mainly due to the increase of interest income from receivables arising from sale and leaseback arrangements.

### c. Investment income and gains (net)

The investment income and gains (net) amounted to RMB481 million, representing an increase of RMB1,516 million as compared to the corresponding period of last year, mainly due to an increase in investment gains from financial instruments.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### Statement of the principal businesses of the Group

#### Principal businesses by segment

Unit: '000 Currency: RMB

Segment	Segment revenue	Segment expense	Segment profit margin	Segment revenue movement as compared to last year	Segment expense movement as compared to last year	Segment profit margin movement as compared to last year
Wealth management business	14,368,367	12,032,446	16.26%	-5.80%	36.08%	-25.77%
Investment banking business	4,344,741	2,791,159	35.76%	-6.59%	13.02%	-11.15%
Asset management business	2,475,823	1,544,381	37.62%	-13.38%	-7.04%	-4.25%
Trading and institutional client services	5,315,759	10,718,986	-101.65%	19.06%	23.38%	-7.07%
Financial leasing business	9,097,568	7,185,690	21.02%	1.38%	-0.51%	1.50%
Others	6,162,865	6,470,124	-4.99%	6.64%	9.95%	-3.16%

#### Principal businesses by region

Unit: '000 Currency: RMB

By region	Segment revenue	Segment expense	Segment profit margin	Segment revenue movement as compared to last year	Segment expense movement as compared to last year	Segment profit margin movement as compared to last year
Domestic business	32,254,783	25,431,576	21.15%	-2.13%	15.77%	-12.19%
Overseas business	9,510,340	15,311,210	-61.00%	5.40%	19.61%	-19.13%
Sub-total	41,765,123	40,742,786	2.45%	-0.51%	17.19%	-14.73%

## SECTION III REPORT OF THE BOARD OF DIRECTORS

In 2023, the Group's wealth management segment revenue amounted to RMB14,368 million representing a decrease of RMB885 million or 5.80% compared to RMB15,253 million of the corresponding period of last year, mainly due to a year-on-year decrease in securities broking fee income. The Company continues to promote the institutional transformation of wealth management business, strengthen the construction of all-round branches, establish a service system for strategic customers, explore deeper synergy and combination of "investment, financing, sponsorship and research" and wealth management business and improve comprehensive service abilities. The Group's investment banking segment revenue amounted to RMB4,345 million representing a decrease of RMB306 million or 6.59% compared to RMB4,651 million of the corresponding period of last year, mainly because the stock issuance in AH share market slowed down and the Group's equity underwriting income decreased compared to last year. The Company continues to deepen reform, strengthen resource integration, keep strategic focus on professionalism and regionalization, consolidate advantage in STAR market and achieve top-tier performance. The Group's asset management segment revenue amounted to RMB2,476 million representing a decrease of RMB382 million or 13.38% compared to RMB2,858 million of the corresponding period of last year, mainly due to decrease in AUM and fee rate of asset management subsidiaries and management fee income compared to last year. The Company continues to enhance the active management capability, adhere to long-term investment philosophy and strengthen product innovation and investment research ability. The Group's trading and institutional client services segment revenue amounted to RMB5,316 million representing an increase of RMB851 million or 19.06% compared to RMB4,465 million of the corresponding period of last year, mainly due to the fluctuation of financial markets. The Group's financial leasing segment revenue amounted to RMB9,098 million representing an increase of RMB124 million or 1.38% compared to RMB8,974 million of the corresponding period of last year. The Company commits to the origin of leasing, focuses on serving the national strategy, increases business investment in advanced manufacturing, energy and environmental protection, transportation and communication, digital economy and other industries and strengthens the ability to serve the real economy.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 2. Composition of expenses

Unit: '000 Currency: RMB

Total expenses	2023	2022	Increase/decrease	
			Amount	Percentage
Depreciation and amortization	<b>1,719,390</b>	1,581,428	137,962	8.72%
Staff costs	<b>6,340,923</b>	5,785,269	555,654	9.60%
Commission and fee expenses	<b>3,144,130</b>	3,083,635	60,495	1.96%
Interest expenses	<b>15,953,502</b>	13,607,710	2,345,792	17.24%
Expected credit losses	<b>3,188,708</b>	1,665,649	1,523,059	91.44%
Other asset impairment losses	<b>307,518</b>	65,121	242,397	372.23%
Other expenses	<b>10,088,615</b>	8,978,954	1,109,661	12.36%
<b>Total</b>	<b>40,742,786</b>	34,767,766	5,975,020	17.19%

In 2023, the total expenses of the Group amounted to RMB40,743 million, representing an increase of RMB5,975 million or 17.19% as compared to last year, mainly due to the increase of interest expenses and expected credit losses.

In 2023, the Group recorded a net profit attributable to owners of the Company of RMB1,008 million, representing a decrease of 84.59% as compared to the corresponding period of last year. The Group recorded basic earnings per share of RMB0.08, representing a decrease of 84.00% as compared to the corresponding period of last year; the weighted average return on net assets amounted to 0.61%, representing a decrease of 3.38 percentage points as compared to the corresponding period of last year.



## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 3. Public welfare contributions

In 2023, the Group contributed a total of RMB17,090.5 thousand in public welfare areas including environmental protection, disaster relief donations, education subsidies and charitable donations.

Unit: '000 Currency: RMB

<u>Item</u>	<u>Amount during the Reporting Period</u>
Charitable donations, education subsidies, disaster relief donations, etc.	17,090.5
<u>Total</u>	<u>17,090.5</u>

### 4. Others

During the Reporting Period, there were no material changes in the composition and sources of the Group's profits.

#### Cash flow

As at the end of 2023, the Group's net cash and cash equivalents amounted to RMB57,542 million, in which:

Net cash from operating activities was RMB14,902 million which was mainly due to cash inflow of RMB11,849 million caused by decrease in cash held on behalf of clients, and cash inflow of RMB10,870 million caused by increase in financial assets sold under repurchase agreements.

Net cash used in investing activities was RMB8,803 million which was mainly due to cash outflow of RMB37,064 million caused by purchases of debt instruments at fair value through other comprehensive income, and cash inflow of RMB29,649 million caused by proceeds from disposal of debt instruments at fair value through other comprehensive income.

Net cash used in financing activities was RMB16,540 million which was mainly due to cash outflow of RMB170,288 million caused by repayment of borrowings, short-term bonds, non-convertible bonds and others, cash inflow of RMB114,035 million caused by proceeds from issuance of short-term bonds and non-convertible bonds, and cash inflow of RMB54,141 million caused by borrowings raised.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### Major analysis on the consolidated statement of financial position

#### 1. Analysis on major items of consolidated statement of financial position

Unit: '000 Currency: RMB

	As at		As at		Increase/decrease	
	31 December 2023	Composition	31 December 2022	Composition	Amount	Percentage
<b>Non-current assets</b>	<b>192,117,950</b>		187,513,724		4,604,226	2.46%
Including: Finance lease receivables	11,248,040	1.49%	7,102,583	0.94%	4,145,457	58.37%
Receivables arising from sale and leaseback arrangements	40,593,188	5.38%	47,847,820	6.35%	-7,254,632	-15.16%
Debt instruments measured at fair value through other comprehensive income	52,676,210	6.98%	45,975,346	6.10%	6,700,864	14.57%
Equity instruments at fair value through other comprehensive income	8,010,844	1.06%	6,096,319	0.81%	1,914,525	31.40%
Financial assets at fair value through profit or loss	24,766,774	3.28%	25,043,377	3.32%	-276,603	-1.10%
Other loans and receivables	548,019	0.07%	2,518,564	0.33%	-1,970,545	-78.24%
Investments accounted for using equity method	8,115,626	1.08%	7,013,714	0.93%	1,101,912	15.71%
Financial assets held under resale agreements	2,013,400	0.27%	50,071	0.01%	1,963,329	3921.09%
Property and equipment	16,643,326	2.21%	17,016,634	2.26%	-373,308	-2.19%
Loans and advances	5,155,382	0.68%	5,031,733	0.67%	123,649	2.46%
Goodwill	3,468,589	0.46%	3,676,231	0.49%	-207,642	-5.65%
<b>Current assets</b>	<b>562,468,842</b>		566,095,581		-3,626,739	-0.64%
Including: Bank balances and cash	136,387,128	18.07%	153,392,719	20.35%	-17,005,591	-11.09%
Clearing settlement funds	15,584,378	2.07%	21,380,695	2.84%	-5,796,317	-27.11%
Financial assets at fair value through profit or loss	196,506,316	26.04%	184,555,352	24.49%	11,950,964	6.48%
Advances to customers on margin financing	68,418,208	9.07%	67,843,871	9.00%	574,337	0.85%
Accounts receivable	12,167,275	1.61%	10,394,515	1.38%	1,772,760	17.05%
Financial assets held under resale agreements	34,769,832	4.61%	32,595,078	4.33%	2,174,754	6.67%
Finance lease receivables	8,644,405	1.15%	12,355,870	1.64%	-3,711,465	-30.04%
Receivables arising from sale and leaseback arrangements	38,923,317	5.16%	36,702,132	4.87%	2,221,185	6.05%
Debt instruments measured at fair value through other comprehensive income	8,634,537	1.14%	6,876,553	0.91%	1,757,984	25.56%
Deposits with exchanges	23,480,478	3.11%	22,664,637	3.01%	815,841	3.60%
Derivative financial assets	2,278,555	0.30%	1,477,167	0.20%	801,388	54.25%
Other loans and receivables	4,742,213	0.63%	4,209,604	0.56%	532,609	12.65%
<b>Total assets</b>	<b>754,586,792</b>		753,609,305		977,487	0.13%

## SECTION III REPORT OF THE BOARD OF DIRECTORS

	As at 31 December 2023		As at 31 December 2022		Increase/decrease	
	Composition		Composition		Amount	Percentage
<b>Current liabilities</b>		<b>420,156,185</b>		389,397,820	30,758,365	7.90%
Including: Accounts payable to brokerage clients		106,538,717	18.38%	115,513,463	-8,974,746	-7.77%
Financial assets sold under repurchase agreements		111,617,827	19.25%	101,694,357	9,923,470	9.76%
Borrowings		48,942,398	8.44%	56,864,912	-7,922,514	-13.93%
Placements from banks and other financial institutions		12,740,366	2.20%	3,218,363	9,522,003	295.86%
Financial liabilities at fair value through profit or loss		13,130,414	2.26%	5,478,358	7,652,056	139.68%
Derivative financial liabilities		1,190,945	0.21%	898,419	292,526	32.56%
Other payables and accruals		22,538,352	3.89%	21,262,810	1,275,542	6.00%
Short-term financing bills payable		18,853,059	3.25%	16,159,094	2,693,965	16.67%
Customer accounts		4,828,712	0.83%	3,784,565	1,044,147	27.59%
Income tax liabilities		851,562	0.15%	1,729,485	-877,923	-50.76%
Bonds payable		78,301,231	13.51%	60,153,220	18,148,011	30.17%
<b>Net current assets</b>		<b>142,312,657</b>		176,697,761	-34,385,104	-19.46%
<b>Non-current liabilities</b>		<b>159,631,048</b>		186,589,427	-26,958,379	-14.45%
Including: Bonds payable		115,619,049	19.94%	121,677,698	-6,058,649	-4.98%
Long-term borrowings		24,410,822	4.21%	33,951,333	-9,540,511	-28.10%
Financial assets sold under repurchase agreements		946,966	0.16%	-	946,966	N/A
Financial liabilities at fair value through profit or loss		7,322,991	1.26%	17,410,122	-10,087,131	-57.94%
Placements from banks and other financial institutions		1,971,998	0.34%	3,057,738	-1,085,740	-35.51%
<b>Total liabilities</b>		<b>579,787,233</b>		575,987,247	3,799,986	0.66%
<b>Total equity</b>		<b>174,799,559</b>		177,622,058	-2,822,499	-1.66%

As at 31 December 2023, the non-current assets amounted to RMB192,118 million, representing an increase of 2.46% as compared to the end of 2022, mainly due to the increase of debt instruments measured at fair value through other comprehensive income; the current assets amounted to RMB562,469 million, representing a decrease of 0.64% as compared to the end of 2022, mainly due to the decrease of bank balances and cash. The current liabilities were RMB420,156 million, representing an increase of 7.90% as compared to the end of 2022, mainly due to the increase of bonds payable; the net current assets were RMB142,313 million, representing a decrease of 19.46% as compared to the end of 2022; the non-current liabilities were RMB159,631 million, representing a decrease of 14.45% as compared to the end of 2022, mainly due to the decrease of financial liabilities at fair value through profit or loss.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

As at 31 December 2023, the Group's equity attributable to owners of the Company was RMB163,244 million, representing a decrease of RMB1,348 million or 0.82% as compared to the end of 2022; without taking into account the accounts payable to brokerage customers, the Group's gearing ratio was 73.03%, representing an increase of 0.87 percentage point as compared to 72.16% as at the end of 2022. The Group's asset-liability structure remained relatively stable.

### *Borrowings and bond investment*

As of 31 December 2023, the total borrowings and bond financing of the Group amounted to RMB286,127 million. The following table sets forth the breakdown of the Group's borrowings and bond financing as at the end of 2023:

*Unit: '000 Currency: RMB*

	<b>31 December 2023</b>	31 December 2022
Bonds payable	<b>193,920,280</b>	181,830,918
Borrowings	<b>73,353,220</b>	90,816,245
Short-term financing bills payable	<b>18,853,059</b>	16,159,094
<b>Total</b>	<b>286,126,559</b>	288,806,257

For the interest rates and maturities of the borrowings and debt financing, please refer to notes 47, 48 and 49 to the Financial Report.

As at 31 December 2023, the Group's borrowings, short-term financing bills payable and bonds payable due within one year amounted to RMB146,097 million, and the Group's net current assets, after deducting liabilities such as bonds payable, borrowings and short-term financing bills payable due within one year, amounted to RMB142,313 million. Therefore, the liquidity risk exposure of the Group was immaterial. Save for the liabilities disclosed in the Report, as at 31 December 2023, the Company had no outstanding mortgages, charges, bonds, other debt capital, liabilities under acceptance or other similar indebtedness, lease purchase and financial leasing commitment, guarantee or other material contingent liabilities.

### **(II) Analysis of business information of the industry**

For details, please refer to the relevant contents in "Section III Report of the Board of Directors" in the Report.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### (III) Analysis of investment

#### *General analysis on external equity investments*

At the end of the Reporting Period, the Group's long-term equity investment was RMB8,116 million, representing an increase of RMB1,102 million or 15.71% as compared to the end of last year (RMB7,014 million). For long-term equity investment, please refer to note 25 to the Consolidated Financial Statements of the Report.

#### *1. Material equity investment*

During the Reporting Period, the Company had no material equity investment.

#### *2. Material non-equity investment*

During the Reporting Period, the Company had no material non-equity investment.

#### *3. Financial assets measured at fair value*

The financial assets measured at fair value of the Group mainly included financial assets at fair value through profit or loss of RMB221,273 million, financial liabilities at fair value through profit or loss of RMB20,453 million, equity instruments at fair value through other comprehensive income of RMB8,011 million, debt instruments at fair value through other comprehensive income of RMB61,311 million, and derivative financial instruments of RMB1,088 million.

#### *4. Specific progress on the restructuring and integration of material assets during the Reporting Period*

During the Reporting Period, the Company had no material restructuring or integration of assets.

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### (IV) Material assets and equity disposal

During the Reporting Period, the Group had no material asset or equity disposal.

### (V) Analysis of principal holding subsidiaries or joint-stock companies

1. Haitong Innovation Securities, with a registered capital of RMB11,500 million, in which Haitong Securities holds 100% equity interest. As at 31 December 2023, the total assets of Haitong Innovation Securities reached RMB20,166 million, and the net assets were RMB19,726 million. In 2023, Haitong Innovation Securities realized a revenue of RMB719 million and a net profit of RMB630 million.
2. Haitong International Holdings, with a registered capital of HK\$11,180 million, in which Haitong Securities holds 100% equity interest. As at 31 December 2023, the total assets of Haitong International Holdings reached HK\$108,542 million, and the net assets were HK\$7,786 million. In 2023, Haitong International Holdings realized a revenue of HK\$-1,575 million and a net profit of HK\$-8,156 million.
3. Haitong Capital, with a registered capital of RMB7,500 million, in which Haitong Securities holds 100% equity interest. As at 31 December 2023, the total assets of Haitong Capital reached RMB12,060 million, and the net assets were RMB9,790 million. In 2023, Haitong Capital realized a revenue of RMB229 million and a net profit of RMB34 million.
4. Haitong UT Capital, with a registered capital of HK\$4,146 million, in which Haitong Securities holds 100% equity interest. As at 31 December 2023, the total assets of Haitong UT Capital reached RMB124,632 million, and the net assets were RMB21,049 million. In 2023, Haitong UT Capital realized a revenue of RMB8,762 million and a net profit of RMB1,616 million.
5. HT Asset Management, with a registered capital of RMB2,200 million, in which Haitong Securities holds 100% equity interest. As at 31 December 2023, the total assets of HT Asset Management reached RMB5,902 million, and the net assets were RMB5,729 million. In 2023, HT Asset Management realized a revenue of RMB537 million and a net profit of RMB263 million.
6. Shanghai Weitai Properties, with a registered capital of RMB10 million, in which Haitong Securities holds 100% equity interest. As at 31 December 2023, the total assets of Shanghai Weitai Properties reached RMB295 million, and the net assets were RMB15 million. In 2023, Shanghai Weitai Properties realized a revenue of RMB37 million and a net profit of RMB58,900.
7. Haitong Futures, with a registered capital of RMB1,301.5 million, in which Haitong Securities holds 83.22% equity interest. As at 31 December 2023, the total assets of Haitong Futures reached RMB56,175 million, and the net assets were RMB3,667 million. In 2023, Haitong Futures realized a revenue of RMB7,333 million and a net profit of RMB201 million.

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8. HFT Investment, with a registered capital of RMB300 million, in which Haitong Securities holds 51% equity interest. As at 31 December 2023, the total assets of HFT Investment reached RMB3,871 million, and the net assets were RMB2,524 million. In 2023, HFT Investment realized a revenue of RMB1,164 million and a net profit of RMB417 million.
9. Fullgoal Fund, with a registered capital of RMB520 million, in which Haitong Securities holds 27.775% equity interest. As at 31 December 2023, the total assets of Fullgoal Fund reached RMB13,770 million, and the net assets were RMB8,524 million. In 2023, Fullgoal Fund realized a revenue of RMB6,715 million and a net profit of RMB1,814 million.

### (VI) Structured entities controlled by the Company

The Company has recognized and included 99 structured entities (which are managed by the Company's subsidiaries) in its consolidated financial statements, considering the variable returns from such structured entities to which the Company is entitled in the consolidated financial statements or the risks to which the Company is exposed.

### (VII) Others

#### 1. *Establishment and disposal of the business departments and branches of the Company during the Reporting Period*

During the Reporting Period, the Company has been approved and established seven new securities branches and discontinued one securities branch; as at the end of the Reporting Period, the Company had 29 securities branch offices and 307 securities branches (please refer to Appendix II to the Report for details).

#### 2. *Explanation on account standardization*

During the Reporting Period, the Company further strengthened the management on opening new accounts, and effectively prevented non-standard account openings through procedure optimization, enhanced supervision and review and other measures. The Company also made further clean-up of unqualified accounts, small-amount-dormant accounts and dormant accounts without risk management which have been put in a separate reserve category. During the Reporting Period, the Company has cleaned up 41 unqualified capital accounts (including 24 unqualified cash-only accounts), 598 small-amount-dormant capital accounts (including 81 cash-only small-amount-dormant accounts), and 127 dormant accounts without risk management. As at 31 December 2023, the Company still had 25,673 unqualified capital accounts (including 22,769 unqualified cash-only capital accounts), 1,537,190 small-amount-dormant capital accounts (including 444,833 cash-only small-amount-dormant capital accounts) and 96,781 dormant capital accounts without risk management.

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### 3. *Business innovation*

The Company always adheres to the concept of promoting transformation by innovation, and has various business innovations:

- (1) The Company actively promoted the implementation of innovations advocated by the regulatory authorities and driven by businesses.** In 2023, the Company obtained various business qualifications launched in the industry, including: the qualification of the first main market maker of STAR 50ETF dual-options on the SSE, the qualification for independently underwriting debt financing instruments of non-financial enterprises as the main underwriter in the inter-bank market, the qualification as a general clearing member for commodity and derivatives trading on the Shanghai Clearing House as well as other key qualifications. Meanwhile, the Company insisted on driving its principal businesses with innovation and launched the first business and product in various industries, including: the issuance of first offshore bonds with securities companies as the credit subject in Shanghai FTZ in China, the prizes for Annual Development Contribution Institution in Innovative Businesses and the Outstanding Contribution Institution in International Businesses in 2023 by China Central Depository & Clearing Co., Ltd.; the issuance of the HFT CSI 2000 Trading Index Securities Investment Open-ended Fund with Enhanced Strategies, the first product tracking the CSI 2000 Index in the industry, and ETF products with enhanced strategies; the issuance of the Green Asset-backed Special Program No. 26 (Linked with Low-carbon Transformation) of Haitong UT, the first “Green + Low-carbon Transformation-Linked” asset-backed securities product in China.
- (2) The Company persisted in innovation and development and serving national strategies and the transformation and upgrading of the real economy.** In 2023, a total of four programs of the Company were awarded the prize of Shanghai Financial Innovation Achievement Award in 2021-2022. Among them, the business innovation program on offshore bonds (Pearl Bonds) in Shanghai FTZ was awarded the second prize; the program of Haitong-Fortis Private Equity Fund on facilitating multi-layered financing for the silicon industry in Shanghai and the program of Haitong UT on the revolving lease products with the maximum amount were awarded the third prize; and the program of HT Asset Management on financing and credit enhancement for small and micro enterprises was awarded the nomination prize. The Company continuously boosted its financing operation focused on the science and technology innovation sector and consolidated the brand advantages of its investment banking business and sponsorship business. The Company assisted the successful listing of Huahong Semiconductor on the STAR Market with over RMB21.2 billion raised, making it the biggest program in the A-share market in 2023 in terms of the funds raised. The Company also facilitated the listing of SMIC, Guanggang Gases, Suochen Technology, Grandit, SUND Technological and other science and technology innovation enterprises on the STAR Market. It insisted on promoting development with innovation and continuously developed various first and benchmark programs in the bond market,



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including the first CMBS (commercial mortgage-backed securities) on historical and cultural streets in China issued by Chengdu Culture & Tourism Group, the first tranche of green corporate bonds issued by China Three Gorges Corporation on the SSE by way of book building and the first green vehicle loans ABS program issued by GAC-Sofinco Auto Finance. It fully leveraged on the platform advantage of the Company and developed the ecosystems of master funds with the characteristics of Haitong. In 2023, the Company completed the signing of contracts on the master fund in the leading area of Pudong New Area (浦東新區引領區母基金), Anhui Conch Industrial Internet Fund of Fund (安徽海螺工業互聯網母基金) and the Cooperation and Development Fund of Haitong Xingtai in the Yangtze River Delta (海通興泰長三角合作發展基金). It has preliminarily developed the ecosystems and value chains of master funds of Haitong Securities and become an “accelerator” in facilitating science and technology innovation.

- (3) The Company adhered to that technology creates value and developed new momentum for high-quality development through digital transformation.** The Company firmly practiced the development strategy of “leading by technology”, strove to develop “Digital Haitong 2.0” and empowered the improvement and upgrading of business management with the latest financial technology. In 2023, the Company officially released “Fanhai Yandao (泛海言道)”, the first big model in the vertical sector in the industry. With the comprehensive application of cutting-edge big model technology, it has been successfully applied in intelligent Q&A, intelligent research reports, intelligent R&D and other business scenarios to boost the quality improvement and upgrading of financial services and inject new drivers to the innovation and development of the financial industry. The Company comprehensively implemented regulatory and business requirements, actively participated in the full implementation of the registration-based IPO regime and the transformation of relevant systems of the Beijing Stock Exchange and firstly achieved the launching in the industry. As at the end of 2023, the Company has obtained a total of 102 software copyrights, ranking first in the industry. In 2023, the Company won over 20 awards, including the Prize of Financial Technology Development Award by People’s Bank of China, the prize for excellent research topics by the SSE and the SZSE and the “Struggle Cup” Shanghai Youth Financial Business Innovation Competition.

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### VI. DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY

#### (I) Industry landscape and trend

Guided by Xi Jinping Thoughts on Socialism with Chinese Characteristics for a New Era, the reform of the capital market has been continuously promoted and the high-quality development of the capital market has entered a new stage. In October 2023, the Central Financial Work Conference proposed the “building of a nation with a strong financial sector” for the first time, upheld serving the real economy as the fundamental mission of the financial sector and deepened the financial supply-side structural reform. The meeting of the Political Bureau of the CPC Central Committee emphasized that efforts should be made to “revitalize the capital market and instill confidence among investors”. The CSRC specified a package of measures to revitalize the capital market. On the one hand, with the gradual implementation of policies on reducing the brokerage fee, halving the stamp duty, the periodical tightening of IPOs, the countercyclical adjustments on margin financing and securities lending, the optimization of risk control indicators of securities companies and the market-based reform of M&As and reorganizations, it significantly boosted investors’ confidence and raised new requirements on the high-level reform of the business models of securities companies at the same time. On the other hand, it comprehensively intensified regulatory systems on “institutional regulation, behavior regulation, functional regulation, penetrated regulation and continuous regulation” in the implementation of sharp-pointed regulation with “teeth and thorns” on the industry. The securities industry will continue to improve internal control. As the industrial landscape has undergone profound changes, the industry competition will more focus on specialization and differentiation.

We expect the trend of the development of the securities industry will be as follows. Along with the two-way opening up and liberation of the capital market with increasingly accelerated interconnection, the entry of foreign-invested or even wholly foreign-owned securities companies will increase industry competition while promoting industry development. The internationalization of markets and customers will further promote the internationalization of securities companies and cross-border links will be deepening. Market concentration may further increase. In 2023, the CSRC clearly supported securities companies to be better and stronger through business innovation, group operation, M&As and reorganizations and to develop first-class investment banks. Securities companies are expected to achieve exogenous growth through M&As and reorganizations in the future. The traditional profit model based on licenses and regulation will be further phased out, while the industry profit model will be transformed to the capital intermediary model based on capital advantage, customer base, professional services capability and fin-tech strength. In this continuously expanding, highly promising asset management and wealth management market featured by the institutionalization of retail investors, the core competitiveness of the securities companies will be the active asset management capabilities and product design capabilities. As securities companies’ business becomes significantly more complex in terms of product matrix, service models and geographic coverage and the CSRC emphasizes the integrated promotion of strengthening regulation, preventing risks and facilitating development at series of meetings in 2024, the importance of compliance and risk management and the group-level management, control and synergy for the continued development of all businesses will become increasingly apparent.

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### (II) Development strategy of the Company

In the context of the transformation, the Company's overall development strategy is as follows: adhering to customer focus; focusing on intermediary businesses such as brokerage, investment banking and asset management as core businesses; developing capital intermediary business and investment business as the wings which will draw upon conglomeration, internationalization and digitization as the driving force; reinforcing the four "pillars" namely compliance and risk management, talent, IT and research. Meanwhile, the Company will enhance its capability building in five areas including capital and investment management, investment banking underwriting and sales pricing, assets management, institutional brokerage and sales transaction and wealth management to build an intelligent Haitong. With the mission of developing a world-class investment bank, we are committed to transforming Haitong into a leading domestic and globally influential modern financial service enterprise.

### (III) Business plan

In 2024, under the guidance of the overall development strategy and with the focus on deepening the financial supply-side structural reform, the Company will continue to practice the concept of "One Haitong". It will explore the synchronized operational model of "investment banking-investment-research" to better serve the real economy; and research the synchronized operational model of "institution-asset management-wealth" to better serve the wealth management demand in society. It will "improve" operation management and capital returns to better prevent risks and fulfill social responsibilities. It will maintain the stability of its businesses, advantages and positions and promote innovation, reform and efficiency improvement, focus on promoting the high-quality development of the Company, serve new quality productivity, improve "five major aspects" to facilitate the building of a nation with a strong financial sector and serve the "national demands" with "all of Haitong's efforts".

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According to the general requirements for the Company's operation in 2024, the Company will focus on the following key tasks: The investment banking business will provide high-quality direct financing services with the focus on the real economy; continue to deepen reform and strengthen the integration of internal and external resources; improve the establishment of the internal control defense line with "one practice, two professionalism and three rigidity", refine the accountability mechanism and be the "watchman" of the capital market with a diligent and responsible attitude. The wealth management segment will vigorously strengthen the construction of branches, further optimize the layout of outlets; expand the existing size of products, improve the capability of investment advisory and solidify the brand of entrepreneur services. The trading and institutional client services will actively prepare the application for various business qualifications, expand business categories, strengthen liquidity management and risk control; explore the potential of incremental revenue and build a research team with higher combat capability, wider influence and stronger sense of discipline; reasonably allocate key sales resources and increase the comprehensive financial revenue of licensed institutions. The asset management business will continuously boost efforts in product innovation and the building of investment research capabilities and expand the depth and width of cooperation with all business segments of the Company. The overseas business will keep acute and properly respond to geopolitical risks, identify and seize market opportunities in a timely manner. The leasing business will further deepen industrial transformation, consolidate the existing advantages in the industrial sector and actively explore strategic and emerging industries, continuously improve the quality and efficiency of the leasing business in serving the real economy, highlight the featured "assets leasing" and advance the "inclusive finance"; more vigorously prevent and dissolve risks and consolidate the asset quality. The private equity investment and direct investment business will always integrate equity investment with key national strategies and the business development of the Company and step up investment support to new technologies, new businesses and new quality productivity to speed up in the cultivation of new momentum and new advantages. Meanwhile, the Company will also make best efforts to promote the improvement and upgrading of compliance and risk management, enhance the organizational and human resources efficiency, improve the Group's treasury management and control capability and vigorously advance various work on technology and operation in an orderly manner to facilitate the high-quality development of the industry with its own high-quality development.

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### (IV) Potential risks and countermeasures (including the implementation of comprehensive risk management and compliance risk control as well as investments in information technology)

#### 1. Summary of risk management

The Group has been attaching great importance to risk prevention and control, and set up the operational philosophy of “pragmatic, pioneering, steady and excellent” and the risk control philosophy of “prudence and even conservativeness”. The operation management of the Company adhered to the principle of the priority for compliance and priority for risk management.

According to the Standards of Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》) and other regulatory requirements and internal rules, the Group continued to improve the establishment of its comprehensive risk management system, strengthened the consolidated management of risk control indicators, improved the Group’s T+1 risk data mart, empowered the risk management of subsidiaries, and promoted the vertical development of the comprehensive risk management system of the Group in terms of full coverage, monitoring, measurement, analysis and risk-response ability. The Company built a clearly arranged risk management structure covering various types of risks, different business lines and all entities, constantly revamped various risk management processes including risk identification, assessment, measurement, monitoring, reporting and response. The Company established a three-level risk control indicator system covering supervision indicators, risk tolerance and limit indicators as well as business risk control indicators, realized dynamic monitoring and automatic warning through the system, and took the initiative to conduct stress tests to prudently assess the impact of extreme risks. By enhancing the centralized and unified management of risks for the same client and the same business, the Company established and improved risk limit system of the Group, broke down the limit and allocated them to each department and subsidiary, and built an intelligent warning platform of the Group to continuously improve the ability of risk judgment and warning. The Company measured market risks, credit risks and liquidity risks, established model management mechanism and procedures, and carried out ongoing assessments and validations of the model. The Company included the risks of its subsidiaries into the scope of reports and regularly prepared reports of the Group, and prepared special reports on significant risk events. The Company chose proper countermeasures according to risk assessment and warning results, and established an effective response mechanism as well as operational contingency plans. In addition, the Group provided guarantee and support for comprehensive risk management through measures including cultural cultivation, construction of regulations, data and systems, establishment of talent team and more investment in risk management.

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### 2. *Structure of Risk Management*

In compliance with the Company Law, the Securities Law, the Guidelines for Internal Control of Securities Companies, the Standards of Comprehensive Risk Management of Securities Companies, and the rules and regulations of the Company, the Company has built a multi-level organizational structure of risk management, and determined specific responsibilities in risk management at all level for the Board of Directors, the Supervisory Committee, the management, the Chief Risk Officer (the “CRO”), the risk management department, the business and management department, branches and subsidiaries.

The Board is the maker and authorized person of the Company’s strategic objectives for risk management, and is responsible for reviewing and approving the overall objective, fundamental policies and major systems of the Company’s risk management, the overall risk preference and risk tolerance of the Company, solutions for material risks, periodic risk assessment report, supervision on the implementation of the Company’s risk management policy, appointment, dismissal and evaluation of CRO, as well as the establishment of a direct communication mechanism with the CRO and other duties stipulated by the Articles of Association. The Board has set up the Compliance and Risk Management Committee to perform the specific risk management duties of the Board.

The Supervisory Committee supervises the Company’s risk management and internal control system and is responsible for the supervision of risk management and internal control established and implemented by the Board and the management, and performs other responsibilities stipulated in the Articles of Association.

Based on the authorization of the Board, the management is responsible for setting up an organizational structure with clear responsibilities and procedures, formulating risk management policies, rules and regulations of the Company, carrying out overall risk preference and risk tolerance policies of the Company, identifying, evaluating and responding to all kinds of risks, establishing a sound and effective risk management system and mechanism, timely responding to or correcting existing issues or defects, reviewing and dealing with significant risk accidents of the Company, establishing an overall performance evaluation system covering risk management effectiveness, building a perfect IT system and data quality control mechanism, as well as performing other risk management duties delegated by the Board.

The Company has a CRO, which is appointed by the Board. The CRO is the senior management member who is responsible for the overall risk management of the Company. The CRO is required to organize and implement risk management policies, rules and regulations determined by the Board and the management, arrange supervision, review, and evaluation for risk management systems established and perfected by the Company, arrange supervision and inspection for the implementation of risk management policies and procedures of the Company, make suggestions on and supervise the improvement of

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existing problems in risk management, arrange instruments and approaches that evaluate and improve risk management, regularly organize evaluations for the level of major risks to which the Company is exposed and its management status, file evaluation reports to the management, the Board and regulatory authorities, as well as organize the nomination and assessment for the persons in charge of risk management in subsidiaries.

The Company established a risk management department, which is led by the CRO, to perform risk management functions, and is responsible for drafting risk management policies, rules and regulations of the Company, supervising and guiding each entity to formulate business risk management systems and procedures, identifying and evaluating major risks of the Company's related businesses, organizing supervision and inspection for the implementation of the risk management systems of different businesses, regularly evaluating and reporting overall risk level and risk management of the Company, as well as timely reporting significant potential risks or risk events and giving suggestions accordingly. In addition, the compliance and management department is responsible for the management of compliance risk, money laundering risk and terrorism financing risk of the Company, the funds management head office of the Company is responsible for the management of liquidity risk of the Company, the general manager's office is responsible for the management of reputational risk of the Company, and the IT management department is responsible for IT risk of the Company.

The Company's departments, branches and subsidiaries are responsible for risk management within the scope of their operation and management, establishing sound risk management systems and procedures accordingly, carrying out risk management policies and related risk management. The heads of all departments, branches and subsidiaries assume direct responsibilities of risk management effectiveness. The departments, branches and subsidiaries of the Company appoint personnel to take charge of risk management in their respective entities, and supervise, inspect, and report the implementation of risk management policies and systems, as well as perform the front-line risk management responsibilities.

The Company's audit department carries out regular inspections for risk management and regular evaluations for the effectiveness of the risk management system, and makes suggestions for improvement based on the evaluation result.

All the subsidiaries operate in a standardized way and in accordance with law. The Company integrates the risk management of subsidiaries into its overall risk management system, implements vertical management for its risk management and conducts consolidated management of risk control indicators on a daily basis. The Company has built a group-based T+1 risk data mart and effectively implemented vertical risk management for subsidiaries in terms of nomination of subsidiaries' persons in charge of risk management, risk limit and report, approval of major issues, risk data connection, consolidation of risk control indicators, risk supervision and inspection, risk assessment and evaluation, and others.

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### 3. *Prevention measures to potential risks and the performance during the Reporting Period*

The risks faced by the Company in business operation activities mainly include: compliance risk, money laundering and terrorism financing risk, credit risk, market risk, operational risk, liquidity risk and reputational risk, which are detailed as follows:

#### (1) *Compliance risk*

Compliance risk refers to circumstances where the securities firms may be subject to legal liabilities or regulatory penalties, disciplinary actions, or incur property loss or reputation damage due to failure to comply with laws, regulations and rules arising from the securities fund management company or its staff's poor management or malpractices.

In accordance with the regulatory requirements of compliance management and in combination with the actual situation of the Company, the Company has established a scientifically reasonable organizational structure of compliance management and defined the compliance management positions of the following persons, including the Board, the Supervisory Committee, the principal in charge of operation management, chief compliance officer and other senior management. The compliance department, other internal control departments and the subordinate entities of the Company (including all departments, branches and subsidiaries) have well-defined roles and responsibilities, coordination and interaction. The Company has formulated the Management Measures for the Compliance of Haitong Securities Co., Ltd. (《海通證券股份有限公司合規管理辦法》) and relevant supporting systems, built a compliance management team, ensured strict compliance management for each business line, and made efforts to secure full implementation of various compliance systems, mechanisms and procedures through prior review, in-process monitoring, post-event examination, assessment and application of accountability. At the same time, many measures were launched for policy transmission and promotion of compliance in a bid to foster the business environment of "Full Compliance and Active Compliance".



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During the Reporting Period, the Company further enhanced compliance review, compliance monitoring, compliance inspection, compliance evaluation, compliance accountability and other basic compliance management functions, further enhanced compliance staff team building and improved the refined, scientific and technological level in respect of compliance management and explored the group-level management depth. The Company determined the year of 2023 as the “Year of Compliance and Internal Control Culture Consolidation”, during which, on the basis of the experience accumulated in the “Year of Compliance and Internal Control Culture Construction”, the Company continued to promote the upgrading of the compliance and internal control system through regime construction, mechanism construction, team building and system construction.

### (2) *Money laundering and terrorism financing risk*

The Company formulated the Management Measures for Money Laundering and Terrorism Financing Risk of Haitong Securities Co., Ltd. (《海通證券股份有限公司洗錢和恐怖融資風險管理辦法》), and established and improved a sound anti-money laundering organizational framework under the Board, forming an anti-money laundering management system coordinated by the anti-money laundering leading group of the Company, led by the compliance department for organization and implementation, and implemented by relevant business departments and branches. The Company has developed an anti-money laundering management system consisting of the money laundering risk management system of the Group, basic anti-money laundering system of the Company and other supporting systems and operating procedures thereof. The Company formulated money laundering and terrorism financing risk management strategies of “taking risk prevention as its first priority” and adopted corresponding risk control measures based on different risk conditions in all business lines of the Company. It promoted the transmission of the money laundering risk management culture through trainings and publicity, created a sound atmosphere of the money laundering risk management culture and actively prevented money laundering and terrorism financing risk.

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During the Reporting Period, the Company incorporated the anti-money laundering into the overall planning on the “Year of Compliance and Internal Control Culture Consolidation”, further revised and improved the anti-money laundering system, strengthened the establishment of the money laundering risk management culture and carried out series of trainings on anti-money laundering to improve the quality and efficiency of the anti-money laundering of the Company. Meanwhile, the Company actively fulfilled anti-money laundering promotion obligations to continuously improve the awareness of the investors on the prevention of money laundering and terrorist financing risks.

### (3) *Credit risk*

Credit risk refers to the risk that the Group may suffer loss as a result of failure by the borrower, counterparty or debt issuer to perform the stipulated financial obligations or any adverse change in their credit standing.

#### **A. Risks relating to self-owned monetary funds deposited in other financial institutions and securities brokerage business**

Monetary funds are mainly deposited in state-owned commercial banks or joint-stock commercial banks with good reputation, while the clearing settlement funds are deposited in China Securities Depository and Clearing Corporation Limited. Such cash and cash equivalents are facing relatively low credit risk. In terms of securities brokerage business, trading is settled under gross margin to effectively avoid relevant credit risk.

#### **B. Risks relating to trading finance business**

The Group’s trading finance business mainly includes: margin financing and securities lending, stock pledged repurchase, margin trading, stock repurchase transaction and others. The relevant involved companies mainly manage and control the credit risk through formulating and implementing various strict systems and measures on due diligence, internal credit rating, project evaluation, credit approval management, daily mark-to-market, limit monitoring, post-lending tracking, credit enhancement, liquidation execution, judicial recourse and provision making.

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### C. Risks relating to debenture transaction and investment business

The Group emphasizes diversified investment to control concentration risk. Investment subjects are mostly high credit rating assets. In credit risk management, the Group also keeps a close track of the operating conditions and credit rating changes of investment subjects, implements internal rating and standard credit management mechanism, and identifies and supplements credit risk monitoring indicators such as debt issuers, industries and geographic concentration. During the post-investment monitoring process, the Group updates the internal rating of debt issuer and credit limit indexes in a timely manner in accordance with the changes in financial indicators, significant risk events and negative public opinion, etc., and dynamically adjusts trading strategies.

### D. Risks relating to financial leasing business

In terms of conducting financial leasing business to support the development of the real economy, the Group develops credit risk management policies according to the industry and customers equally-focused strategy. In terms of industrial credit risk management, the Group dynamically tracks and assesses those risks according to the prosperity of the industry where financial leasing customers are operating, and correspondingly formulates relevant industry investment policies to control industry concentration risks. In terms of customer credit risk management and control, the Group mainly manages and controls customer credit risk through due diligence, internal rating, credit review, post-loan asset inspection, risk early warning and monitoring, and concentration limit control and other measures.

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### **E. Risks relating to short-term intra-industry borrowing business such as bond repurchase, and OTC derivatives business**

As for the short-term intra-industry borrowing business such as bond repurchase, the Group carefully selects the counterparties with good credit standing and secured securities with high credit rating through access and credit granting management from counterparties, so as to control the level of credit risk from the source. In terms of OTC derivatives business, the Group establishes a sound regulation system and procedure covering areas including counterparties access and credit granting management, subject securities management, and risk responses and handling, and conducts daily mark-to-market evaluation throughout the term of OTC derivative transaction and manages counterparty credit risk by fully adopting measures such as net settlement and performance guarantee. The Group's counterparties of short-term intra-industry borrowing and OTC derivatives businesses are mainly commercial banks, securities companies, asset management plans and other entities. The Group selects appropriate business models, carefully and strictly controls the business scale and adopts appropriate risk control measures during the operations of the aforesaid businesses. Meanwhile, the Group pays attention to the correlation between credit risk and market risk, and adopts transaction margin arrangement, internal rating and credit management of counterparties and other measures to address credit risks in the context of market fluctuations.

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Save for the above-mentioned risk factors, overseas financing businesses conducted by the Group are also exposed to relevant credit risk. During the Reporting Period, due to adverse factors such as the interest rate hike by central banks in Europe and America, and the fluctuations in the Hong Kong market, the repayment ability of the Company's existing overseas financing customers weakened, and the collateral recovery and disposal was more difficult. Therefore, the Company made additional impairment provisions therefor and continued to reduce overseas credit risk by strengthening post-lending tracking, actively taking monitoring measures and enhancing centralized control. During the Reporting Period, with reference to relevant policies such as the credit risk management measures, the Group fully implemented the credit risk identification, assessment, measurement, monitoring, reporting and response work focusing on the same customer and the same business. The Group advanced the promotion and application of its intelligent warning center, continuously upgraded the credit risk management information system, enhanced the unified rating and centralized credit management mechanism, promoted the implementation of high-risk customer lists management, and actively carried out customer ESG due diligence and ESG risk evaluation work. During the Reporting Period, the Group's core credit risk monitoring indicators were stable, and the overall credit risk was controllable.

For the three financing businesses, the Company proactively optimized the business structure, prudently evaluated new projects, strengthened the tracking, monitoring and management of existing projects, intensified recovery efforts for existing risky projects, and prudently and forwardly made provision for credit impairment to ensure adequate risk provision. As at the end of the Reporting Period, the average performance guarantee ratio of our customers in margin financing and securities lending business was 261.27%, the average performance guarantee ratio of our customers in securities repurchase transaction business was 271.05%, and the average performance guarantee ratio of our customers in stock pledged repo business operated was 234.47%. The collaterals provided by the lenders were sufficient, and the overall credit risk was manageable.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### (4) *Market risk*

Market risk mainly refers to the risk of losses of the Group's self-owned funds investment related business due to adverse changes in market prices (stock prices, interest rates and exchange rates, etc.) in its business activities.

**A. Stock price risk.** Stock price risk mainly refers to the risk of changes in the market prices of the equity securities invested by the Group which could bring loss to the Group. The businesses with such risk mainly include equity securities proprietary business, market-making business and OTC derivatives business, etc. With high uncertainties, stock price risk is one of the major market risks that the Group faces. The Group closely monitors the price fluctuation of relevant assets and has adopted relevant preventive measures, which means that, it monitors and controls those risks through tracking any variation in investment scale and value-at-risk (VaR) of securities positions on a daily basis. By implementing diversified investment strategies, the Group properly controlled and timely adjusted total investment amounts of various securities, and managed and controlled the market risk by combining the use of various hedging instruments.

**B. Interest rate risk.** Interest rate risk refers to the risk caused by changes in factors such as the market yield curve or credit spread. The businesses that bear such risks mainly include bond investment business and interest rate derivatives business. The Group managed interest rate risk by employing methods such as size control and investment portfolio re-balancing to achieve a reasonable allocation of assets, to match the maturities of liabilities and assets and by evaluating interest rate risk through regular measurement of indicators such as duration, convexity and DV01 of investment portfolios.

**C. Exchange rate risk.** Exchange rate risk refers to the risk resulting from changes in foreign exchange rates. The Group's international layout continued to improve. Facing the complex and volatile overseas market, the Group continued to track and study the latest developments in the foreign exchange market, constantly optimized system construction and internal management, and took various measures to hedge and mitigate exchange rate risk exposure. The Group focused on matching foreign currency assets and liabilities to control the foreign exchange risk exposure. As at the end of the Reporting Period, the Group's exchange rate risk had no material impact on the financial statements.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

**D. Commodity price risk.** Commodity price risk arises from the adverse changes of prices of various commodities. During the Reporting Period, the Group's commodity market risk exposure is relatively low and is hedged and effectively managed mainly by commodity derivatives such as commodity futures and options.

Save for the above-mentioned risk factors, overseas investment and transaction businesses conducted by the Group are also exposed to relevant market risk. Fluctuations of each element of market risk around the world may affect the overall profit or loss of the Group. During the Reporting Period, due to the fluctuations in the overseas market and the sharp interest rate hikes by central banks in Europe and America, certain adverse changes in the valuation of the Company's overseas financial assets occurred. The Company took the initiative to reduce the scale of investment, decreased the exposure to market risk, and actively responded to changes in the overseas market by conducting stress tests and strengthening limit management. During the Reporting Period, under the relevant requirements of the Group's market risk management measures, the Company continuously sped up the implementation of the procedures of market risk identification, assessment, measurement, monitoring, response and reporting at the Group level. In terms of investment and transaction businesses conducted by the subsidiaries of the Group, the Group manages and controls those risks by setting and assigning VaR limit and stop loss limit. The Group tracks and supervises its subsidiaries on their market risk profile and the implementation of risk limits based on the Group's T+1 risk data mart, the Group's market risk management system, risk reporting and other instruments or means.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

The Group measures and controls market risk arising from various investment and transaction businesses through a VaR-based quantitative indicator system for market risk. The specific measurement parameters of the Group's VaR model are confidence level of 95% and forward period of 1 day. The measurement of the model covers various financial assets and derivatives such as equity, interest rates and foreign exchange held at the Group level. The Group continuously monitors and evaluates the effectiveness of the VaR model by back testing and other means, and improves the VaR model according to the needs from business development and risk management. In addition, the Group has established a stress test management mechanism as an important supplement to the VaR model. By establishing various historical scenarios and simulation scenarios as well as the corresponding stress test transmission mechanism, the Group can measure the extreme losses that the investment and transaction businesses may face, and assess whether the losses are controlled at an acceptable level. During the Reporting Period, the ratio of the Company's VaR to its net assets at the end of each month and the ratio of the Group's VaR to its net assets both were kept under 0.2% and the market risk was controllable and acceptable.

### (5) *Operational risk*

Operational risk refers to the risk associated with losses arising from the defects of the internal processes, misoperation or misconduct of staff, information system defects or breakdown, and external factors. Operational risk runs through all aspects of the Company's business development and daily operation process, and may lead to legal risk, compliance risk, reputational risk and other risks. The Group continued to improve its internal control and management mechanism by improving rules and regulations, standardizing operational processes, enhancing risk inspections, strengthening assessment and accountability, etc., so as to reduce the possibility of operational risk and actively respond to and properly deal with the adverse impacts. During the Reporting Period, there were no material changes in the nature and extent of operational risk to which the Group was exposed and the existing operational risk management tools operated effectively on an on-going basis, and there were no significant operational risk events.



## SECTION III REPORT OF THE BOARD OF DIRECTORS

Information technology risks refer to the risks that arise from carrying out securities and funds business with the assistance of information technologies, due to natural factors, human factors, technical vulnerability or management deficiency. The Group was continuously strengthening the construction of the information technology management system, continuously improving the network and information security incident emergency plan, monitoring and managing the information technology related conditions of system operation, system establishment, information security, technology management, etc. by carrying out our regular drills, adopting regular or irregular monitoring, special inspections and other methods, to prevent information technology risks. During the Reporting Period, the Group continued to strengthen the construction, operation and maintenance of its information technology systems and conducted regular and irregular inspections and maintenance in strict accordance with the operational management procedures to ensure the reliability, stability and safe operation of the systems.

### (6) *Liquidity risk*

Liquidity risk refers to the risk that the Company is unable to gain sufficient funds with reasonable cost in a timely manner to pay its due debts, satisfy other payment obligations and meet the requirements for carrying out normal business operations. The Company is easily affected by the factors including macro policy, changes in market, operation conditions and client credit profile during its operations. Meanwhile, liquidity risk may also result from unmatched asset-liability structure.

In respect of daily liquidity risk management, by adhering to the determined liquidity risk preferences and limits of risk indicators, the Company has always ensured that the liquidity risk exposure is measurable, controllable and tolerable through reasonable monitoring mechanism and control measures. The Company reserved sufficient quality liquidity assets, which ensured smooth business development and timely repayment of matured liabilities of the Company. The Company continued to manage daily liquidity and risk indicators, built a linkage system of capital and indicator combining with assets and liabilities, and improved the liquidity risk analysis framework, which enriched tools of liquidity risk management over different periods of time, and enhanced the efficiency of the Company's management and forecast of liquidity risk.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

In terms of mid-term and long-term liquidity risk management, the Company continued to optimize its asset allocation structure, intensified its analysis on the development trend of assets and liabilities and controlled over liquidity risk from the source. On the one hand, the Company set up the Assets and Liabilities Allocation Committee to adjust its liability maturity mix by analyzing business development trend and potential need for mid-term and long-term funds, in order to ensure a reasonable match of assets and liabilities. On the other hand, the Company continued to enhance the level of liquidity refined management to ensure more reasonable liability structure and distribution of maturities, whilst maintaining a balance among asset safety, liquidity and profitability. During the Reporting Period, the Company put emphasis on maintaining good relationships with major commercial banks, emphasized regulated operations, maintained good reputation, and kept financing channels open.

Furthermore, under the guidance of the Group's liquidity risk management measures, the Company developed scientific and effective liquidity risk management strategies as per the business characteristics of each subsidiary, which basically realized the unified management of liquidity risk across the Group. Firstly, with the aim to guide the improvement of subsidiaries' liquidity risk management systems, the Company continued to implement classified management of subsidiaries in terms of risk and asset-liability management, etc. on the basis of liquidity risk management. Secondly, the Company implemented limit management requirements for the subsidiaries based on the industry, location and risk features of the subsidiaries, to monitor the liquidity risk actuality of each subsidiary more effectively. Lastly, the Company continued to improve the support system for the Group's liquidity, and safeguarded the Group against any liquidity risk.

During the Reporting Period, facing the change in market environment and internal capital demand of the Company, the Company actively planned on the basis of different areas to continuously strengthen the control over liquidity risk via prior risk identification, in-process risk mitigation and post-event improvement. The Company carried out market evaluation, grasped the timing of low interest rates to increase capital reserves through bond issuance and renew all due liabilities in a timely manner, which reduced the likelihood of the occurrence of liquidity risk and ensured its capability of stable operations in a complex market environment. The daily average liquidity coverage ratio of the core liquidity monitoring indicators of the Company was 245.59% while the daily average NSFR was 151.79%, both of which exceeded the regulatory requirement and pre-warning standard.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### (7) *Reputational risk*

Reputational risk refers to the risk of negative comments to the Company by investors, issuers, regulators, self-regulatory organizations, the public and the media due to the Company's acts or external events, as well as violations of integrity regulations, professional ethics, business norms, and industry rules and regulations by its employees, which may damage the Company's brand value, adversely affect the normal operation of the Company, and even affect market stability and social stability. The Company continued to enhance the forward-looking and proactive management of public opinions, continuously met the requirements of the regulatory authorities on systematic management of reputational risk, and strengthened the synergy efficiency of the parent company and subsidiaries in China and overseas through measures such as revising the system, enhancing awareness, improving the process, and uniting the team. It maintained healthy communication with mainstream media, and took the initiative in publicity based on the operating highlights, which can create a favorable public opinion environment for the Company's development. In response to a small number of negative public opinion reports, by strictly following the basic principles of full-process, all-staff, prevention first, prudent management, and rapid response, the Company made scientific judgments, made sufficient preparations, took the initiative to respond, promptly grasped the trend of public opinions, properly guided the public opinions, and protected the brand image of the Company. In accordance with the Management Measures for Reputational Risk of Haitong Securities Co., Ltd. (《海通證券股份有限公司聲譽風險管理辦法》), committing to the philosophy that "everyone bears the responsibility for reputational risk", the Company specified and designated responsibilities at all levels, and continuously improved the management awareness, prevention level and response ability of all employees in reputational risk, to jointly maintain the brand reputation of the Company. During the Reporting Period, the Company maintained a healthy environment of public opinions.

### 4. *Investment of the Company on compliance and risk control and information technology during the Reporting Period*

Regarding compliance and risk control, the Company continued to strengthen the construction of compliance and risk control system and increased relevant investment to provide solid support for compliance and risk control management. The Company's investment in compliance and risk control includes: the investments in personnel, systems and daily operating expenses in connection with compliance and risk control, liquidity risks and reputational risk. In 2023, the Company's total investment in compliance and risk control was RMB645 million.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

Regarding the investment in information technology, the Company made solid progress on various tasks according to its plan for technological development, and actively practiced the philosophy of “One Haitong” to consolidate the foundation of digitalization. In 2023, the Group’s total investment in information technology was RMB2,413 million, of which the total investment amount of the parent company was RMB1,521 million. Such investment was mainly used in the third phase development of the new-generation core trading system, the comprehensive upgrade of the institutional transaction service platform, driving the digital transformation of the wealth management business and supporting the development of intelligent operations.

### (V) Risk control indicators and establishment of net capital replenishment mechanism of the Company

#### 1. *Dynamic monitoring of risk control indicators*

In accordance with regulatory requirements such as the Management Measures for the Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》) and the Securities Companies Stress Testing Guidelines (《證券公司壓力測試指引》), etc., the Company has set up the internal control systems, organizational structures and corresponding technology systems in conformity with related requirements based on the dynamic risk control indicators monitoring platform, and has carried out dynamic monitoring of risk control indicators. In strict accordance with the requirements such as the Management Measures for the Risk Control Indicators of Securities Companies, the Company provided written reports to the regulatory authorities regarding risk control indicators and achievements on a regular basis; in the event that changes in risk control indicators reach a certain level, it will submit timely reports to the local securities regulatory bureaus. The Company constantly improved the system construction, process optimization and data system upgrade of the dynamic monitoring platform and has submitted various regulatory statements to the local securities regulatory bureaus within T+1 days. The aforesaid measures were taken to ensure that various risk control indicators including net capital, etc. are in line with regulatory requirements at any point in time.

#### 2. *Establishment of net capital replenishment mechanism*

The Company has established a net capital replenishment mechanism. When risk control indicators, including net capital, approach or trigger the early warning criteria, the Company will replenish net capital through reducing the scale of the proprietary investment products with high risks, reinforcing collection of receivables, raising share capital, issuing subordinated bonds and other means.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 3. *Monitoring of risk control indicators during the Reporting Period*

The Company always adheres to the philosophy of sound business and focuses on risk management to maintain a reasonable capital structure. As at the end of the Reporting Period, the net capital of the Company was RMB80,836 million; the net assets were RMB153,271 million; the “net capital/net assets” ratio was 52.74%; the risk coverage ratio was 197.71%; the capital leverage ratio was 17.68%; the liquidity coverage ratio was 223.69% and the net stable funding rate was 141.88%. During the Reporting Period, the operating risks of the Company were controlled at an acceptable level with high quality asset and standardized business operations, and its risk control indicators were in line with regulatory requirements.

### 4. *Sensitivity analysis and stress testing for risk control indicators*

In 2023, the Company conducted sensitivity analysis or stress testing on significant events including dividend distribution, capital allocation plans, adjustment in upper limit of business scale, investment banking underwriting projects, etc., and carried out the abovementioned events on the premise that the analysis and testing conclusions met the regulatory requirements. Stress testing has been conducted at the end of each month for all possible extreme cases. In 2023, the Company conducted 45 sensitivity analysis and stress testing on risk control indicators, and all testing results were in line with the requirements of the regulatory authorities, and were taken as the basis of the major decisions of the Company. In addition, the Company also conducted the stress testing on liquidity risk on a monthly basis to ensure that in future the liquidity risk control indicators can meet regulatory requirements at any point in time.

## (VI) Others

### 1. *Directors’ interest in business competing with the Company*

Mr. Zhou Donghui, a former non-executive Director (resigned on 12 October 2023), has been a non-executive director of Orient Securities Company Limited since May 2020. As Orient Securities Company Limited is engaged in, among others, securities brokerage, securities investment consultation, financial consultation service relating to securities trading and securities investment, proprietary trading, margin financing and securities lending, securities underwriting, securities investment fund agency, share options market making, etc., it may compete or is likely to compete, either directly or indirectly, with some of the business of the Company. Mr. Zhou Donghui was not involved in the daily management and operation of the Company. As such, the directorship held by Mr. Zhou Donghui in Orient Securities Company Limited would not give rise to any material competition under Rule 8.10 of the Hong Kong Listing Rules.

Save as disclosed above, none of the Directors has any interest in business which competes or is likely to compete, either directly or indirectly, with the Company’s business.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### **2. *Service contracts of Directors and Supervisors***

None of the Directors or Supervisors have a service contract with the Company or its subsidiaries which is not terminable by the employer within one year without payment of compensation (other than statutory compensation).

### **3. *Directors' and Supervisors' interests in transaction, arrangement or contract of significance***

During the Reporting Period, the Directors, Supervisors and entities related with any Director or Supervisor did not have any material interests, either directly or indirectly, in any transaction, arrangement or contract of significance entered into by the Company or its subsidiaries.

### **4. *Permitted indemnity provision***

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. The Company has arranged appropriate insurance coverage for potential legal actions and liabilities against the Directors, the Supervisors and the senior management.

### **5. *Share capital and issuance of shares and bonds***

For the information of the Company's share capital and issuance of shares and bonds as of 31 December 2023, please refer to "I. Changes in Ordinary Shares" and "II. Securities Issuance and Listing" in "Section VII Changes in Ordinary Shares and Particulars about Shareholders" and "Section IX Bonds" of the Report.

### **6. *Equity-linked agreement***

Save as disclosed in the Report, there were no equity-linked agreements entered into by the Company or subsisting during the Reporting Period.

### **7. *Profit distribution and tax relief plan***

For the profit distribution plan of the Company, please refer to "X. Proposal on Profit Distribution or Conversion of Capital Reserve Funds into Capital" in "Section IV Corporate Governance" of the Report.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 7.1 *Taxation of holders of A Shares*

According to the Circular of the Ministry of Finance, the State Administration of Taxation and the CSRC on Relevant Issues concerning Implementation of Differentiated Individual Income Tax Policies for Dividends of Listed Companies (Cai Shui [2012] No. 85) and the Circular of the Ministry of Finance, the State Administration of Taxation and the CSRC on Relevant Issues concerning Differentiated Individual Income Tax Policies for Dividends of Listed Companies (Cai Shui [2015] No. 101), for individual shareholders of a company who hold shares for a period (from the date of an individual's acquirement of the shares of a listed company from the public offer and transfer market to the date prior to the date of transfer and settlement of such shares) of within one month (including one month), their dividends are fully included in taxable income (effective tax rate is 20%); for those who hold shares for a period of over one month to one year (including one year), 50% of their dividends are temporarily included in taxable income (effective tax rate is 10%); for those who hold shares for a period of over one year, individual income tax on dividends is temporarily exempted. Temporarily, for individuals who hold shares of a listed company for a period less than one year (inclusive), the listed company shall not withhold any income taxes; when an individual transfers his/her shares, the securities depository and clearing company calculates the taxable income according to his/her period for holding shares, and the company withholds tax otherwise through the securities depository and clearing company for the part in excess of the withheld tax. For the dividends obtained from a listed company by a securities investment fund, individual income tax is levied in accordance with the Cai Shui [2012] No. 85 requirements. For shareholders who are resident enterprises, the income tax on their dividends shall be payable on their own.

For dividend income QFII obtained from sources within the PRC, listed companies are required to withhold and pay enterprise income tax at a rate of 10% pursuant to the requirements of the Notice concerning the Relevant Questions on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII (Guo Shui Han [2009] No. 47) issued by the State Administration of Taxation. Shareholders who are QFII and who wish to enjoy tax concessions shall apply to the competent taxation authorities for tax rebates according to the relevant rules and regulations after they receive the dividends and bonuses.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 7.2 *Taxation of holders of H Shares*

Pursuant to the Notice of the State Administration of Taxation on Issues concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348), the dividends received by the overseas resident individual shareholders from the stocks issued by domestic non-foreign invested enterprises in Hong Kong are subject to the payment of individual income tax according to the items of “interests, dividend and bonus income”, which shall be withheld by the responsible withholding parties in accordance with the relevant laws. The overseas resident individual shareholders who hold the stocks issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China or the tax arrangements between Mainland China and Hong Kong (Macau). The tax rate for dividends under the relevant tax agreements and tax arrangements is generally 10%. For the purpose of simplifying tax administration, domestic non-foreign invested enterprises issuing shares in Hong Kong may, when distributing dividend, generally withhold individual income tax at the rate of 10%, and they are not obligated to file an application. If the tax rate for dividend is not equal to 10%, the following provisions shall apply: (1) for citizens from countries under agreements to be entitled to tax rates lower than 10%, the withholding parties will file applications on their behalf to seek entitlement of the relevant agreed preferential treatments, and upon approval by the tax authorities, over withheld tax amounts will be refunded; (2) for citizens from countries under agreements to be entitled to tax rates higher than 10% but lower than 20%, the withholding agents will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividends, and are not obligated to file an application; (3) for citizens from countries without tax treaties or under other situations, the withholding agents will withhold the individual income tax at a tax rate of 20% when dividends are distributed.

Pursuant to the Notice of the State Administration of Taxation on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897), a PRC resident enterprise, when distributing dividends for 2008 and the years afterwards to H shareholders who are overseas non-resident enterprises, shall be subject to the enterprise income tax withheld at a flat rate of 10%.

Pursuant to the current practices of the Inland Revenue Department of Hong Kong, no taxes shall be levied for the dividends distributed by the Company in Hong Kong.



## SECTION III REPORT OF THE BOARD OF DIRECTORS

### *7.3 Profit distribution for investors in Mainland China investing in H Shares of the Company through Shanghai-Hong Kong Stock Connect*

For investors of the SSE (including enterprises and individuals) investing in the H Shares of the Company listed on the Hong Kong Stock Exchange, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H Shares through Shanghai-Hong Kong Stock Connect, will receive the cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H Shares through Shanghai-Hong Kong Stock Connect through its depository and clearing system. The cash dividends for the investors of H Shares through Shanghai-Hong Kong Stock Connect will be paid in RMB. Pursuant to the requirements of the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知 (財稅[2014]81號)), for dividends received by individual investors in Mainland China from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the individual investors. For dividends received by securities investment funds in Mainland China from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax shall be payable under the same rules as those for individual investors. The company of such H shares will not withhold or pay the income tax on dividends for enterprise investors in Mainland China and those enterprise investors shall report and pay the relevant tax themselves.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### *7.4 Profit distribution for investors in Mainland China investing in H Shares of the Company through Shenzhen-Hong Kong Stock Connect*

For investors of the SZSE (including enterprises and individuals) investing in the H Shares of the Company listed on the Hong Kong Stock Exchange, the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, which is expected to be the nominee of the holders of H Shares through Shenzhen-Hong Kong Stock Connect, will receive the cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H Shares through Shenzhen-Hong Kong Stock Connect through its depository and clearing system. The cash dividends for the investors of H Shares through Shenzhen-Hong Kong Stock Connect will be paid in RMB. Pursuant to the requirements of the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No.127) (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知 (財稅[2016]127號)), for dividends received by individual investors in Mainland China from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the individual investors. For dividends received by securities investment funds in Mainland China from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax shall be payable under the same rules as those for individual investors. The company of such H shares will not withhold or pay the income tax on dividends for enterprise investors in Mainland China and those enterprise investors shall report and pay the relevant tax themselves.

### *7.5 Profit distribution for investors investing through Northbound trading under Shanghai-Hong Kong Stock Connect*

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares of the Company listed on the SSE (hereinafter referred to as "Investors of Northbound Trading"), their final dividends will be distributed in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such A Shares. For dividends derived by investors (including enterprise and individual investors) in the Hong Kong market from investing in A shares listed on the SSE, listed companies are required to withhold and pay income taxes at a rate of 10% pursuant to the requirements of the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知 (財稅[2014]81號)), and will report to the tax authorities for the withholding. For the Investors of Northbound Trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate lower than 10%, those enterprises or individuals may, or may engage a withholding agent to, apply to the competent tax authorities of the listed companies for the preferential treatment under such tax treaty. Upon approval by the competent tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

The shareholders of the Company are advised to seek opinions from their tax advisor concerning the tax effect involved in China, Hong Kong, and other countries (regions) with respect to the ownership and disposition of the shares of the Company.

### **8. Management contract**

During the Reporting Period, the Company had no contracts (other than the service contracts with any Director or Supervisor or any of the full-time employees of the Company) pursuant to which the management and administration of the whole or any substantial part of the business of the Company were undertaken by any individual or entity.

### **9. Major clients and suppliers**

The Company serves a diverse base of institutional and retail clients across a spectrum of sectors. The Company's clients range from large state-owned enterprises, multi-national corporations and SME clients to high-net-worth individuals and retail customers. Its clients are primarily located in the PRC. The improving overseas network layout will help the Company provide offshore services and expand its customers' sources. In 2023, the revenue generated from the top five customers of the Company accounted for 3.13% of the Group's total revenue. Due to the Company's business nature, the Company has no major suppliers.

### **10. Reserves and reserves available for profit distribution**

For the changes in reserves and reserves available for profit distribution, please refer to the "Consolidated Statement of Changes in Equity" in the financial statements and note 60 to the consolidated financial statements of the Report.

### **11. Pre-emptive right arrangement**

In accordance with the PRC laws and the Articles of Association, the Company's shareholders have no pre-emptive right.

### **12. Sufficiency of public float**

Based on the publicly available information and to the knowledge of the Directors, as at the date of the Report, the Directors believe that the public float of the Company has complied with the requirements on the minimum percentage of shares in public hands as prescribed in Rule 8.08 of the Hong Kong Listing Rules.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### **13. *Particulars about Directors, Supervisors and senior management***

Please refer to “IV. Particulars about Directors, Supervisors and Senior Management” in “Section IV Corporate Governance” of the Report for details on the composition, changes and the biographical details of Directors, Supervisors and senior management during the Reporting Period.

### **14. *Contract of significance***

During the Reporting Period, the Company did not have any controlling shareholder or any de facto controller, and there was no contract of significance between the Company or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries, nor any contract of significance for providing services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries as defined in Appendix D2 to the Hong Kong Listing Rules.

### **15. *Share option scheme***

For the share option scheme of the Group, please refer to “XI. Share Incentive Scheme, Employee Stock Ownership Plan or Other Employee Incentives of the Company and Their Effects” in this section.

### **16. *Environmental policies and performance***

For the Company’s environmental policy and performance, please refer to “Section V Environmental and Social Responsibilities” of the Report and the 2023 Sustainability Report disclosed by the Company separately on the same date of the 2023 annual results announcement of the Company.

### **17. *Compliance with relevant laws and regulations***

The Board is of the view that during the Reporting Period, the Company operated its business and its decision-making procedure in compliance with relevant laws, regulations and the Articles of Association. Save as disclosed in “IV. Particulars about Directors, Supervisors and Senior Management” and “V. Particulars about Punishments Imposed by Securities Regulatory Authorities during Recent Three Years” in “Section IV Corporate Governance” of the Report, during the Reporting Period, the Company complied with laws and regulations that have a significant impact on the Company. The Company is not aware of any breach of laws and regulations and the Articles of Association or any act which would prejudice the interests of the Company and its shareholders by any Directors, Supervisors or senior management when performing their duties.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 18. *Review of annual results*

The Audit Committee under the Board reviewed the audited financial statements and the annual report of the Company for the year ended 31 December 2023, and did not raise any objections to the accounting policies and practices adopted by the Company.

### 19. *Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures and future plans for material investments or capital assets*

Save as disclosed in the Report, there were no significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures by the Company during the Reporting Period. There were no material investments or additions of capital assets authorized by the Board at the date of the Report.

### 20. *Repurchase of shares by the Company*

In order to safeguard the value of the Company and the interests of shareholders, promote the healthy, stable and sustainable development of the Company and protect the long-term interests of investors, based on the confidence in the sustained and stable development of the Company in the future and the recognition on the value of the shares and in combination with the Company's development strategies, operation and financial conditions, on 30 August 2023, the Company convened the 41st meeting of the seventh session of the Board, at which the Resolution on the Plan of Repurchase of A Shares of the Company through Centralized Price Bidding was considered and approved. For details of the repurchase of shares by the Company, please refer to "VIII. Specific Implementation of Repurchase, Sale or Redemption of Securities of the Company during the Reporting Period" in "Section VII Changes in Shares and Particulars about Shareholders" of the Report.

### 21. *Events subsequent to the Reporting Period*

Save as disclosed in note 77 to the Financial Report in the Report, the Company had no material events subsequent to the end of the financial year and up to the date of the Report.

## VII. THE SITUATION THAT THE COMPANY FAILED TO DISCLOSE INFORMATION ACCORDING TO THE STANDARDS DUE TO SPECIAL REASONS, E.G. NONAPPLICABILITY TO THE STANDARDS OR STATE SECRETS AND TRADE SECRETS AND THE DESCRIPTION OF RELEVANT REASONS

Applicable  Not applicable

## SECTION IV CORPORATE GOVERNANCE

### I. DESCRIPTION OF CORPORATE GOVERNANCE

#### (I) Overview of Corporate Governance

As a public company listed on both mainland China and Hong Kong, the Company operates in strict compliance with laws, regulations and regulatory requirements in the domestic and overseas places where the shares of the Company are listed, and is committed to maintaining and improving its good market image. Pursuant to the Company Law, the Securities Law, the relevant regulations of the CSRC, the Hong Kong Listing Rules and other relevant regulations, the Company has been continuously improving its corporate governance structure and has further established and perfected its compliance and risk management system and internal control management mechanism. The Company has also formed a corporate governance structure where the roles the general meeting, the Board, the Supervisory Committee and the management are separated from each other and checks and balances is ensured, enabling all levels to perform their respective duties and obligations within their respective responsibilities and powers and ensuring the regulated operations and the scientific, standardized and transparent corporate governance of the Company. The procedures and rules for convening and holding the Company's general meetings, Board meetings and meetings of the Supervisory Committee and the voting mechanisms with respect thereto are legal and valid, with information disclosed in a true, accurate, complete, timely and fair manner. The Company has, in strict compliance with relevant provisions of the Corporate Insider Registration System, strengthened the management of the Company's inside information, properly completed insider registration and carried out work in relation to investor relations management in a professional and regulated manner.

During the Reporting Period, in accordance with the Measures for the Supervision and Administration of Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Business Institutions (《證券基金經營機構董事、監事、高級管理人員及從業人員監督管理辦法》) and the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) issued by the CSRC, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (August 2023 Revision) issued by the Shanghai Stock Exchange, the Working Rules of Primary-level Party Organizations of State-owned Enterprises (for Trial Implementation) (《中國共產黨國有企業基層組織工作條例(試行)》), the Company Law (2018 Revision), the Code of Corporate Governance for Securities Companies (2020 Revision) (《證券公司治理準則(2020修訂)》), the Administration of Equity Ownership of Securities Companies (2021 Revision) (《證券公司股權管理規定(2021修正)》), the Guidelines for the Articles of Association of Listed Companies (2022 Revision) (《上市公司章程指引(2022修訂)》) and other relevant regulations as well as the actual situation of the Company, the Company amended the current Articles of Association and its appendices, including the Rules of Procedure for Shareholders' General Meetings of Haitong Securities Co., Ltd., the Rules of Procedure for Board Meetings of Haitong Securities Co., Ltd. and the Rules of Procedure for the Supervisory Committee of Haitong Securities Co., Ltd. The amendments mainly include but are not limited to the objectives of the operation of the Company, industrial culture, organizations of the CPC, equity management, shareholders' rights and obligations, powers and functions of the general meeting, the qualification requirements for Directors, Supervisors and senior management, and independent Directors. The abovementioned amendments to the Articles of Association have been considered and approved at the 2023 first extraordinary general meeting of the Company held on 12 October 2023. For details of the amendments, please refer to "XVI. Others" of this section.

## SECTION IV CORPORATE GOVERNANCE

During the Reporting Period, the Company has strictly complied with all the provisions of the Code and has satisfied substantially all the recommended best practice provisions therein.

During the Reporting Period, the Company held a total of 34 meetings, including 2 general meetings, 10 Board meetings, 5 Supervisory Committee meetings, 2 annual report work meetings of independent non-executive Directors, 6 meetings of the Audit Committee, 3 meetings of the Nomination, Remuneration and Assessment Committee, 3 meetings of the Compliance and Risk Control Committee and 3 meetings of the Development Strategy and ESG Management Committee.

### (II) Formulation and Implementation of the Insider Management System

During the Reporting Period, in major events such as repurchase of A Shares and preparation of periodic reports, the Company, as required by the Insider Registration System, duly carried out inside information management and insider registration related work, and maintained a truthful and complete list of all insiders involved in the reporting, delivery, preparation, auditing and disclosure before publication of inside information as well as files regarding the content of inside information each insider is aware of and the time of their awareness to enable enquiries made by the Company and relevant regulatory authorities. During the Reporting Period, no violation of the Insider Registration System by the Company occurred and the said system was implemented properly.

## SECTION IV CORPORATE GOVERNANCE

### (III) Corporate Governance Policies and Duties of the Board in Respect of Corporate Governance

The Company is in strict compliance with the Hong Kong Listing Rules, and has adopted all principles as set out in the Code as its corporate governance policies. The Board has the following duties in respect of corporate governance:

- (a) to develop and review the corporate governance policies and practices of the Company;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the policies and practices of the Company on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the Code and disclosure in Corporate Governance Report.

Whether there is material difference between the Company's corporate governance and the requirements regarding the governance of listed companies under the laws, administrative regulations and the rules of the CSRC or not; any material difference should be explained

Applicable  Not applicable

### II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND THE DE FACTO CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, STAFF, FINANCE, INSTITUTIONAL SETUP AND BUSINESS, AS WELL AS THE SOLUTIONS, PROGRESS OF WORK AND SUBSEQUENT WORK PLANS THAT AFFECT THE INDEPENDENCE OF THE COMPANY

The equity structure of the Company is relatively scattered, with no controlling shareholder or de facto controller. The Company is fully independent from the shareholders in terms of business, staff, assets, institutional setup and finance. The Board, the Supervisory Committee and other functional departments of the Company all operate independently with independent and complete business and self-operating capabilities.



## SECTION IV CORPORATE GOVERNANCE

### 1. Business Independence

According to the Company Law, the Articles of Association and the business scope approved by the CSRC, the Company legally conducts its businesses independently. The Company has obtained relevant operation permits for securities business, ensuring its independent and complete business structure and the capability for independent operation. The Company's business operation is free from control or influence from its shareholders or related parties, allowing the Company to compete independently in the market. There have been no instances of shareholders or related parties violating the Company's operational procedures by intervening in the internal management or decision-making of the Company.

### 2. Staff Independence

The Company has a dedicated human resources department with independent and complete labor, personnel and payroll management systems. The Company has elected/appointed its Directors, Supervisors and senior management through statutory procedures. None of our senior management holds any position other than positions of director or supervisor at any shareholder or any of the Company's subsidiaries, nor do they hold any position in any enterprise that has the same or similar business with that of the Company. There is no occasion where the Company's shareholders acted beyond the authority of the general meeting and the Board to appoint Directors, Supervisors or senior management of the Company. Appointment of Directors, Supervisors, and senior management is in strict compliance with the Company Law, the Securities Law and the Articles of Association, and is conducted through lawful procedures. The Company has established comprehensive employment, personnel administration, payroll management and social security systems, and all employees have signed labor contracts with the Company. The Company has independent rights to sign labor contracts without interference from any shareholder.

### 3. Assets Independence

The Company owns independent and complete assets necessary to conduct securities business. There is no occasion where any shareholder or related party occupies the Company's assets and infringes the lawful rights of the Company, other shareholders or clients of the Company. The Company independently operates and manages its assets according to law and owns the special operating licenses, properties, operating equipment and trademarks necessary to conduct business.

### 4. Institutional Independence

The Company has established a complete corporate governance structure with the general meeting, the Board, the Supervisory Committee, management and relevant operations management departments, all of which operate effectively and perform their respective powers and duties according to law. The Company has an independent and complete securities business operating and management system, enabling independent operations, and its structure and operation of organization are in compliance with the relevant requirements of the CSRC. The existing offices and places of business of the Company are separate from those of our shareholders. There is no intermingling of corporate structures or direct interference in the operations of the Company by any shareholder.

## SECTION IV CORPORATE GOVERNANCE

### 5. Financial Independence

The Company has established a dedicated finance department, with dedicated financial accounting system and financial management system. The Company makes financial decisions in accordance with established decision-making procedures. There is no occasion where any shareholder or related party may interfere in the Company's use of funds. The chief financial officer of the Company is appointed by the Board and assisted by dedicated financial staff. The Company has opened separate bank accounts and thus no shareholder or related party shares any bank account with the Company. As an independent taxpayer, the Company fulfills all tax obligations according to financial and taxation rules and regulations.

The controlling shareholder, de facto controller and other entities under their control who are engaged in the same or similar business with the Company, and the impact of the intra-industry competition or major changes in the intra-industry competition on the Company, as well as solutions, solution progress and follow-up solution plans that have been taken

Applicable  Not applicable

### III. BRIEFING OF THE GENERAL MEETINGS

Session of the meeting	Date of the meeting	Search index of the designated website for resolutions disclosure	Date of resolutions disclosure	Resolutions of the meeting
2022 Annual General Meeting	16 June 2023	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="https://www.hkexnews.hk">https://www.hkexnews.hk</a>	17 June 2023 16 June 2023	See "Descriptions of the general meetings" below for details
2023 First Extraordinary General Meeting	12 October 2023	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="https://www.hkexnews.hk">https://www.hkexnews.hk</a>	13 October 2023 12 October 2023	See "Descriptions of the general meetings" below for details

*Note:* The poll results announcements of the above resolutions of the general meetings were published on the website of the Hong Kong Stock Exchange on the respective dates of the meetings, and published on the website of the SSE and in the China Securities Journal, the Shanghai Securities News, the Securities Times and the Securities Daily on the dates immediately after the meetings.

The shareholders of preference shares whose voting rights were resumed request to hold an extraordinary general meeting

Applicable  Not applicable

## SECTION IV CORPORATE GOVERNANCE

### Descriptions of the general meetings

During the Reporting Period, the Company held the 2022 annual general meeting at Haitong Bund Finance Plaza on 16 June 2023, at which 11 resolutions were considered and approved, including: 1. the report of the Board for the year 2022; 2. the report of the Supervisory Committee for the year 2022; 3. the 2022 duty performance report of independent Directors; 4. the annual report of the Company for the year 2022; 5. the final accounts report of the Company for the year 2022; 6. the profit distribution proposal of the Company for the year 2022; 7. the proposal of the Company on renewal of engagement of auditing firms; 8. the proposal regarding the estimated investment amount for the proprietary business of the Company for the year 2023; 9. the proposal regarding the projected routine related party/connected transactions of the Company in 2023; 10. the proposal regarding the appointment of Ms. Xiao Hehua as a Director; and 11. the proposal regarding the grant of general mandate to the Board to authorize, allot or issue A Shares and/or H shares. Among them, resolutions numbered 1 to 10 were ordinary resolutions, and the resolution numbered 11 was a special resolution.

The Company held the 2023 First Extraordinary General Meeting at Haitong Bund Finance Plaza on 12 October 2023, at which five resolutions were considered and approved, including: 1. the proposal on the amendments to the Articles of Association and the appendices thereof; 2. the proposal on the amendments to the Terms of Reference of the Independent Directors of the Company; 3. the proposal on the election of Directors of the eighth session of the Board; 4. the proposal on the election of independent Directors of the eighth session of the Board; and 5. the proposal on the election of non-employee representative Supervisors of the eighth session of the Supervisory Committee. Among them, the resolution numbered 1 was a special resolution, and the resolutions numbered 2 to 5 were ordinary resolutions.

The poll results announcements of the above resolutions of the general meetings were published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) on the respective dates of the meetings, and published on the website of the SSE (<http://www.sse.com.cn>) and in the China Securities Journal, the Shanghai Securities News, the Securities Times and the Securities Daily on the dates immediately after the meetings.

## SECTION IV CORPORATE GOVERNANCE

### IV. PARTICULARS ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Unit: Share

Name	Position	Gender	Year of birth	Commencement date of tenure	Ending date of tenure	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in the number of shares during the year	Reasons for changes	Total remuneration before tax received from the Company during the Reporting Period (RMB0'000)	Whether received from related party(ies) of the Company or not
Zhou Jie	Executive Director, Chairman, and Secretary of CPC Committee*	Male	1967	28 October 2016	To date	0	0	0	-	85.68	No
Li Jun	Executive Director, General Manager and Deputy Secretary of CPC Committee*	Male	1969	28 September 2021	To date	0	0	0	-	92.00	No
Tu Xuanxuan	Non-executive Director	Male	1973	18 June 2019	To date	0	0	0	-	-	Yes
Shi Lei	Non-executive Director	Male	1982	12 October 2023	To date	0	0	0	-	-	No
Xiao Hehua	Non-executive Director	Female	1970	16 June 2023	To date	0	0	0	-	-	Yes
Xu Jianguo	Non-executive Director	Male	1964	18 October 2016	To date	0	0	0	-	-	Yes
Zhou Yu	Independent non-executive Director	Male	1959	18 June 2019	To date	0	0	0	-	30	No
Fan Ren Da Anthony	Independent non-executive Director	Male	1960	12 October 2023	To date	0	0	0	-	6	Yes
Mao Fugen	Independent non-executive Director	Male	1963	12 October 2023	To date	0	0	0	-	6	No
Mao Huigang	Independent non-executive Director	Male	1972	12 October 2023	To date	0	0	0	-	6	Yes
Zhao Yonggang (Resigned)	Vice chairman of the Supervisory Committee and employee representative Supervisor*	Male	1972	11 June 2021	12 October 2023	0	0	0	-	77.11	No
	Executive Director and Deputy Secretary of CPC Committee *			12 October 2023	11 December 2023						

## SECTION IV CORPORATE GOVERNANCE

Name	Position	Gender	Year of birth	Commencement date of tenure	Ending date of tenure	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in the number of shares during the year	Reasons for changes	Total remuneration before tax received from the Company during the Reporting Period (RMB0'000)	Whether received remuneration from related party(ies) of the Company or not
										6.90	No
Ren Peng (Resigned)	Executive Director and Deputy General Manager	Male	1962	18 June 2019	30 January 2023	0	0	0	-	6.90	No
Yu Liping (Resigned)	Non-executive Director	Female	1962	8 June 2015	31 May 2023	0	0	0	-	-	No
Zhou Donghui (Resigned)	Non-executive Director	Male	1969	18 June 2020	12 October 2023	0	0	0	-	-	No
Zhang Ming (Resigned)	Independent non-executive Director	Male	1958	12 June 2016	12 October 2023	0	0	0	-	24	Yes
Lam Lee G. (Resigned)	Independent non-executive Director	Male	1959	6 April 2017	12 October 2023	0	0	0	-	15	Yes
Zhu Hongchao (Resigned)	Independent non-executive Director	Male	1959	18 June 2019	12 October 2023	0	0	0	-	21	No
Tong Jianping	Chairman of the Supervisory Committee	Male	1962	7 September 2022	To date	0	0	0	-	-	No
Ruan Feng	Supervisor	Male	1968	20 October 2020	To date	0	0	0	-	-	Yes
Li Zhenghao	Supervisor	Male	1975	18 June 2020	To date	0	0	0	-	-	No
Cao Yijian	Supervisor	Male	1976	18 June 2019	To date	0	0	0	-	-	No
Miao Qing	Supervisor	Female	1978	12 October 2023	To date	0	0	0	-	-	Yes
Song Chunfeng	Supervisor	Male	1969	12 October 2023	To date	0	0	0	-	-	Yes

## SECTION IV CORPORATE GOVERNANCE

Name	Position	Gender	Year of birth	Commencement date of tenure	Ending date of tenure	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in the number of shares during the year	Reasons for changes	Total remuneration before tax received from the Company during the Reporting Period (RMB0'000)	Whether received from related party(ies) of the Company or not
										192.49	No
Wu Xiangyang	Employee representative Supervisor	Male	1966	18 June 2019	To date	0	0	0	-	192.49	No
Cao Zhigang	Employee representative Supervisor	Male	1978	28 June 2023	To date	0	0	0	-	87.97	No
Yu Yang	Employee representative Supervisor	Female	1981	12 October 2023	To date	0	0	0	-	39.78	No
Shi Xu (Resigned)	Employee representative Supervisor	Male	1972	18 June 2019	28 June 2023	0	0	0	-	105.72	No
Dong Xiaochun (Resigned)	Supervisor	Male	1964	20 October 2020	12 October 2023	0	0	0	-	-	Yes
Dai Li (Resigned)	Supervisor	Female	1973	18 June 2019	12 October 2023	0	0	0	-	-	No
Mao Yuxing	Deputy General Manager and Chief Information Officer	Male	1971	25 February 2019	To date	0	0	0	-	80.96	No
Jiang Chengjun	Assistant to the General Manager	Male	1968	29 March 2017	30 June 2023	0	0	0	-	197.74	No
	Secretary to the Board			29 March 2017	26 September 2023						
	Deputy General Manager			30 June 2023	To date						
Pan Guangtao	Assistant to the General Manager	Male	1971	12 May 2017	30 June 2023	0	0	0	-	197.26	No
	Deputy General Manager			30 June 2023	To date						
Zhang Xinjun	Deputy General Manager	Male	1975	30 June 2023	To date	0	0	0	-	185.51	No
	Chief Financial Officer			27 March 2018	To date						

## SECTION IV CORPORATE GOVERNANCE

Name	Position	Gender	Year of birth	Commencement date of tenure	Ending date of tenure	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in the number of shares during the year	Reasons for changes	Total remuneration before tax received from the Company during the Reporting Period (RMB0'000)	Whether received remuneration from related party(ies) of the Company or not
										164.92	No
Pei Changjiang	Deputy General Manager Secretary to the Board	Male	1965	22 August 2013 26 September 2023	26 September 2023 To date	0	0	0	-	164.92	No
Chen Chungqian	Assistant to the General Manager Business Director	Male	1963	14 March 2012 12 October 2023	12 October 2023 To date	0	0	0	-	342.27	No
Zhang Xiangyang	Assistant to the General Manager Business Director	Male	1965	30 December 2014 12 October 2023	12 October 2023 To date	0	0	0	-	-	No
Zhao Huiwen	Chief Compliance Officer	Female	1977	31 July 2023	To date	0	0	0	-	95.63	No
Shi Xu	Chief Risk Officer	Male	1972	30 June 2023	To date	0	0	0	-	115.18	No
Lin Yong (Resigned)	Assistant to the General Manager	Male	1969	30 December 2014	16 March 2023	0	0	0	-	-	No
Li Jianguo (Resigned)	Assistant to the General Manager	Male	1963	22 October 2008	12 April 2023	0	0	0	-	-	No
Du Hongbo (Resigned)	Chief Risk Officer	Male	1963	12 May 2017	30 June 2023	0	0	0	-	142.51	No
Li Haichao (Resigned)	Deputy General Manager Chief Compliance Officer	Male	1968	3 March 2022 3 March 2022	13 September 2023 31 July 2023	0	0	0	-	60.72	No
Total	/	/	/	/	/	0	0	0	-	2,378.35	/

Notes: 1. When there are multiple positions in the position column, only the tenure of the first position is provided. For Directors, Supervisors and senior management who have been re-elected, the commencement date of their tenure is the date of their first election/appointment. For details on the tenure period of Mr. Zhou Jie as Secretary of CPC Committee, Mr. Li Jun as Deputy Secretary of CPC Committee and Mr. Zhao Yonggang as Deputy Secretary of CPC Committee, please see their respective biographical details below. As shown in the above table, Mr. Zhou Jie has been serving as a Director since 18 October 2016; Mr. Li Jun has been serving as the general manager since 28 October 2021; Mr. Mao Yuxing has been serving as the chief information officer since 19 September 2016; Mr. Ren Peng has been serving as a deputy general manager since 24 November 1997.

## SECTION IV CORPORATE GOVERNANCE

2. The remuneration of the Directors, Supervisors and senior management during the Reporting Period represents the remuneration attributable to and received in the year for serving as Director, Supervisor or senior management and does not take into account the remuneration received by them for serving in positions other than Director, Supervisor or senior management in the Company.
3. The amounts above do not include the remuneration received by the senior management of the Company from subsidiaries. During the Reporting Period, Mr. Li Jianguo, an assistant to the general manager of the Company, received remuneration (inclusive of tax) of RMB1.3886 million from Haitong International Holdings; Mr. Lin Yong, an assistant to the general manager of the Company, received remuneration (inclusive of tax) of RMB0.8209 million from Haitong International; Mr. Zhang Xiangyang, an assistant to the general manager of the Company, received remuneration (inclusive of tax) of RMB2.1127 million attributable to 2023 from Haitong Capital. The remuneration received in foreign currencies was translated based on the central parity rate of Renminbi in the interbank foreign exchange market as at the end of 2022 published by China Foreign Exchange Trade System.



## SECTION IV CORPORATE GOVERNANCE

### Significant work experience of the existing Directors, Supervisors and senior management

Name	Significant Work Experience
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#### Executive Directors (2)

Zhou Jie (周杰)

Mr. Zhou Jie was born in 1967 and is a holder of master's degree in engineering. Mr. Zhou has been an executive Director since 18 October 2016, the Chairman of the Board since 28 October 2016, and the secretary of the CPC Committee of the Company since July 2016. From February 1992 to June 1996, Mr. Zhou worked at the investment banking department of Shanghai International Securities Co., Ltd. (上海萬國證券有限公司). From June 1996 to December 2001, Mr. Zhou served successively as the manager of the investment department, a deputy general manager, and the chairman of the board of directors and the general manager of Shanghai SIIC Asset Operation Co., Ltd. (上海上實資產經營有限公司). From December 2001 to April 2003, he was a director and the general manager of SIIC Medical Science and Technology (Group) Limited (上海實業醫藥科技(集團)有限公司). From January 2002 to July 2016, he acted successively as an executive director and vice chief executive officer, an executive director and the executive vice president, and the vice chairman of the board of directors and the chief executive officer of Shanghai Industrial Holdings Limited (上海實業控股有限公司, listed on the Hong Kong Stock Exchange under the stock code of 0363). From August 2004 to July 2016, he served successively as the chief planning officer, an executive director and a vice president, an executive director and the executive vice president, and the president and a deputy secretary of CPC Committee of SIIC Shanghai (Holding) Co., Ltd. (上海上實(集團)有限公司). From March 2010 to May 2012, he was the chairman of the supervisory committee of Shanghai Pharmaceuticals Holding Co., Ltd. (上海醫藥集團股份有限公司, listed on the SSE under the stock code of 601607; listed on the Hong Kong Stock Exchange under the stock code of 02607), where he served as the chairman of the board of directors and the secretary of the CPC Committee from June 2012 to June 2013 and from May 2016 to July 2016. Mr. Zhou has been a supervisor and the chairman of the remuneration committee of the SSE since 2016. He has been a deputy to the Shanghai Municipal People's Congress, a vice chairman of Shanghai Financial Association (上海金融業聯合會), and an arbitrator of Shanghai Arbitration Commission (上海仲裁委員會) since 2017, and a director and a vice chairman of the Securities Association of China (中國證券業協會) since 2021.

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Li Jun (李軍)	<p>Mr. Li Jun was born in 1969 and is a holder of master's degrees in business administration and public administration and management. Mr. Li has served as a deputy secretary of CPC Committee of the Company since August 2021, an executive Director of the Company since 28 September 2021, and the general manager of the Company since 28 October 2021. Mr. Li worked at the Shanghai Branch of China Pacific Insurance Co., Ltd. (中國太平洋保險公司) from July 1992 to February 2001, successively serving as a staff member, a deputy section chief and the section chief of the import division of the overseas business department, the section chief of the export division of the transportation insurance department, and the section chief of business division I of the import and export department. He worked at China Pacific Property Insurance Co., Ltd. (中國太平洋財產保險股份有限公司) from March 2001 to January 2003, and successively served as the section chief of the office secretary division, a deputy manager of the Pudong sub-branch responsible for daily operation, a deputy secretary and the secretary of the CPC Party branch. From January 2003 to May 2014, he worked at Shanghai Financial Services Office (上海市金融服務辦公室), and successively served as an officer and a principal staff member of the institution division, a deputy director of the institution division II, the director of the financial institution division II, and the director of the local financial management division. From December 2013 to May 2014, he served as a deputy secretary-general of the Management Committee of China (Shanghai) Free Trade Zone (中國(上海)自由貿易試驗區管委會) (temporary position). From May 2014 to September 2014, he served as a deputy secretary-general of the Management Committee of China (Shanghai) Free Trade Zone. From September 2014 to November 2018, he served as a deputy director of the Shanghai Financial Services Office. From November 2018 to August 2021, he served as a deputy director of the Shanghai Municipal Financial Regulatory Bureau (上海市地方金融監督管理局) and a deputy director of the Shanghai Financial Affairs Bureau (上海市金融工作局). Mr. Li has served as the member representative of council, the chairman of the Members' Self-Discipline and Management Committee (理事會會員自律管理委員會) and a member representative of ChiNext Market Stock Issuance Standardization Committee (創業板股票發行規範委員會) of the SZSE since November 2021. Mr. Li served as the chairman of the supervisory committee of the Listed Companies Association of Shanghai (上海上市公司協會) and the chairman of international cooperation committee of the Securities Association of China (中國證券業協會國際合作委員會) since January 2022. Mr. Li has served as the chairman of the board of directors and a non-executive director of Haitong International Securities Group Limited (海通國際證券集團有限公司), and the chairman of the board of directors of Haitong International Holdings Limited (海通國際控股有限公司) since October 2021.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
<b>Non-executive Directors (4)</b>	
Tu Xuanxuan (屠旋旋)	<p>Mr. Tu Xuanxuan was born in 1973 and is a holder of bachelor's degree in economics and an economist. Mr. Tu has been a non-executive Director of the Company since 18 June 2019. Mr. Tu has served as the general manager of the capital operation department of Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司) since March 2020. Mr. Tu worked at Bank of China, Shanghai Branch from July 1993 to March 2001 and at Shanghai Office of China Orient Asset Management Corporation (中國東方資產管理公司) from March 2001 to October 2004. He was in charge of the work of the asset management department of Shanghai Dasheng Assets Co., Ltd. (上海大盛資產有限公司) from October 2004 to September 2009, and was a deputy director of the asset management center of Shanghai Guosheng (Group) Co., Ltd. from September 2009 to October 2012. Mr. Tu served successively as an assistant to the president, a member of CPC Committee and a vice president of Shanghai Guosheng Group Assets Co., Ltd. (上海國盛集團資產有限公司) from June 2012 to January 2019 (during which he served as the deputy director (temporary position) of the intellectual property department of State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government (上海市國資委) from July 2014 to July 2015), a deputy general manager (responsible for daily operation) of the capital operation department of Shanghai Guosheng (Group) Co., Ltd. from January 2019 to March 2020. Mr. Tu has been a director of Arcplus Group PLC (華東建築集團股份有限公司, listed on the SSE under the stock code of 600629) since September 2020, a director of Lingang Group (上海臨港經濟發展(集團)有限公司) since March 2021, a director of Shanghai Di'an Investment Management Co., Ltd. (上海砥安投資管理有限公司) since July 2021, a director of Shanghai Weian Investment Management Co., Ltd. (上海維安投資管理有限公司) since July 2021, the general manager, an executive director and the legal representative of Shanghai Sheng Rui Investment Co., Ltd. (上海盛睿投資有限公司) since December 2021, a director of Shanghai Tunnel Engineering Co., Ltd. (上海隧道工程股份有限公司, listed on the SSE under the stock code of 600820) since January 2022, and a director of -Yuan Trust Co., Ltd. (建元信託股份有限公司, formerly known as Anxin Trust Co., Ltd. (安信信託股份有限公司)) (listed on the SSE under the stock code of 600816) since September 2022.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Shi Lei (石磊)	<p>Mr. Shi Lei was born in 1982 and is a holder of bachelor's degree and a senior accountant. Mr. Shi has been a non-executive Director of the Company since 12 October 2023. Mr. Shi has served as the director of the finance department of Shanghai Tobacco Group Co., Ltd. (上海煙草集團有限責任公司) since August 2022. Mr. Shi served as an auditor of the audit office, assistant to the section chief, deputy section chief (in charge of the work) and assistant to the director of Shanghai Tobacco Group Co., Ltd. from July 2004 to April 2017; a deputy general manager of Shanghai Tobacco Group Jing'an Tobacco Sugar and Liquor Co., Ltd. (上海煙草集團靜安煙草糖酒有限公司) from April 2017 to April 2018; a deputy general manager of Shanghai Tobacco Group Huangpu Tobacco Sugar and Liquor Co., Ltd. (上海煙草集團黃浦煙草糖酒有限公司) from April 2018 to October 2019; and a deputy director of the finance department of Shanghai Tobacco Group Co., Ltd. from October 2019 to August 2022.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Xiao Hehua (肖荷花)	<p>Ms. Xiao Hehua was born in 1970 and is a holder of master's degree in engineering and an economist. Ms. Xiao has been a non-executive Director since 16 June 2023. Ms. Xiao has been the chief financial officer and director of the financial management center of Bright Food (Group) Co., Ltd. since June 2018. Ms. Xiao worked at Shanghai State-owned Assets Administration Office (上海市國有資產管理辦公室) from September 1996 to February 2004, successively serving as the deputy principal staff member, principal staff member and deputy director of the valuation department. She worked at Shanghai State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會) from February 2004 to July 2017, successively serving as the deputy director and director of the valuation management division, during which she concurrently served as the director of Shanghai Municipal Asset Valuation Center (上海市資產評審中心) from September 2011 to August 2013. From July 2017 to June 2018, she served as the director of investment management of Shanghai United Assets and Equity Exchange Co., Ltd. (上海聯合產權交易所有限公司). Ms. Xiao has been a director of Shanghai Hongqiao International Commodity Import, Sales and Exhibition Co., Ltd. (上海虹橋國際進口商品展銷有限公司) since November 2022.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Xu Jianguo (許建國)	<p>Mr. Xu Jianguo was born in 1964 and is a holder of master's degree in professional accountancy and a senior accountant. Mr. Xu has been a non-executive Director of the Company since 18 October 2016. Mr. Xu has served as a director, a vice president, and the chief financial officer of Shanghai Electric Holding Group Co., Ltd. (上海電氣控股集團有限公司) since January 2022. Mr. Xu worked at the finance department and the audit office of Shanghai Cable Works (上海電纜廠) from July 1984 to December 2001, the inspection office of Shanghai Electric (Group) Corporation from January 2002 to March 2004, and the assets and finance department of Shanghai Electric Assets Management Company Limited (上海電氣資產管理有限公司) from April 2004 to August 2008, respectively, during which he also served as the chief financial officer of Shanghai Li Da Heavy Industrial Manufacturing Limited (上海力達重工製造有限公司) from March 2006 to August 2008. From August 2008 to December 2009, Mr. Xu was a deputy director of the assets and finance department of Shanghai Electric Assets Management Company Limited. He served as a deputy director and the director of the financial budget department of Shanghai Electric (Group) Corporation from December 2009 to January 2022. Mr. Xu served as the chairman of the supervisory committee of Shanghai Highly (Group) Co., Ltd. (上海海立(集團)股份有限公司, listed on the SSE under the stock code of 600619) from December 2017 to February 2023, a director of Tianjin Pipe Corporation from March 2020 to February 2023, and a director of Shanghai Electric Henglian Industry Development Co., Ltd. (上海電氣集團恒聯企業發展有限公司) from June 2020 to February 2023. Mr. Xu has been a director of Shanghai Electric Group Finance Co., Ltd. (上海電氣集團財務有限責任公司) since April 2013, a director of Shanghai Life Insurance Company Ltd. (上海人壽保險股份有限公司) since March 2015, the chairman of the board of directors of Shanghai Electric Group Hong Kong Limited since September 2021, and the chairman of the board of directors of Shanghai Electric Hong Kong Co., Ltd. (上海電氣香港有限公司) since June 2022.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
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### Independent Non-Executive Directors (4)

Zhou Yu (周宇)

Mr. Zhou Yu was born in 1959 and is a holder of doctor's degree in economics, a researcher, and a doctoral supervisor. He is an expert entitled to the special government allowances of the State Council and an executive director of China Association of World Economic Research (中國世界經濟學會). Mr. Zhou has been an independent non-executive Director of the Company since 18 June 2019. He is currently a researcher of Shanghai Academy of Social Sciences (上海社會科學院). Mr. Zhou served as a teacher of the Finance Department at Xinjiang University of Finance and Economics (新疆財經學院) from August 1982 to March 1992, during which he served as a visiting researcher at Osaka University of Commerce (大阪商業大學) in Japan from April 1990 to March 1992. He pursued a master's degree and a doctor's degree at the Department of Economics of Osaka City University (大阪市立大學) from April 1992 to March 2000. He served as a visiting researcher at the Graduate School of Economics of Osaka City University in Japan from April 2000 to November 2000, and successively served in various positions at the Institute of World Economy of Shanghai Academy of Social Sciences including assistant researcher, associate researcher, and deputy director of the Finance Research Institution from December 2000 to October 2008, during which he served as a post-doctoral fellow of economic theory at Shanghai Academy of Social Sciences from January 2001 to December 2002. He served as the director of the International Finance Research Institution of the Institute of World Economy of Shanghai Academy of Social Sciences (上海社會科學院世界經濟研究所國際金融研究室) and the director of the International Finance Monetary Research Center of Shanghai Academy of Social Sciences (上海社會科學院國際金融貨幣研究中心) from October 2008 to December 2020.

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Fan Ren Da Anthony (范仁達)	<p>Mr. Fan Ren Da Anthony was born in 1960 and is a holder of doctor's degree in economics. Mr. Fan has been an independent non-executive Director of the Company since 12 October 2023. Mr. Fan has been the chairman of the board of directors and managing director of AsiaLink Capital Limited (東源資本有限公司) since October 2003, an executive director of Tenfu (Cayman) Holdings Company Limited (listed on the Hong Kong Stock Exchange under the stock code of 6868) since May 2021 and a non-executive director of Hilong Holding Limited (listed on the Hong Kong Stock Exchange under the stock code of 1623) since July 2022. Mr. Fan is also an independent non-executive director of each of Uni-President China Holdings Ltd. (stock code: 220), Shanghai Industrial Urban Development Group Limited (stock code: 563), CITIC Resources Holdings Limited (stock code: 1205), Technovator International Limited (stock code: 1206), China Dili Group (stock code: 1387), Neo-Neon Holdings Limited (stock code: 1868), Hong Kong Resources Holdings Company Limited (stock code: 2882) and China Development Bank International Investment Limited (stock code: 1062), all being companies listed on the Hong Kong Stock Exchange. Mr. Fan is an independent non-executive director of Semiconductor Manufacturing International Corporation (listed on the SSE under the stock code of 688981 and listed on the Hong Kong Stock Exchange under the stock code of 981). Mr. Fan is the chairman of the Asian Independent Non-Executive Directors Association (亞洲獨立非執行董事協會).</p>



## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Mao Fugen (毛付根)	<p>Mr. Mao Fugen was born in 1963 and is a holder of doctor's degree in economics and a professor. Mr. Mao has been an independent non-executive Director of the Company since 12 October 2023. Mr. Mao has successively served as a lecturer, deputy professor and professor of the School of Accounting of Xiamen University from January 1990 till October 2023. Mr. Mao has served as an independent director of AviChina Industry &amp; Technology Company Limited (中國航空科技工業股份有限公司, listed on the Hong Kong Stock Exchange under the stock code of 2357) since May 2021, Zhonghong Pulin Medical Products Co., Ltd. (中紅普林醫療用品股份有限公司, listed on the SZSE under the stock code of 300981) since July 2021, Huatai United Securities Co., Ltd. since October 2019, Unicom Intelligent Network Technology Co., Ltd. (聯通智網科技股份有限公司) since April 2023 and Merchants Union Consumer Finance Co., Ltd. since December 2023.</p>
Mao Huigang (毛惠剛)	<p>Mr. Mao Huigang was born in 1972 and is a holder of master's degree in law. Mr. Mao has been an independent non-executive Director of the Company since 12 October 2023. He has worked at Shanghai Jin Mao Law Firm (上海市金茂律師事務所) since September 1994, serving as a lawyer, partner, managing partner and director. Mr. Mao is also a member of the Standing Committee of the Third Session of National People's Congress of Huangpu District, Shanghai, an arbitrator of the Shanghai International Economic and Trade Arbitration Commission, an arbitrator of the Shanghai Arbitration Commission, a councilor of the Shanghai Bar Association and the director of the Arbitration Special Committee of the Shanghai Bar Association. Mr. Mao worked as an independent director of Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司, listed on the SSE under the stock code of 601828) from April 2017 to November 2023. Mr. Mao has been an independent director of Bright Dairy &amp; Food Co., Ltd. (光明乳業股份有限公司, listed on the SSE under the stock code of 600597) since December 2020.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
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### Chairman of the Supervisory Committee

Tong Jianping (童建平)	<p>Mr. Tong Jianping was born in 1962 and is a holder of bachelor's degree in law, and obtained his master's degree in political economy from the Central Party School of the Communist Party of China (中共中央黨校). Mr. Tong has been the Chairman of the Supervisory Committee of the Company since 7 September 2022. Mr. Tong worked in the People's Procuratorate of Shanghai Municipality (上海市人民檢察院) from July 1984 to June 2012, during which he served as a clerk and an assistant prosecutor when working in a branch of the People's Procuratorate of Shanghai Municipality; an officer and deputy head of the district/county section when working in the Tax Office of Shanghai People's Procuratorate; an officer, a deputy head of the case handling team II, the section chief of the case handling section I and a deputy-division-director level procurator when working in the Division III of a branch of the People's Procuratorate of Shanghai Municipality; a deputy director of the Corruption and Bribery Office, a deputy director of the political department, the director of the Anti-Corruption and Bribery Bureau, and a member of the procuratorial committee in the Second Branch of the People's Procuratorate of Shanghai Municipality; and the director of the political department (deputy bureau director level), and a member of the Leading Party Members Group in the First Branch of the People's Procuratorate of Shanghai Municipality. Mr. Tong served in a temporary position in the Political and Legal Affairs Commission of Shanghai from September 2003 to December 2003, took on-job postgraduate program at the Central Party School of the Communist Party of China from July 2004 to July 2007, and served in a temporary position as a deputy secretary of the discipline inspection committee and the head of the supervision and audit department of the Bureau of Shanghai World Expo Coordination (上海世博局) from August 2008 to June 2011. He was a standing member of the Shanghai Municipal Commission for Discipline Inspection of the CPC (中共上海市紀律檢查委員會) from May 2012 to May 2017, a deputy secretary of the Shanghai Municipal Commission for Discipline Inspection of the CPC from May 2017 to June 2022, and a vice chairman of the Shanghai Municipal Supervisory Committee (上海市監察委員會) from January 2018 to July 2022. Mr. Tong served as a member of the 10th and 11th Shanghai Municipal Committee for Discipline Inspection of the CPC. From December 2021 to December 2022, Mr. Tong served as a deputy to the 15th Shanghai Municipal People's Congress. Since December 2022, Mr. Tong has served as a member of the 14th Shanghai Municipal Committee of the Chinese People's Political Consultative Conference.</p>
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## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
<b>Shareholder Supervisors (5)</b>	
Ruan Feng (阮峰)	<p>Mr. Ruan Feng (阮峰) was born in 1968 and is a holder of bachelor's degree in accounting and a senior auditor. Mr. Ruan has been a Supervisor since 20 October 2020. Mr. Ruan has served as a deputy general manager of the audit department (formerly, the audit and supervision department) since May 2019 and as the chairman of the budget review committee since February 2024, at Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司). Mr. Ruan worked at Shanghai Municipal Audit Bureau (上海市審計局) from August 1994 to May 2019 and successively served as an office clerk of the audit division in the commercial grain trade commission; an office clerk, a deputy section chief and the section chief of the audit division in the economic and trade commission; and the section chief of the second administrative audit division. Mr. Ruan has been a supervisor of Shanghai Cultural Industry Development Investment Fund Management Co., Ltd. (上海文化產業發展投資基金管理有限公司) since February 2020 and a supervisor of Green Development Fund Private Equity Investment Management (Shanghai) Co., Ltd. (綠色發展基金私募股權投資管理(上海)有限公司) since June 2021.</p>
Li Zhenghao (李爭浩)	<p>Mr. Li Zhenghao was born in 1975 and is a holder of bachelor's degree and EMBA degree and a senior accountant. Mr. Li has been a Supervisor of the Company since 18 June 2020. He has been the general manager of the finance department of Shenergy Group Company Limited (申能(集團)有限公司) since June 2019. Mr. Li worked at Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司, listed on the SSE under the stock code of 600000) from July 1997 to March 2007, successively serving as an accountant, a loan officer, a senior account manager and the president of Siping Road Sub-branch. Mr. Li worked at Shenergy Group Finance Co., Ltd. (申能集團財務有限公司) from April 2007 to April 2017, successively serving as an assistant to the manager of the finance department, a deputy manager and the manager of the accounting and settlement department, the manager of the planning and finance department, and the director of operations of the company. Mr. Li served as the deputy manager of the finance department at Shenergy Group Company Limited (申能(集團)有限公司) from May 2017 to May 2019. Mr. Li served as the chairman of the supervisory committee of Shanghai Shenxin Environmental Protection Co., Ltd. (上海申欣環保有限公司) from June 2019 to November 2022. Mr. Li has been a director of Shanghai Gas Company Limited (上海燃氣有限公司) since June 2019, and a director of Shenergy Company Limited (申能股份有限公司, listed on the SSE under the stock code of 600642) since July 2020.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Cao Yijian (曹奕劍)	<p>Mr. Cao Yijian was born in 1976 and is a holder of master's degree in science and an economist. Mr. Cao has been as a Supervisor since 18 June 2019. He has served as the general manager of the investment development department of Shanghai Jiushi (Group) Co., Ltd. (上海久事(集團)有限公司) since April 2018. Mr. Cao served as a staff member of Shanghai Huipu Technology Investment Company Limited (上海匯浦科技投資有限公司) from March 2001 to February 2003 and a staff member of Shanghai Qiangsheng Holding Co., Ltd. (上海強生控股股份有限公司, listed on the SSE under the stock code of 600662) from February 2003 to July 2003. He served as the manager of the asset management department of Shanghai Huipu Technology Investment Company Limited from July 2003 to July 2007. Mr. Cao worked at Shanghai Qiangsheng Group Co., Ltd. (上海強生集團有限公司) from August 2007 to June 2013, successively serving as a staff member, an assistant to the manager, a deputy manager and the manager of the asset operation department. He served as the manager of the asset operation department at Shanghai Jiushi Properties Co., Ltd. (上海久事置業有限公司) from June 2013 to May 2015. He worked at the investment development department of Shanghai Jiushi Corporation (上海久事公司) from May 2015 to October 2015, serving as a deputy general manager. He was a deputy general manager of the investment development department of Shanghai Jiushi (Group) Co., Ltd. from October 2015 to April 2018. Mr. Cao served as an executive director and the general manager of Shanghai Jiushi Investment Management Co., Ltd. (上海久事投資管理有限公司) from December 2019 to August 2021. Mr. Cao has been a supervisor of Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司, listed on the SSE under the stock code of 600000) since December 2019, and a director of Shanghai Sitcom Assets Management Co. Ltd. (上海上國投資資產管理有限公司) since September 2021.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Miao Qing (繆青)	<p>Ms. Miao Qing (繆青) was born in 1978 and is a holder of master's degree in accounting and a senior accountant. Ms. Miao has been a Supervisor since 12 October 2023. Ms. Miao has been the director of the audit and risk control department of Shanghai Bailian Group Co., Ltd. (上海百聯集團股份有限公司, listed on the SSE under the stock code of 600827) since April 2021. Ms. Miao served as a clerk in the finance department of Shanghai Hualian Co., Ltd. (上海華聯商廈股份有限公司) from August 2001 to October 2004, and worked in Shanghai Bailian Group Co., Ltd. since October 2004, serving as a clerk in the finance department from October 2004 to May 2006, successively as a head, senior head, assistant to the director and deputy director in the audit center from May 2006 to April 2018, and a deputy director of the audit and risk control department from April 2018 to April 2021. Ms. Miao has served as a supervisor of Shanghai Bailian Central Shopping Plaza Co., Ltd. (上海百聯中環購物廣場有限公司), a supervisor of Shanghai Bailian Nanqiao Central Shopping Plaza Co., Ltd. (上海百聯南橋購物中心有限公司) and a director of Shanghai Bailian Xijiao Central Shopping Plaza Co., Ltd. (上海百聯西郊購物中心有限公司) since October 2019, and a supervisor of Bailian Group Finance Co., Ltd. (百聯集團財務有限責任公司) since December 2019.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Song Chunfeng (宋春風)	<p>Mr. Song Chunfeng was born in 1969 and is a holder of doctor's degree in law and a senior economist. Mr. Song has been a Supervisor since 12 October 2023. He has been the managing director of China Shipowners Mutual Assurance Association (中國船東互保協會) since March 2016. From August 1992 to September 1996, Mr. Song worked at China Ocean Shipping (Group) Company ("COSCO", 中國遠洋運輸(集團)總公司), where he successively served as an officer at the department of insurance and settlement of claims and the department of commerce, and the deputy section chief level clerk of the unit of commerce under the department of transmission. From September 1996 to June 1997, he studied at the China Ocean Administration Training Class (中遠管理培訓班) offered by Peking University. From June 1997 to September 1998, he worked as a project manager at the America branch of COSCO. From September 1998 to March 2012, he worked at COSCO, where he successively served as the section chief level clerk, deputy director and director of the division of commerce and the manager of the unit of commerce. From March 2012 to March 2016, he worked as the general manager of COSCO (Hong Kong) Insurance Brokers Limited and served as the chairman and the general manager of Shenzhen COSCO Insurance Brokers Limited (深圳中遠保險經紀公司). Mr. Song has been the legal representative, an executive director and the general manager of China P&amp;I Management Co., Ltd. (中船保商務管理有限公司) since May 2016, a director of China P&amp;I Services (Hong Kong) Limited (中國保賠服務(香港)有限公司) since May 2016, the vice chairman of Quanzhou Jinjiang COSCO Development Co., Ltd. (泉州市晉江中遠發展有限公司) since August 2016, an executive director of Shanghai Haixing Asset Management Company Limited (上海海興資產管理有限公司) since November 2016, a director of China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司, listed on the SSE under the stock code of 600016) since March 2017, and a director of CPI Services (UK) Limited (中船保服務(英國)有限公司) since April 2017. Mr. Song served as a Supervisor of the Company from July 2016 to June 2019.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
<b>Employee Representative Supervisors (3)</b>	
Wu Xiangyang (武向陽)	<p>Mr. Wu Xiangyang was born in 1966 and is a holder of master's degree in law and an economist. Mr. Wu has been an employee representative Supervisor since 18 June 2019. He has been the general manager of the legal department of the Company since January 2023. Mr. Wu served as a teacher at Huibu Middle School in Fengxin County, Jiangxi Province (江西奉新縣會埠中學) from July 1985 to September 1987, and an officer of the Publicity Department of the CPC Committee and the secretary of the general Communist Youth League branch of the department of electronic engineering at Nanchang Aerospace College (南昌航空學院) from July 1991 to September 1995. He pursued his master's degree in the economic law department of East China University of Political Science and Law (華東政法學院) from September 1995 to July 1998 and obtained a master's degree in law when graduated. Mr. Wu served as the asset administrator of the legal affairs office of Bank of Communications Shanghai Branch (交通銀行上海分行) from August 1998 to April 2000. Mr. Wu has served in the following various positions in the Company since January 2001, including: project manager of the investment banking headquarters; legal counsel of the general manager office; deputy manager of the legal affairs department; deputy manager of the legal compliance department of the compliance office; manager of the legal compliance department of the compliance department; manager of the compliance inspection department; manager of the compliance inspection department of the compliance and risk management headquarters; manager of the compliance review department; assistant to general manager; assistant to the general manager of the compliance and legal department; deputy general manager; and deputy general manager (in charge of daily operation). He has served as the chairman of the supervisory committee of Haitong Futures Co., Ltd. (海通期貨股份有限公司) since July 2019, a director of Shanghai Weitai Properties Management Co., Ltd. (上海惟泰置業管理有限公司) since March 2020, and the chairman of the supervisory committee of Haitong UniTrust International Leasing Corporation (海通恒信國際融資租賃股份有限公司, listed on the Hong Kong Stock Exchange under the stock code of 1905) since May 2022.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Cao Zhigang (曹志剛)	<p>Mr. Cao Zhigang was born in 1978 and is a holder of master's degree in economics. Mr. Cao has been an employee representative Supervisor since 28 June 2023. He has served as the general manager of the audit department of the Company since June 2023. Mr. Cao has served in the following various positions in the Company since July 2001, including: employee of the audit department; commissioner in the risk control headquarters; deputy manager of the rectification and supervision department of the risk control headquarters; manager of division 1 of the audit department; assistant to the general manager of the audit department; and deputy general manager of the audit department. Mr. Cao has served as the chairman of the supervisory committee of HFT Investment Management Co., Ltd. (海富通基金管理有限公司) since March 2019.</p>
Yu Yang (喻洋)	<p>Ms. Yu Yang was born in 1981 and is a holder of master's degree in law. Ms. Yu has been an employee representative Supervisor since 12 October 2023. Ms. Yu has served as the deputy secretary of the CPC Committee of company institution of the Company since March 2019, secretary of the Disciplinary Committee of company institution of the Company since April 2020 and director of the department of Party-Masses Relationship of the Company since April 2023. Ms. Yu worked in the Public Complaints and Proposals Office of the CPC Shanghai Municipal Committee and Shanghai Municipal People's Government (中共上海市委、上海市人民政府信訪辦公室) from July 2006 to February 2019, successively serving as an officer, deputy chief staff member of the Call Reception Office, chief staff member of the Call Reception Office, chief staff member of the Secretariat and deputy director of the Secretariat. Ms. Yu served as a deputy director of the department of Party-Masses Relationship of the Company from February 2019 to December 2019 and a deputy director of the office of the CPC Committee of the Company from December 2019 to April 2023.</p>



## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
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### Other Senior Management (9)

Mao Yuxing (毛宇星)	<p>Mr. Mao Yuxing was born in 1971 and is a holder of doctor's degree in science and a postdoctoral researcher in management, and is a senior engineer (professor level). Mr. Mao has served as the chief information executive officer (currently the "chief information officer") since September 2016, and a deputy general manager of the Company since February 2019. From August 1993 to September 2001, Mr. Mao successively held various positions in the information technology department of Industrial and Commercial Bank of China Shanghai Municipal Branch including programmer, deputy section chief, section chief and deputy director. From September 2001 to November 2011, he worked in the data center (Shanghai) of Industrial and Commercial Bank of China, where he served as an assistant to the general manager (deputy-division-director level and division-director level) and a member of the CPC Committee from September 2001 to December 2004, and a deputy general manager and a member of the CPC Committee from December 2004 to November 2011. From November 2011 to April 2016, he served as a deputy general manager of the information technology department of Industrial and Commercial Bank of China Head Office. Mr. Mao is currently a vice chairman of the securities technology committee under the Securities Association of China (中國證券業協會科技委員會), a vice chairman of the Shanghai Fintech Industry Alliance (上海金融科技產業聯盟), and a vice chairman of the board of Shanghai Informatization (《上海信息化》).</p>
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## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Jiang Chengjun (姜誠君)	<p>Mr. Jiang Chengjun was born in 1968 and is a holder of master's degree in economics and an economist. Mr. Jiang has been a deputy general manager of the Company since 30 June 2023. Mr. Jiang was an officer at Xiamen ITG Group Co., Ltd. (廈門國貿集團股份有限公司) from July 1993 to July 1994; a deputy manager of the finance and securities department, a manager of investment management and development department, an assistant to the general manager, the secretary to the board of directors and a deputy general manager of Xiamen Guotai Enterprises Co., Ltd. (廈門國泰企業股份有限公司) from July 1994 to August 2000. From August 2000 to March 2023, he worked in the investment banking department and the investment banking headquarters of the Company, where he successively served as a deputy general manager of the investment banking department, a deputy general manager of the investment banking department (in charge of operations), the general manager of the investment banking department and the general manager of the investment banking headquarters. From March 2017 to June 2023, he served as an assistant to the general manager of the Company; from April 2017 to July 2023, he served as a joint company secretary and a joint authorized representative of the Company; from March 2017 to September 2023, he served as the secretary to the Board of the Company.</p>
Pan Guangtao (潘光韜)	<p>Mr. Pan Guangtao was born in 1971 and is a holder of MBA degree and an engineer. Mr. Pan has been a deputy general manager of the Company since 30 June 2023. From July 1994 to July 2002, Mr. Pan worked at Shenyin Wanguo Securities Co., Ltd. (申銀萬國證券公司), successively serving as the head of IT at the IT department of the brokerage headquarters, and an assistant to the manager and a deputy manager of the first securities investment department of the securities investment headquarters. Mr. Pan joined the Company in August 2002. From August 2002 to August 2022, he successively served as assistant to the general manager, deputy general manager and general manager in the departments in relation to securities investment and transactions of the Company. From May 2017 to June 2023, he served as an assistant to the general manager of the Company. He has been a non-executive director of Haitong Bank since November 2015, a director of Haitong Innovation Securities Investment Co., Ltd. (海通創新證券投資有限公司) since May 2019, and the chairman of the board of directors of Haitong Bank since January 2024.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Zhang Xinjun (張信軍)	<p>Mr. Zhang Xinjun was born in 1975 and is a holder of master's degree in management and a senior accountant. Mr. Zhang has been a deputy general manager of the Company since 30 June 2023 and the chief financial officer of the Company since 27 March 2018. Mr. Zhang joined the Company in July 2001. Mr. Zhang worked at the planning and finance department of the Company from July 2001 to June 2007, serving in various positions including office clerk and deputy manager and manager of the asset management department. He has worked at Haitong International Holdings Limited (海通國際控股有限公司) since July 2007, serving as the head of finance work from July 2007 to February 2009 and the chief financial officer since March 2009. Mr. Zhang served as the chief financial officer of Haitong International Securities Group Limited (海通國際證券集團有限公司) from March 2010 to March 2018. He has been a non-executive director of Haitong International Securities Group Limited (海通國際證券集團有限公司) since March 2018 and a non-executive director of Haitong Bank since January 2018, a director of Haitong Investment Ireland PLC (海通投資愛爾蘭公眾有限公司) since February 2020, a director of Haitong International Holdings Limited (海通國際控股有限公司) since March 2023, the chairman of the board of directors of Haitong UT Capital Group Co., Limited (海通恒信金融集團有限公司) since April 2023, and a non-executive director of Haitong Unitrust International Financial Leasing Co., Ltd. (海通恒信國際融資租賃股份有限公司, listed on the Hong Kong Stock Exchange under the stock code of 1905) since May 2023.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Pei Changjiang (裴長江)	<p>Mr. Pei Changjiang was born in 1965 and is a holder of master's degree in economics. Mr. Pei has served as the secretary to the Board of the Company since 26 September 2023, and as a joint company secretary and a joint authorized representative of the Company since 6 July 2023. From August 2013 to June 2023, Mr. Pei served as a deputy general manager of the Company. From July 1993 to October 2002, Mr. Pei successively held various positions at Shenyin Wanguo Securities Co., Ltd. (申銀萬國證券公司) (formerly, Shanghai International Securities Co., Ltd., (上海萬國證券公司)), including researcher of the research department, assistant to the general manager of Zhabei business department, and general manager of Zhabei business department, a deputy general manager of Zhejiang management headquarters and a deputy general manager of the brokerage headquarter. From October 2002 to August 2013, he successively served as the investment director of Fortune Trust &amp; Investment Co., Ltd. (華寶信託投資有限責任公司) and a director and the general manager of Fortune SGAM Fund Management Co., Ltd. (華寶興業基金管理有限公司). Mr. Pei served as the chairman of the board of directors of Shanghai Haitong Securities Asset Management Company Ltd. (上海海通證券資產管理有限公司) from November 2014 to December 2023. He served as the chairman of the board of directors of Haitong Futures Corporation (海通期貨有限公司) from September 2015 to March 2016, and as the chairman of the board of directors of Haitong Futures Co., Ltd. (海通期貨股份有限公司) from March 2016 to December 2023. Mr. Pei has been a director of Fullgoal Fund Management Co., Ltd. (富國基金管理有限公司) since August 2014 and the chairman of the board of directors of Fullgoal Fund Management Co., Ltd. (富國基金管理有限公司) since March 2019.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Chen Chunqian (陳春錢)	<p>Mr. Chen Chunqian was born in 1963 and is a holder of doctor's degree in economics. Mr. Chen has served as a business director of the Company since 12 October 2023. Mr. Chen joined the Company in October 1997 and served as an assistant to the general manager of the Company from March 2012 to October 2023. Mr. Chen served in various positions in the Company, including person-in-charge of the business department of Shenzhen Branch from October 1997 to January 1998, deputy general manager of the international business department from January 1998 to March 2000, deputy general manager of Shenzhen Branch from March 2000 to December 2000, general manager of the investment management department (Shenzhen) from December 2000 to May 2006, general manager of the sales and trading headquarters from May 2006 to February 2013, and general manager of the institutional business department from November 2007 to March 2009. Mr. Chen has been a director of E-Capital Transfer Co., Ltd. (證通股份有限公司) since January 2015. Mr. Chen is also a vice chairman of the Securities Margin Trading Business Committee under the Securities Association of China (中國證券業協會融資融券業務委員會), a vice president of the Shanghai Securities Association (上海市證券同業公會), a deputy director of the Securities Conflict Resolution Committee (證券糾紛調解專業委員會), and a vice president of Association of Shanghai Internet Financial Industry (上海市互聯網金融行業協會).</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Zhang Xiangyang (張向陽)	<p>Mr. Zhang Xiangyang was born in 1965 and is a holder of bachelor's degree in engineering and a senior economist. Mr. Zhang has served as a business director of the Company since 12 October 2023. Mr. Zhang joined the Company in May 1996 and served as an assistant to the general manager of the Company from December 2014 to October 2023. Mr. Zhang worked in Xinhua Bookstore in Taiyuan from December 1983 to April 1988, in Shanxi Radio &amp; TV University (山西廣播電視大學) from April 1988 to December 1991, and in Bank of Communications Taiyuan Branch (交通銀行太原分行) from December 1991 to May 1996. Mr. Zhang served in various positions in the Company, including deputy general manager (in charge of daily work) and general manager of the Taiyuan business department from May 1996 to April 2002, deputy general manager and general manager of the integrated business management headquarters from April 2002 to May 2006, and general manager of the risk control headquarters from May 2006 to October 2008. He served as a director, the general manager and the chairman of the investment decision-making committee of Haitong Capital Investment Co., Ltd. (海通開元投資有限公司) from October 2008 to November 2012, the chairman of the board of directors of Haitong Innovative Capital Management Co., Limited (海通創新資本管理有限公司) from November 2011 to July 2015, a director of Haitong Creative Capital Management Co., Ltd. (海通創意資本管理有限公司) from June 2012 to August 2015, the chairman of the board of directors of Haitong Creative Capital Management Co., Ltd. (海通創意資本管理有限公司) from August 2015 to March 2016, a director of Haitong New Energy Equity Investment Management Co., Ltd. (海通新能源股權投資管理有限公司) from July 2013 to May 2016, the chairman of the board of directors of Haitong New Energy Equity Investment Management Co., Ltd. (海通新能源股權投資管理有限公司) from July 2015 to May 2016, and the chairman of the board of directors of Haitong M&amp;A (Shanghai) PE Fund Management Co., Ltd. (海通併購(上海)私募基金管理有限公司) (formerly known as Haitong M&amp;A Capital Management (Shanghai) Co., Ltd. (海通併購資本管理(上海)有限公司)) from June 2016 to October 2023. Mr. Zhang has been the chairman of the board of directors and the chairman of the investment decision-making committee of Haitong Capital Investment Co., Ltd. since November 2012, a director of Haitong Creative Private Equity Fund Management Co., Ltd. since March 2016, a director of Haitong-Fortis Private Equity Fund Management Co., Ltd. since March 2018, and a director of China-Belgium Direct Equity Investment Fund since June 2023. Mr. Zhang currently serves as a vice chairman of the Development and Strategy Committee under the Securities Association of China (中國證券業協會發展戰略委員會) and a vice president of PE Association of Shanghai (上海股權投資協會).</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Significant Work Experience
Zhao Huiwen (趙慧文)	<p>Ms. Zhao Huiwen (趙慧文) was born in 1977 and is a holder of MBA degree, a certified public accountant and an asset appraiser. Ms. Zhao has served as the chief compliance officer of the Company since 31 July 2023. Ms. Zhao previously served as an accountant at China Railway 16th Engineering Group Company (中鐵十六工程集團公司); an officer, a deputy director and the director of the Enforcement Bureau and the director of the Department of Public Offering Supervision and the director of the Securities and Fund Institution Supervision Department of the CSRC; the vice president of Central China Securities Co., Ltd. (中原證券股份有限公司) and the general manager of its Beijing branch; and the deputy general manager, the chief risk officer and the chief compliance officer of Dongxing Securities Co., Ltd. (東興證券股份有限公司).</p>
Shi Xu (侍旭)	<p>Mr. Shi Xu was born in 1972 and is a holder of master's degree in management and an accountant. Mr. Shi has served as the chief risk officer of the Company since 30 June 2023. Mr. Shi worked in the audit department of the Company from July 1999 to June 2023 and successively served in various positions including staff member, manager of the secondary division, assistant to general manager of the department, deputy general manager and general manager. Mr. Shi served as a supervisor of Haitong Auspicate Capital Management Co., Ltd. (海通新創投資管理有限公司) from December 2016 to November 2023, and as an employee representative Supervisor of the Company from June 2019 to June 2023. Mr. Shi has been a director of Haitong Capital Investment Co., Ltd. (海通開元投資有限公司) since July 2019.</p>

## SECTION IV CORPORATE GOVERNANCE

### *Descriptions of other changes*

#### *1. Changes in Directors*

On 30 January 2023, the Board received a written resignation letter from Mr. Ren Peng. Mr. Ren Peng resigned as an executive Director, a member of the Development Strategy and ESG Management Committee of the Board and a deputy general manager of the Company due to age. The resignation of Mr. Ren Peng took effect on the date when his resignation letter was delivered to the Board. For details, please refer to the announcement of “Resignation of Executive Director” published by the Company on the website of the Hong Kong Stock Exchange on 30 January 2023.

On 31 May 2023, the Board received a written resignation letter from Ms. Yu Liping. Ms. Yu Liping resigned as a non-executive Director of the seventh session of the Board, and a member of each of the Nomination, Remuneration and Assessment Committee and the Audit Committee of the seventh session of the Board due to personal reasons (retirement). The resignation of Ms. Yu Liping took effect upon her resignation letter was delivered to the Board. For details, please refer to the announcement of “Resignation of Non-executive Director” published by the Company on the website of the Hong Kong Stock Exchange on 31 May 2023.

On 16 June 2023, the 2022 annual general meeting held by the Company considered and passed the proposal of the proposed appointment of Ms. Xiao Hehua as a non-executive Director, approving the appointment of Ms. Xiao Hehua as a non-executive Director of the seventh session of the Board. Ms. Xiao Hehua started to perform her duties as a non-executive Director from the date on which the resolution approved at the 2022 annual general meeting came into effect. For details, please refer to the announcement of “Poll Results of Annual General Meeting Held on 16 June 2023” published by the Company on the website of the Hong Kong Stock Exchange on 16 June 2023. Ms. Xiao Hehua has obtained the legal opinions as described under Rule 3.09D of the Hong Kong Listing Rules on 15 June 2023, and confirmed that she understood her duties as a non-executive Director of the Company.



## SECTION IV CORPORATE GOVERNANCE

On 12 October 2023, the 2023 first extraordinary general meeting held by the Company considered and approved the proposal on the election of executive Directors and non-executive Directors of the eighth session of the Board and the proposal on the election of independent non-executive Directors of the eighth session of the Board, and the election of the members of the new session of the Board of the Company was completed. The eighth session of the Board of the Company comprises 11 members, including three executive Directors, four non-executive Directors and four independent non-executive Directors. The executive Directors are Mr. Zhou Jie, Mr. Li Jun and Mr. Zhao Yonggang, among whom Mr. Zhou Jie and Mr. Li Jun were re-elected as Directors and Mr. Zhao Yonggang was redesignated as a Director from Supervisor; the non-executive Directors are Mr. Tu Xuanxuan, Mr. Shi Lei, Ms. Xiao Hehua and Mr. Xu Jianguo, among whom Mr. Tu Xuanxuan, Ms. Xiao Hehua and Mr. Xu Jianguo were re-elected as Directors; and the independent non-executive Directors are Mr. Zhou Yu, Mr. Fan Ren Da Anthony, Mr. Mao Huigang and Mr. Mao Fugen, among whom Mr. Zhou Yu was re-elected as a Director. The Directors of the eighth session of the Board of the Company started to perform their duties from the date on which the relevant resolutions were approved at the extraordinary general meeting on 12 October 2023. Mr. Zhou Donghui, a former non-executive Director of the seventh session of the Board, and Mr. Zhang Ming, Mr. Lam Lee G. and Mr. Zhu Hongchao, former independent non-executive Directors of the seventh session of the Board, ceased to serve as Directors of the Company upon expiry of their terms of office and vacated their office on the date when the Directors of the eighth session of the Board of the Company took office (namely the date on which the relevant resolutions were approved at the extraordinary general meeting on 12 October 2023). All the Directors of the eighth session of the Board have obtained the legal opinions as described under Rule 3.09D of the Hong Kong Listing Rules on 11 October 2023, and confirmed that they understood their duties as Directors of the Company. For details, please refer to the announcement of “Poll Results of the 2023 First Extraordinary General Meeting Held on 12 October 2023” published by the Company on the website of the Hong Kong Stock Exchange on 12 October 2023.

On 12 October 2023, the first meeting (extraordinary meeting) of the eighth session of the Board of the Company considered and approved the proposal on the election of the Chairman of the Board, pursuant to which Mr. Zhou Jie was elected as the Chairman of the eighth session of the Board of the Company. For details, please refer to the announcement of “Election of Chairman of the Board, Members of the Board Committees of the Company, and Appointment of Members of the Senior Management of the Company” published by the Company on the website of the Hong Kong Stock Exchange on 12 October 2023.

## SECTION IV CORPORATE GOVERNANCE

On 11 December 2023, the Board received a written resignation letter from Mr. Zhao Yonggang. Mr. Zhao Yonggang resigned as an executive Director of the eighth session of the Board of the Company and a member of the Development Strategy and ESG Management Committee of the eighth session of the Board due to job change. The resignation of Mr. Zhao Yonggang did not result in the number of members of the Board of the Company falling below the statutory minimum number, nor did it affect the normal operation of the Board. The resignation of Mr. Zhao Yonggang took effect upon his resignation letter was delivered to the Board. For details, please refer to the announcement of “Resignation of Executive Director” published by the Company on the website of the Hong Kong Stock Exchange on 11 December 2023.

### 2. *Changes in Supervisors*

On 20 June 2023, the Supervisory Committee received a written resignation letter from Mr. Shi Xu. Mr. Shi Xu resigned as an employee representative Supervisor of the seventh session of the Supervisory Committee due to relevant work arrangements of the Company. In accordance with the Company Law and the Articles of Association, the proportion of employee representative Supervisors of the Company shall not be less than one-third of the total members of the Supervisory Committee. Therefore, Mr. Shi Xu continued to perform his duties as an employee representative Supervisor before a new employee representative Supervisor was elected by the employee representatives’ meeting. For details, please refer to the announcement of “Resignation of Supervisor” published by the Company on the website of the Hong Kong Stock Exchange on 20 June 2023. On 28 June 2023, the Company held the 17th meeting of the fourth session of the employee representatives’ meeting by way of telecommunications, at which Mr. Cao Zhigang was elected as an employee representative Supervisor of the seventh session of the Supervisory Committee, effective from 28 June 2023 and with a term of office being the same as that of the seventh session of the Supervisory Committee. On the same day, Mr. Shi Xu ceased to perform his duties as an employee representative Supervisor. Mr. Cao Zhigang has obtained the legal opinions as described under Rule 3.09D of the Hong Kong Listing Rules on 27 June 2023, and confirmed that he understood his duties as a Supervisor of the Company. For details, please refer to the announcement of “Announcement on Appointment of Employee Representative Supervisor” published by the Company on the website of the Hong Kong Stock Exchange on 28 June 2023.

## SECTION IV CORPORATE GOVERNANCE

On 12 October 2023, the Company held the 2023 first extraordinary general meeting, which considered and approved the proposal on the election of non-employee representative Supervisors of the eighth session of the Supervisory Committee and elected six non-employee representative Supervisors. On the same day, the Company held the second meeting of the fifth session of the employee representatives' meeting, at which three employee representative Supervisors were elected and the election of the member of the new session of the Supervisory Committee of the Company was completed. The eighth session of the Supervisory Committee of the Company comprises nine members, including six non-employee representative Supervisors and three employee representative Supervisors. The non-employee representative Supervisors are Mr. Tong Jianping, Mr. Ruan Feng, Mr. Li Zhenghao, Mr. Cao Yijian, Ms. Miao Qing and Mr. Song Chunfeng, among whom Mr. Tong Jianping, Mr. Ruan Feng, Mr. Li Zhenghao and Mr. Cao Yijian were re-elected as Supervisors; the employee representative Supervisors are Mr. Wu Xiangyang, Mr. Cao Zhigang and Ms. Yu Yang, among whom Mr. Wu Xiangyang and Mr. Cao Zhigang were re-elected as Supervisors. The Supervisors of the eighth session of the Supervisory Committee of the Company started to perform their duties from the date on which the relevant resolutions were approved at the general meeting on 12 October 2023. Mr. Zhao Yonggang, a former employee representative Supervisor, and Mr. Dong Xiaochun and Ms. Dai Li, former non-employee representative Supervisors of the seventh session of the Supervisory Committee, ceased to serve as Supervisors upon expiry of their terms of office and vacated their office on the date when the Supervisors of the eighth session of the Supervisory Committee of the Company took office (namely the date on which the relevant resolutions were approved at the general meeting on 12 October 2023). All the Supervisors of the eighth session of the Supervisory Committee have obtained the legal opinions as described under Rule 3.09D of the Hong Kong Listing Rules on 11 October 2023, and confirmed that they understood their duties as Supervisors of the Company. For details, please refer to the announcement of "Poll Results of the 2023 First Extraordinary General Meeting Held on 12 October 2023" published by the Company on the website of the Hong Kong Stock Exchange on 12 October 2023.

On 12 October 2023, the first meeting (extraordinary meeting) of the eighth session of the Supervisory Committee held by the Company considered and approved the proposal on the election of the Chairman of the Supervisory Committee, whereby Mr. Tong Jianping was elected as the Chairman of the Supervisory Committee of the Company. For details, please refer to the announcement of "Poll Results of the 2023 First Extraordinary General Meeting Held on 12 October 2023" published by the Company on the website of the Hong Kong Stock Exchange on 12 October 2023.

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### 3. *Changes in Senior Management*

On 16 March 2023, the Board received a written resignation letter from Mr. Lin Yong, an assistant to the general manager of the Company. Mr. Lin Yong resigned as an assistant to the general manager of the Company due to relevant work arrangement. The resignation of Mr. Lin Yong took effect on the date when his resignation letter was delivered to the Board. For details, please refer to the Overseas Regulatory Announcement published by the Company on the website of the Hong Kong Stock Exchange on 17 March 2023.

On 12 April 2023, the Board received a written resignation letter from Mr. Li Jianguo, an assistant to the general manager of the Company. Mr. Li Jianguo resigned as an assistant to the general manager of the Company due to age. The resignation of Mr. Li Jianguo took effect on the date when his resignation letter was delivered to the Board. For details, please refer to the Overseas Regulatory Announcement published by the Company on the website of the Hong Kong Stock Exchange on 12 April 2023.

On 30 June 2023, the Board received a written resignation letter from Mr. Du Hongbo, the chief risk officer of the Company. Mr. Du Hongbo ceased to serve as the chief risk officer of the Company due to age. The resignation of Mr. Du Hongbo took effect on the date when his resignation letter was delivered to the Board. For details, please refer to the Overseas Regulatory Announcement published by the Company on the website of the Hong Kong Stock Exchange on 30 June 2023.

On 30 June 2023, the Company held the 39th meeting (extraordinary meeting) of the seventh session of the Board, at which the Board considered and approved:

- (1) the Proposal on the Appointment of Deputy General Manager, whereby the Board agreed to appoint Mr. Jiang Chengjun, Mr. Pan Guangtao and Mr. Zhang Xinjun as deputy general managers of the Company. Mr. Jiang Chengjun ceased to serve as an assistant to the general manager of the Company, and submitted his resignation letter to the Board on the same date resigning as the secretary to the Board, a joint company secretary and an authorized representative of the Company, provided that Mr. Jiang Chengjun would continue to perform his relevant duties until the Company's new secretary to the Board, joint company secretary and authorized representative of the Company officially take office. Mr. Pan Guangtao ceased to serve as an assistant to the general manager of the Company. Mr. Zhang Xinjun remains as the chief financial officer of the Company. The terms of office of Mr. Jiang Chengjun, Mr. Pan Guangtao and Mr. Zhang Xinjun as deputy general managers of the Company commenced from the date on which the resolution of the Board was passed.

## SECTION IV CORPORATE GOVERNANCE

- (2) the Proposal on the Appointment of Chief Risk Officer, whereby the Board agreed to appoint Mr. Shi Xu as the chief risk officer of the Company. The term of office of Mr. Shi Xu as the chief risk officer of the Company commenced from the date on which the resolution of the Board was passed.
- (3) the Proposal on the Appointment of Chief Compliance Officer, whereby the Board agreed to appoint Ms. Zhao Huiwen as the chief compliance officer of the Company. Ms. Zhao Huiwen will officially take office subject to the approval of the relevant local branch of the CSRC.

On 31 July 2023, the appointment of Ms. Zhao Huiwen as the chief compliance officer of the Company was approved by the relevant local branch of the CSRC, and Ms. Zhao Huiwen officially took the office of chief compliance officer on the same date. Mr. Li Haichao ceased to serve as the chief compliance officer of the Company. For details, please refer to the Overseas Regulatory Announcement published by the Company on the website of the Hong Kong Stock Exchange on 31 July 2023.

- (4) the Proposal on Appointment of Secretary to the Board and Joint Company Secretary. Mr. Jiang Chengjun, the secretary to the Board of the Company, tendered his resignation to the Board on the date of the Board meeting due to change in work arrangement, resigning as the secretary to the Board, a joint company secretary and an authorized representative of the Company (for the purpose of Rule 3.05 of the Hong Kong Listing Rules), as well as the Company's authorized person for receiving the password of the e-Submission system of the Hong Kong Stock Exchange and for subsequent registration matters (the "**ESS Authorized Person**"). Mr. Pei Changjiang was appointed by the Board as the secretary to the Board, a joint company secretary of the Company, a joint authorized representative of the Company and the ESS Authorized Person. Mr. Pei Changjiang started to perform his duties after obtaining the pre-appointment training certificate for the secretary to the board of directors issued by the SSE. Prior to that, Mr. Jiang Chengjun continued to perform his duties as the secretary to the Board. As the appointment of Mr. Pei Changjiang as a joint company secretary was subject to the granting of a waiver by the Hong Kong Stock Exchange from strict compliance with the requirements under Rules 3.28 and 8.17 of the Hong Kong Listing Rules, Mr. Pei Changjiang shall act as a joint company secretary and a joint authorized representative of the Company for the purpose of Rule 3.05 of the Hong Kong Listing Rules from the date on which the Hong Kong Stock Exchange's approval of such waiver is obtained. Prior to that, Mr. Jiang Chengjun shall continue to perform the duties of a joint company secretary and a joint authorized representative of the Company for the purpose of Rule 3.05 of the Hong Kong Listing Rules. Please refer to the announcement of "Proposed Change of Joint Company Secretary, Secretary to the Board and Authorized Representative" of the Company dated 30 June 2023 as disclosed on the website of the Hong Kong Stock Exchange for details.

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On 6 July 2023, Mr. Pei Changjiang obtained the approval from the Hong Kong Stock Exchange and started to serve as a joint company secretary and authorized representative of the Company from the date of the approval with a term of three years (please refer to the “Update Announcement on Appointment of the Joint Company Secretary and the Authorised Representative” of the Company dated 7 July 2023 as disclosed on the website of the Hong Kong Stock Exchange). On 26 September 2023, Mr. Pei Changjiang obtained the pre-appointment training certificate for the secretary to the board of directors issued by the SSE, and started to officially served as the secretary to the Board of the Company. On the same date, Mr. Jiang Chengjun ceased to perform the duties as the secretary to the Board. Please refer to the “Announcement on Taking Effect of the Appointment of Secretary to the Board” of the Company dated 26 September 2023 as disclosed on the website of the Hong Kong Stock Exchange for details.

On 12 October 2023, the Company held the first meeting (extraordinary meeting) of the eighth session of the Board, which considered and approved the Proposal on the Appointment of Members of the Senior Management, whereby the eighth session of the Board completed the appointment of the senior management members of the Company and all the senior management members appointed by the seventh session of the Board were appointed by the eighth session of the Board, and the positions of Mr. Chen Chunqian and Mr. Zhang Xiangyang were changed to business director from assistant to the general manger according to the Articles of Association, while the positions of the other senior management members remain unchanged. Please refer to the announcement of “Election of Chairman of the Board, Members of the Board Committees of the Company, and Appointment of Members of the Senior Management of the Company” of the Company dated 12 October 2023 as disclosed on the website of the Hong Kong Stock Exchange for details.

## SECTION IV CORPORATE GOVERNANCE

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

#### 1. Positions in shareholder entities

Name	Name of shareholder entities	Positions taken in the shareholder entities	Commencement date of tenure for the session	Ending date of tenure for the session
<b>Positions of current Directors:</b>				
Tu Xuanxuan	Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司)	General Manager of the Capital Operation Department	March 2020	To date
Xiao Hehua	Bright Food (Group) Co., Ltd. (光明食品(集團)有限公司)	Chief Financial Officer and Director of the Financial Management Center	June 2018	To date
Xu Jianguo	Shanghai Electric Holding Group Co., Ltd. (上海電氣控股集團有限公司)	Director, Vice President and Chief Financial Officer	January 2022	To date
<b>Positions of current Supervisors:</b>				
Ruan Feng	Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司)	Deputy General Manager of the Audit Department	May 2019	To date
Li Zhenghao	Shenergy Group Company Limited (申能(集團)有限公司)	General Manager of the Finance Department	June 2019	To date
Cao Yijian	Shanghai Jiushi (Group) Co., Ltd. (上海久事(集團)有限公司)	General Manager of Investment and Development Department	April 2018	To date
Miao Qing	Shanghai Bailian Group Co., Ltd. (上海百聯集團股份有限公司)	Director of the Audit and Risk Control Department	April 2021	To date
Song Chunfeng	China Shipowners Mutual Assurance Association (中國船東互保協會)	General Manager and Legal Representative	March 2016	To date

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### 2. Positions in other entities

Name	Name of other entities	Positions taken in other entities	Commencement date of tenure for the session	Ending date of tenure for the session
<b>Positions of current Directors:</b>				
Tu Xuanxuan	Shanghai Shengrui Investment Co., Ltd. (上海盛睿投資有限公司)	General Manager, Executive Director and Legal Representative	December 2021	To date
	Arcplus Group PLC (華東建築集團股份有限公司)	Director	September 2020	To date
	Shanghai Lingang Economic Development (Group) Co., Ltd. (上海臨港經濟發展(集團)有限公司)	Director	March 2021	To date
	Shanghai Di'an Investment Management Co., Ltd. (上海砥安投資管理有限公司)	Director	July 2021	To date
	Shanghai Weian Investment Management Co., Ltd. (上海維安投資管理有限公司)	Director	July 2021	To date
	Shanghai Tunnel Engineering Co., Ltd. (上海隧道工程股份有限公司)	Director	January 2022	To date
	J-Yuan Trust Co., Ltd. (建元信託股份有限公司) (formerly known as Anxin Trust Co., Ltd. (安信信託股份有限公司))	Director	September 2022	To date



## SECTION IV CORPORATE GOVERNANCE

Name	Name of other entities	Positions taken in other entities	Commencement date of tenure for the session	Ending date of tenure for the session
Shi Lei	Shanghai Tobacco Group Co., Ltd. (上海煙草集團有限責任公司)	Director of the Finance Department	August 2022	To date
	Shanghai Haiyan Tobacco Sugar and Liquor Co., Ltd. (上海海煙煙草糖酒有限公司)	Director	February 2020	To date
	Shanghai Tobacco Group Beijing Cigarette Factory Co., Ltd. (上海煙草集團北京卷煙廠有限公司)	Director	November 2022	To date
	Shanghai Tobacco Group Taicang Haiyan Reconstituted Tobacco Co., Ltd. (上海煙草集團太倉海煙煙草薄片有限公司)	Director	November 2022	To date
	Shanghai Haiyan Investment Management Company Limited (上海海煙投資管理有限公司)	Director	November 2022	To date
	Shanghai Tobacco Trading Center Co., Ltd. (上海煙草貿易中心有限公司)	Director	November 2022	To date
	Shanghai Tobacco Group Songjiang Tobacco Sugar and Liquor Co., Ltd. (上海煙草集團松江煙草糖酒有限公司)	Supervisor	November 2022	To date
	Shanghai Tobacco Group Qingpu Tobacco Sugar and Liquor Co., Ltd. (上海煙草集團青浦煙草糖酒有限公司)	Supervisor	November 2022	To date
	Shanghai Tobacco Group Putuo Tobacco Sugar and Liquor Co., Ltd. (上海煙草集團普陀煙草糖酒有限公司)	Supervisor	November 2022	To date
	Shanghai Tobacco Group Huangpu Tobacco Sugar and Liquor Co., Ltd. (上海煙草集團黃浦煙草糖酒有限公司)	Supervisor	November 2022	To date

## SECTION IV CORPORATE GOVERNANCE

Name	Name of other entities	Positions taken in other entities	Commencement date of tenure for the session	Ending date of tenure for the session
Xiao Hehua	Shanghai Hongqiao International Commodity Import, Sales and Exhibition Co., Ltd. (上海虹橋國際進口商品展銷有限公司)	Director	November 2022	To date
Xu Jianguo	Shanghai Electric Group Finance Co., Ltd. (上海電氣集團財務有限責任公司)	Director	April 2013	To date
	Shanghai Life Insurance Co., Ltd. (上海人壽保險股份有限公司)	Director	March 2015	To date
	Shanghai Electric Group Hong Kong Limited (上海電氣集團香港有限公司)	Chairman of the Board of Directors	September 2021	To date
	Shanghai Electric Hongkong Co. Limited (上海電氣香港有限公司)	Chairman of the Board of Directors	June 2022	To date
	Tianjin Pipe (Group) Corporation (天津鋼管集團股份有限公司)	Director	March 2020	February 2023
	Shanghai Highly (Group) Co., Ltd. (上海海立(集團)股份有限公司)	Chairman of the Supervisory Committee	December 2017	February 2023
	Shanghai Electric (Group) Corporation Heng Lian Enterprise Development Limited (上海電氣集團恒聯企業發展有限公司)	Director	June 2020	February 2023

## SECTION IV CORPORATE GOVERNANCE

Name	Name of other entities	Positions taken in other entities	Commencement date of tenure for the session	Ending date of tenure for the session
<b>Positions of current independent non-executive Directors:</b>				
Zhou Yu	Shanghai Academy of Social Sciences (上海社會科學院)	Professor	October 2008	To date
Fan Ren Da Anthony	AsiaLink Capital Limited (東源資本有限公司)	Chairman of the Board of Directors and Managing Director	October 2003	To date
	Tenfu (Cayman) Holdings Company Limited (天福(開曼)控股有限公司)	Executive Director	May 2021	To date
	Hilong Holding Limited (海隆控股有限公司)	Non-executive Director	July 2022	To date
	CITIC Resources Holdings Limited (中信資源控股有限公司)	Independent non-executive Director	August 2000	To date
	Uni-President China Holdings Ltd. (統一企業中國控股有限公司)	Independent non-executive Director	September 2007	To date
	China Dili Group (中國地利集團)	Independent non-executive Director	August 2008	To date
	Hong Kong Resources Holdings Company Limited (香港資源控股有限公司)	Independent non-executive Director	September 2008	To date
	Shanghai Industrial Urban Development Group Limited (上海實業城市開發集團有限公司)	Independent non-executive Director	July 2010	To date
	Technovator International Limited (同方泰德國際科技有限公司)	Independent non-executive Director	September 2011	To date
	China Development Bank International Investment Limited (國開國際投資有限公司)	Independent Non-executive Director	March 2012	To date
	Neo-Neon Holdings Limited (同方友友控股有限公司)	Independent non-executive Director	August 2014	To date
	Semiconductor Manufacturing International Corporation (中芯國際集成電路製造有限公司)	Independent non-executive Director	June 2018	To date

## SECTION IV CORPORATE GOVERNANCE

Name	Name of other entities	Positions taken in other entities	Commencement date of tenure for the session	Ending date of tenure for the session
Mao Fugen	Xiamen University	Professor	December 2001	October 2023
	Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司)	Independent Director	October 2019	To date
	AviChina Industry & Technology Company Limited (中國航空科技工業股份有限公司)	Independent Director	May 2021	To date
	Zhonghong Pulin Medical Products Co., Ltd. (中紅普林醫療用品股份有限公司)	Independent Director	July 2021	To date
	Unicom Intelligent Network Technology Co., Ltd. (聯通智網科技股份有限公司)	Independent Director	April 2023	To date
	Merchants Union Consumer Finance Co., Ltd. (招聯金融消費股份有限公司)	Independent Director	December 2023	To date
	Mao Huigang	Shanghai Jin Mao Law Firm (上海市金茂律師事務所)	Director	December 2022
Bright Dairy & Food Co., Ltd. (光明乳業股份有限公司)		Independent Director	December 2020	To date
Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司)		Independent Director	April 2017	November 2023
<b>Positions of current Supervisors:</b>				
Ruan Feng	Shanghai Cultural Industry Development Investment Fund Management Co., Ltd. (上海文化產業發展投資基金管理有限公司)	Supervisor	February 2020	To date
	Green Development Fund Private Equity Investment Management (Shanghai) Co., Ltd. (綠色發展基金私募股權投資管理(上海)有限公司)	Supervisor	June 2021	To date
Li Zhenghao	Shanghai Gas Company Limited (上海燃氣有限公司)	Director	June 2019	To date
	Shenergy Company Limited (申能股份有限公司)	Director	July 2020	To date
Cao Yijian	Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司)	Supervisor	December 2019	To date
	Shanghai SITICO Assets Management Co., Ltd. (上海上國投資資產管理有限公司)	Director	September 2021	To date

## SECTION IV CORPORATE GOVERNANCE

Name	Name of other entities	Positions taken in other entities	Commencement date of tenure for the session	Ending date of tenure for the session
Miao Qing	Shanghai Bailian Central Shopping Plaza Co., Ltd. (上海百聯中環購物廣場有限公司)	Supervisor	October 2019	To date
	Shanghai Bailian Nanqiao Central Shopping Plaza Co., Ltd. (上海百聯南橋購物中心有限公司)	Supervisor	October 2019	To date
	Shanghai Bailian Xijiao Central Shopping Plaza Co., Ltd. (上海百聯西郊購物中心有限公司)	Director	October 2019	To date
	Bailian Group Finance Co., Ltd. (百聯集團財務有限責任公司)	Supervisor	December 2019	To date
Song Chunfeng	China P&I Management Co., Ltd. (中船保商務管理有限公司)	Legal Representative, Executive Director and General Manager	May 2016	To date
	China P&I Services (Hong Kong) Limited (中國保賠服務(香港)有限公司)	Director	August 2016	To date
	Quanzhou Jinjiang COSCO Development Co., Ltd. (泉州市晉江中遠發展有限公司)	Vice Chairman of the Board of Director	August 2016	To date
	Shanghai Haixing Asset Management Company Limited (上海海興資產管理有限公司)	Executive Director and Legal Representative	November 2016	To date
	China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司)	Director	March 2017	To date
	CPI Services (UK) Limited (中船保服務(英國)有限公司)	Director	April 2017	To date
<b>Positions of other senior management:</b>				
Chen Chunqian	E-Capital Transfer Co., Ltd. (證通股份有限公司)	Director	January 2015	To date

## SECTION IV CORPORATE GOVERNANCE

### (III) Remuneration of Directors, Supervisors and Senior Management

Procedures for determining the remuneration of the Directors, Supervisors and senior management	The Board has established the Nomination, Remuneration and Assessment Committee, which is accountable to the Board and responsible for making recommendations to the Board on the remuneration of the Directors and senior management. The Board is primarily responsible for developing and considering the remuneration structure and policy for the Directors and senior management holding executive positions in and receiving remuneration from the Company, and developing the assessment criteria for and conducting assessment on the Directors and senior management holding executive positions in and receiving remuneration from the Company. The remuneration of Directors and Supervisors who do not hold any internal position in the Company shall be determined by the general meeting.
Whether the Directors have abstained from discussing their own remuneration at meetings of the Board	Yes
Details of the recommendations of the remuneration and assessment committee or the special meetings of the independent Directors on the remuneration of the Directors, Supervisors and senior management	The remuneration of the Directors, Supervisors and senior management was in compliance with the remuneration system of the Company, and there have been no violations of the Company's remuneration management system. For details on their performance of duties, please refer to "VII. Details of the Special Committees under the Board" in this section.

## SECTION IV CORPORATE GOVERNANCE

Basis of determining the remuneration of the Directors, Supervisors and senior management

The remuneration of independent non-executive Directors, non-executive Directors and non-employee representative Supervisors shall be determined by reference to factors including results of operations of the Company, their functions and duties, performance and market condition. The remuneration of independent non-executive Directors shall be determined based on the average level of the listed peers in the industry. The non-executive Directors and non-employee representative Supervisors have waived remuneration from the Company due to their personal positions. The remuneration of the executive Directors and senior management shall be determined according to the relevant policies of the competent authorities, the implementation plan for further deepening the reform of professional manager system, and the measures for the performance assessment and remuneration administration of the senior management and other systems, and with reference to, among others, the operating position of the Company, functions and duties, performance in an annum and their terms of office. Their remuneration shall be linked with their positions and results of performance assessment. The remuneration of employee representative Supervisors shall be determined based on the measures for administration of remuneration of the Company and be linked with their positions and results of performance assessment.

Actual payments of remuneration of the Directors, Supervisors and senior management

For details, please refer to “Changes in shareholding and remuneration of current Directors, Supervisors and senior management and those who resigned during the Reporting Period” in this section. During the Reporting Period, the deferred remuneration (inclusive of tax) attributable to the previous years received by the Directors, Supervisors and senior management is as follows: Mr. Zhou Jie received RMB0.5236 million; Mr. Li Jun received RMB0.1737 million; Mr. Zhao Yonggang received RMB0.3305 million; Mr. Ren Peng received RMB0.9986 million; Mr. Wu Xiangyang received RMB0.4038 million; Mr. Shi Xu received RMB0.4067 million; Mr. Mao Yuxing received RMB0.8416 million; Mr. Jiang Chengjun received RMB1.4027 million; Mr. Pan Guangtao received RMB1.2615 million; Mr. Zhang Xinjun received RMB1.2652 million; Mr. Pei Changjiang received RMB0.9627 million; Mr. Chen Chunqian received RMB1.483 million; Mr. Zhang Xiangyang received RMB4.2113 million; Mr. Du Hongbo received RMB1.2652 million; Mr. Li Haichao received RMB0.1506 million.

## SECTION IV CORPORATE GOVERNANCE

Remuneration received in aggregate by all the Directors, Supervisors and senior management at the end of the Reporting Period

For details, please refer to “Changes in shareholding and remuneration of current Directors, Supervisors and senior management and those who resigned during the Reporting Period” in the Report. In addition, in accordance with the implementation plan for further deepening the reform of professional manager system, the Company paid the shortfall in basic annual remuneration of professional managers for the period from 2020 to 2022, as well as the shortfall in performance-linked annual remuneration for the period from 2020 to 2021. The remuneration (inclusive of tax) is as follows: Li Jun received RMB nil, Ren Peng received RMB1.8518 million, Mao Yuxing received RMB1.8111 million, Li Haichao received RMB0.0645 million, and Pei Changjiang received RMB1.7898 million.



## SECTION IV CORPORATE GOVERNANCE

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

Name	Positions	Particulars of change	Reasons for change
Zhao Yonggang	Executive Director and Deputy Secretary of CPC Committee	Resignation	Job change
Ren Peng	Executive Director and Deputy General Manager	Resignation	Age
Zhou Donghui	Non-executive Director	Resignation	Expiry of term of office
Yu Liping	Non-executive Director	Resignation	Personal reason (retirement)
Zhang Ming	Independent non-executive Director	Resignation	Expiry of term of office
Lam Lee G.	Independent non-executive Director	Resignation	Expiry of term of office
Zhu Hongchao	Independent non-executive Director	Resignation	Expiry of term of office
Zhao Yonggang	Employee representative Supervisor	Resignation	Expiry of term of office
Shi Xu	Employee representative Supervisor	Resignation	Relevant work arrangements
Dong Xiaochun	Non-employee representative Supervisor	Resignation	Expiry of term of office
Dai Li	Non-employee representative Supervisor	Resignation	Expiry of term of office
Pei Changjiang	Deputy General Manager	Resignation	Job transfer
Li Haichao	Deputy General Manager and Chief Compliance Officer	Resignation	Job change
Chen Chunqian	Assistant to the General Manager	Resignation	Job transfer
Zhang Xiangyang	Assistant to the General Manager	Resignation	Job transfer
Jiang Chengjun	Assistant to the General Manager and Secretary to the Board	Resignation	Job transfer
Pan Guangtao	Assistant to the General Manager	Resignation	Job transfer
Li Jianguo	Assistant to the General Manager	Resignation	Age
Lin Yong	Assistant to the General Manager	Resignation	Relevant work arrangements
Du Hongbo	Chief Risk Officer	Resignation	Age
Shi Lei	Non-executive Director	Election	/

## SECTION IV CORPORATE GOVERNANCE

Name	Positions	Particulars of change	Reasons for change
Fan Ren Da Anthony	Independent non-executive Director	Election	/
Mao Fugen	Independent non-executive Director	Election	/
Mao Huigang	Independent non-executive Director	Election	/
Miao Qing	Non-employee representative Supervisor	Election	/
Song Chunfeng	Non-employee representative Supervisor	Election	/
Cao Zhigang	Employee representative Supervisor	Election	/
Yu Yang	Employee representative Supervisor	Election	/
Jiang Chengjun	Deputy General Manager	Appointment	/
Pan Guangtao	Deputy General Manager	Appointment	/
Zhang Xinjun	Deputy General Manager	Appointment	/
Pei Changjiang	Secretary to the Board	Appointment	/
Chen Chunqian	Business Director	Appointment	/
Zhang Xiangyang	Business Director	Appointment	/
Zhao Huiwen	Chief Compliance Officer	Appointment	/
Shi Xu	Chief Risk Officer	Appointment	/

### (V) Particulars about Punishments Imposed by Securities Regulatory Authorities during Recent Three Years

The current Directors, Supervisors and senior management and those who resigned during the Reporting Period have not been punished by the securities regulatory authorities over the past three years.

## V. THE DETAILS OF BOARD MEETINGS DURING THE REPORTING PERIOD

Session of the meeting	Date of the meeting	Resolutions of the meeting
The 35th meeting (extraordinary meeting) of the seventh session of the Board	28 March 2023	The Board considered and approved the Resolution on Haitong International Holdings Limited's Participation in the Rights Issue of Haitong International Securities Group Limited.

## SECTION IV CORPORATE GOVERNANCE

Session of the meeting	Date of the meeting	Resolutions of the meeting
The 36th meeting of the seventh session of the Board	30 March 2023	<p>The Board considered and approved the Annual Report of the Company for the Year 2022, the Final Accounts Report of the Company for the Year 2022, the Profit Distribution Proposal of the Company for the Year 2022, the Compliance Report of the Company for the Year 2022, the Internal Control Evaluation Report of the Company for the Year 2022, the Special Audit Report on Related Party Transactions of the Company for the Year 2022, the Report on Performance of Duties of the Audit Committee under the Board of Directors of the Company for the Year 2022, the Proposal regarding the Renewal of Engagement of Accounting Firms of the Company, the Proposal regarding the Provision for Asset Impairment of the Company, the Report of the Board of Directors of the Company for the Year 2022, the Work Report of the Independent Directors of the Company for the Year 2022, the 2022 Corporate Social Responsibility Report of the Company, the Group Risk Assessment Report of the Company for the Year 2022, the Special Audit Report on Anti-money Laundering Work of the Company for the Year 2022, the Resolution regarding the Formulation of the Administrative Measures on Financing Guarantees and Lending Funds of Haitong Securities Co., Ltd. (Group) (Provisional), the Resolution on Provision of the Keepwell Support for Overseas Debt Financings of Overseas Subsidiaries, the Proposal regarding the Estimated Investment Amount for the Proprietary Business of the Company for the Year 2023, the Resolution regarding the Projected Daily Related Party/Connected Transactions of the Company for the Year 2023, the Resolution on the Amendments to the Terms of Reference of the Nomination, Remuneration and Assessment Committee of the Company, the Resolution regarding the Grant by the General Meeting of General Mandate for the Board to Authorize, Allot or Issue A Shares and/or H Shares, the Resolution regarding Optimizing and Adjusting the Organizational Structure of the Company's Investment Banking and the Resolution regarding the Convening of 2022 Annual General Meeting of the Company. The Board listened to the Operating Report for the Year 2022 and Work Plan for the Year 2023 of the Company and the Relevant Opinions of the Audit Committee under the Board on PricewaterhouseCoopers's Engagement in Audit Work for the Year 2022, the Report on the Implementation of Risk Control Indicators of the Company in 2022, the Report regarding the Management's Assessment of the Overall Effect and Efficiency of the Company's Information Technology Management in 2022 and the Report on the Implementation of Matters Related to Subsidiaries to be Conducted by the Management Authorized by the Board of the Company for the Year 2022. The Board also reviewed the Report on the Implementation of the Board Resolutions of the Company for the Year 2022, the Report on the Implementation of the Authorization under the Resolutions of the General Meetings and the Board of the Company for the Year 2022 and the Report on the Implementation of Matters Related to Subsidiaries to be Conducted by the Management Authorized by the Board of the Company for the Year 2022. The list of the latest related parties/connected persons was also confirmed.</p>

## SECTION IV CORPORATE GOVERNANCE

<b>Session of the meeting</b>	<b>Date of the meeting</b>	<b>Resolutions of the meeting</b>
The 37th meeting of the seventh session of the Board	28 April 2023	The Board considered and approved the First Quarterly Report of the Company for the Year 2023 and the Resolution on Provision of Borrowings to Subsidiaries. The Board also reviewed the Operating Report for the First Quarter of 2023 and Key Work Report for the Second Quarter of 2023 of the Company and the Statement on Financial Position for the First Quarter of 2023 of the Company.
The 38th meeting (extraordinary meeting) of the seventh session of the Board	21 June 2023	The Board considered and approved the Proposal regarding the Participation in the Establishment of Funds by a Wholly-owned Subsidiary of the Company and its Related Party/Connected Transactions and the Proposal regarding Adding the Members of the Special Committees under the Seventh Session of the Board of the Company.
The 39th meeting (extraordinary meeting) of the seventh session of the Board	30 June 2023	The Board considered and approved the Proposal on the Appointment of Deputy General Manager, the Proposal on Appointment of Secretary to the Board and Joint Company Secretary, the Proposal on the Appointment of Chief Compliance Officer, the Proposal on the Appointment of Chief Risk Officer, the Proposal regarding the Results of Assessment of Senior Management of the Company in 2022, the Proposal regarding the Appraisal and Incentive Plan of Senior Management of the Company for the Year 2023 and the Proposal on the Implementation of the Contractual Management of the Tenure System for Professional Managers.
The 40th meeting (extraordinary meeting) of the seventh session of the Board	14 July 2023	The Board considered and approved the Proposal on the Renovation of the Company's Own Housings in Haitong Securities Building.

## SECTION IV CORPORATE GOVERNANCE

Session of the meeting	Date of the meeting	Resolutions of the meeting
The 41st meeting of the seventh session of the Board	30 August 2023	The Board considered and approved the Interim Report of the Company for the Year 2023, the Proposal regarding the Provision for Asset Impairment of the Company, the Resolution regarding the Amendments to the Administrative Measures on Financing Guarantees and Lending Funds of Haitong Securities Co., Ltd. (Group), the Resolution on Providing Joint Liability Guarantee for Offshore Debt Financing of an Offshore Wholly-owned Subsidiary, the Resolution regarding the Amendments to the Measures on Performance Appraisal and Remuneration Management for Senior Management of Haitong Securities Co., Ltd., the Resolution on the Additional Capital Contribution to Haitong International Holdings Limited by the Company, the Proposal on Application for Qualification for Listed Securities Market Making Trade Business and Carrying out Relevant Stocks Market Making Business, the Proposal on the Board Authorizing the Management to Dispose of Idle Real Estate, the Group Risk Assessment Report of the Company for the First Half of 2023, the Proposal on the Re-election of the Board of the Company, the Resolution regarding the Amendments to the Articles of Association and Appendices Thereto, the Proposal on the Amendments to the Terms of Reference for the Independent Directors of the Company, the Resolution regarding the Convening of the First Extraordinary General Meeting of the Company for the Year 2023 and the Resolution on the Plan of Repurchase of A Shares of the Company through Centralized Price Bidding. The meeting also listened to the Operating Report for the First Half of 2023 and Work Plan for the Second Half of 2023 of the Company, the Statement on Financial Position for the First Half of 2023 of the Company and the Report on the Implementation of Risk Control Indicators of the Company in the First Half of 2023, and reviewed the Report on the Compliance in the First Half of 2023. The list of the latest related parties/connected persons was also confirmed.
The 42nd meeting (extraordinary meeting) of the seventh session of the Board	26 September 2023	The Board considered and approved the Proposal on Privatization of Haitong International Securities Group Limited by Haitong International Holdings Limited.
The 1st meeting (extraordinary meeting) of the eighth session of the Board	12 October 2023	The Board considered and approved the Proposal regarding the Election of the Chairman of the Board of Directors, the Proposal regarding the Election of the Members and the Chairman of the Development Strategy and ESG Management Committee, the Proposal regarding the Election of the Members and the Chairman of the Compliance and Risk Management Committee, the Proposal regarding the Election of the Members and the Chairman of the Audit Committee, the Proposal regarding the Election of the Members and the Chairman of the Nomination, Remuneration and Assessment Committee and the Resolution on the Appointment of Senior Management of the Company.

## SECTION IV CORPORATE GOVERNANCE

<b>Session of the meeting</b>	<b>Date of the meeting</b>	<b>Resolutions of the meeting</b>
The 2nd meeting of the eighth session of the Board	30 October 2023	The Board considered and approved the 2023 Third Quarterly Report of the Company, the Proposal regarding the Amendments to the Management Measures on Integrity of Haitong Securities Co. Ltd. and the Proposal on the Implementation Plan for the Reform of the Wage Determination Mechanism of the Company for 2023-2026. The Board also reviewed the Operating Report for the First Three Quarters of 2023 and Key Work Report for the Fourth Quarter of 2023 of the Company, the Statement on Financial Position for the Third Quarter of 2023 of the Company and the Report on Adjusting the Annual Financial Budget for the Year 2023.

### VI. PERFORMANCE OF DUTIES BY DIRECTORS

The Board exercises its powers and duties specified in the Articles of Association, reports its work to the general meeting, implements proposals of the general meeting and is accountable to the general meeting in the best interest of the Company and the shareholders.

Profiles of the Directors as at the date of the Report are set out in the section headed “Major Work Experience” of the Directors, Supervisors and senior management in this section. None of the Directors, the Supervisors or the senior management has any relationship with each other (including financial, business, family or other material or connected relations). The Board is structurally scientific, and each Director has adequate knowledge, experience and capacity relating to the business operations and developments of the Group. All Directors are well aware of their joint and several responsibilities to the shareholders.

Since the listing of the Company, the Board has always complied with the requirement of the Hong Kong Listing Rules on appointment of at least three independent non-executive directors, who shall jointly account for at least one third of the members of the board. Four independent non-executive Directors of the Company are fully qualified as specified in Rules 3.10(1) and (2), and Rule 3.10(A) of the Hong Kong Listing Rules. Besides, the Company has received annual confirmations issued by each of the independent non-executive Directors in respect of their independence according to Rule 3.13 of the Hong Kong Listing Rules. Therefore, the Company believes that all independent non-executive Directors fulfil the requirement of independence as specified by the Hong Kong Listing Rules.

#### (I) Attendances of Directors at Board Meetings and General Meetings

According to the Articles of Association, meetings of the Board shall be convened by the chairman at least four times a year. Notice of a regular meeting of the Board shall be issued at least 14 days prior to the meeting and shall include the date, venue, duration, reasons, proposals for discussion and the date of issuance of the notice.

## SECTION IV CORPORATE GOVERNANCE

A meeting of the Board shall be held only when over half of the members are present. Save as otherwise specified in the Articles of Association, proposals made by the Board shall be passed by more than half of all members. If any Director has connection with the enterprise involved in the proposals made at a meeting of the Board, the said Director shall abstain from voting on the said proposal for himself/herself or on behalf of other Directors. Such meetings of the Board may be held when more than half of the non-connected Directors are present. The proposals made at the meeting of the Board shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the matter shall be submitted to the general meeting for consideration. Meetings of the Board shall be held on-site in principle. If necessary, extraordinary meetings of the Board may be held via video, telephone or facsimile, or be held on-site and by other means simultaneously. A Director may attend the meeting of the Board in person or appoint another Director in writing to attend the meeting on his/her behalf.

Name of Director	Independent non-executive Director or not	Attendance at the Board meetings					Attendance at the general meetings	
		Number of attendances as required during the year	Number of attendances in person	Number of attendances by correspondence	Number of attendances by proxy	Number of absences	Absence from two consecutive meetings or not	Number of attendances at general meetings
Zhou Jie	No	10	10	5	0	0	No	2
Li Jun	No	10	10	5	0	0	No	2
Tu Xuanxuan	No	10	10	6	0	0	No	2
Shi Lei	No	2	2	1	0	0	No	0
Xiao Hehua	No	7	7	4	0	0	No	1
Xu Jianguo	No	10	9	6	1	0	No	2
Zhou Yu	Yes	10	10	5	0	0	No	2
Fan Ren Da Anthony	Yes	2	2	1	0	0	No	0
Mao Fugen	Yes	2	2	1	0	0	No	0
Mao Huigang	Yes	2	2	1	0	0	No	0
Zhao Yonggang (Resigned)	No	2	2	1	0	0	No	0
Ren Peng (Resigned)	No	0	0	0	0	0	No	0
Zhou Donghui (Resigned)	No	8	8	5	0	0	No	2
Yu Liping (Resigned)	No	3	3	3	0	0	No	0
Zhang Ming (Resigned)	Yes	8	8	4	0	0	No	2
Lam Lee G. (Resigned)	Yes	8	8	8	0	0	No	2
Zhu Hongchao (Resigned)	Yes	8	8	4	0	0	No	2

Note: Mr. Zhao Yonggang's role was changed from Supervisor to Director during the Reporting Period. In 2023, Mr. Zhao Yonggang, as a Supervisor, was required to attend and has attended two general meetings of the Company; he was not required to attend any general meetings of the Company as a Director.

## SECTION IV CORPORATE GOVERNANCE

Description of absence from two consecutive Board meetings

During the Reporting Period, there was no instance where a Director was absent from two consecutive Board meetings.

Number of Board meetings convened during the year	10
Including: Number of meetings held on-site	0
Number of meetings held via correspondence	5
Number of meetings held on-site and via correspondence simultaneously	5

### (II) Directors' Objections to Relevant Matters of the Company

During the Reporting Period, Directors of the Company had no objection to proposals of the Board and other proposals. Please refer to "Attendances of Directors at Board Meetings and General Meetings" and "Details of the Special Committees Under the Board" of this section for the attendances of Directors at general meetings, Board meetings and meetings of special committees. Please refer to the Work Report of the Independent Directors for the Year 2023 of Haitong Securities Co., Ltd. disclosed by the Company on the website of the SSE on the same date as the Report for the details of the performance of duties by independent non-executive Directors.

### (III) Others

- ***Powers and Duties of the Board and the Management***

Powers and duties of the Board and the management have been specified in the Articles of Association to ensure adequate check and balance mechanism for the sound corporate governance and internal control.

The Board is responsible for deciding the Company's operations and investment plans, determining the internal management structure of the Company, establishing the basic management system of the Company, resolving other major business and administrative issues of the Company and supervising the management.

The management of the Company, under the leadership of the general manager (who is also an executive Director), is responsible for implementing various proposals made by the Board and organizing daily operation and management of the Company.



## SECTION IV CORPORATE GOVERNANCE

### 1. *Chairman and General Manager*

The Chairman and the general manager (i.e., chief executive officer under the Hong Kong Listing Rules) of the Company are held by different individuals to secure the independence of their respective duties, accountabilities and balanced distribution of rights and authorizations. Mr. Zhou Jie serves as the Chairman and Mr. Li Jun serves as the general manager. The Rules of Procedure for Board Meetings and the Terms of Reference for the General Manager considered and approved by the shareholders' general meeting and the Board clearly define the duties of the Chairman and the general manager respectively.

Chairman Mr. Zhou Jie is responsible for leading the Board to determine the overall development strategy of the Company and ensuring the Board's effective operation, performance of its statutory duties and timely discussion of all important and appropriate issues. The Chairman has to ensure that the Company formulates sound corporate governance practices and procedures and the Board acts for the best interest of the Company and all shareholders. General manager Mr. Li Jun is mainly responsible for daily operation and management of the Company, including organizing and implementing the proposals of the Board and daily decision making.

### 2. *Directors' Appointment and Re-election*

According to the Articles of Association, non-employee representative Directors shall be elected or replaced by the general meetings, and employee representative Directors shall be elected or replaced by the employee representatives meeting of the Company. A Director shall serve a term of office no longer than three years and is eligible for re-election. The Company has implemented a set of effective procedures for appointing new Directors. The Board, the Supervisory Committee and the shareholders individually or jointly holding more than 3% of the Company's shares may nominate candidates for non-independent Directors, and the Board, the Supervisory Committee and the shareholders individually or jointly holding more than 1% of the Company's shares in issue may nominate candidates for independent Directors, as per the number of the directors to be elected as specified in the Articles of Association. Candidates for Directors shall be elected at the general meetings or at the employee representatives meeting of the Company. For specific procedures for shareholders to nominate candidates for Directors, the Company has prepared the Procedures for Shareholders' Nomination of Candidates for Directors and has published the same on its website.

### 3. *Terms of Office of Non-executive Directors*

Non-executive Directors are all elected by the general meetings, with terms of office of three years, which are renewable upon re-election and reappointment.

## SECTION IV CORPORATE GOVERNANCE

### 4. *Directors' Remunerations*

For details, please refer to “Remunerations of Directors, Supervisors and Senior Management” in “Section IV Corporate Governance” of the Report.

### 5. *Directors' Trainings*

The Company highly emphasizes the continuous trainings for Directors to ensure that Directors have proper knowledge of the Company's operations and businesses and their duties imposed by the CSRC, the SSE, the Hong Kong Stock Exchange, the Articles of Association and other relevant laws and regulations.

During the Reporting Period, the Directors actively participated in the regular trainings organized by local regulatory authorities or other organizations to complete continued trainings as required. In March 2023, Zhou Yu, an independent non-executive Director of the Company, participated in the special training on the interpretation of the reform policy of the registration-based system for listed companies organized by the China Association for Public Companies. In July 2023, Xiao Hehua, a non-executive Director of the Company, participated in the induction training for directors, supervisors and senior management organized by the SSE. In October 2023, Zhao Yonggang, a former executive Director of the Company, and Shi Lei, a non-executive Director of the Company, participated in the “2023 Training Courses for the Directors, Supervisors and Senior Management of Listed Companies in Shanghai” organized by the Listed Companies Association of Shanghai. In November 2023, Zhou Jie, an executive Director and Chairman of the Company, and Li Jun, an executive Director and the general manager of the Company, participated in the training on the relevant content of the new regulations for independent directors in the “2023 Special Trainings for Chairman of the Board of Directors and General Manager” organized by the China Association for Public Companies. In December 2023, Zhou Yu, Fan Ren Da Anthony, Mao Fugen and Mao Huigang, independent non-executive Directors of the Company, participated in the follow-up training for independent directors organized by the SSE. In 2023, Tu Xuanxuan, a non-executive Director of the Company, participated in the induction training (the fifth phase) for directors, supervisors and senior management of listed companies for 2023 organized by the SSE, the special training on violations of laws and regulations for listed companies for 2023 organized by the China Association for Public Companies, the special training (the second phase) on the system reform for the independent directors for 2023 organized by the Listed Companies Association of Shanghai, and the special training for the regulation of directors of enterprises for 2023 organized by the Shanghai SASAC.

## SECTION IV CORPORATE GOVERNANCE

During the Reporting Period, the Newsletter for Directors and Supervisors (12 issues in total for 2023) and the Regulations of Securities Market and Case Analysis (4 issues in total for 2023) were regularly compiled and delivered to the Directors by the office of the Board of the Company. All Directors, including Zhou Jie, Li Jun, Tu Xuanxuan, Shi Lei, Xiao Hehua, Xu Jianguo, Zhao Yonggang (Resigned during the Reporting Period), Ren Peng (Resigned during the Reporting Period), Yu Liping (Resigned during the Reporting Period) as Directors and Zhou Yu, Fan Ren Da Anthony, Mao Fugen, Mao Huigang, Zhang Ming (Resigned during the Reporting Period), Lam Lee G. (Resigned during the Reporting Period) and Zhu Hongchao (Resigned during the Reporting Period) as independent non-executive Directors, received daily written trainings in 2023. These trainings helped the Directors to be timely informed of the latest policies, regulations and classic cases. The Company has also built multi-level information communication mechanisms and set up an information exchange platform to strengthen information sharing and exchanging among the Directors, Supervisors and management, and improved Directors' duty performance capability. In addition, in August 2023, Clifford Chance was engaged by the Company to conduct a training on the "Hong Kong Listing Rules in the Context of New Regulatory Requirements in Mainland China" for all Directors and Supervisors.

### VII. DETAILS OF THE SPECIAL COMMITTEES UNDER THE BOARD

#### (I) Members of the Special Committees under the Board

On 12 October 2023, the 2023 first extraordinary general meeting held by the Company considered and approved the proposal on the election of Directors of the eighth session of the Board and the proposal on the election of independent Directors of the eighth session of the Board, and the election of the members of the new session of the Board of the Company was completed. On the same date, the Company held the first meeting (extraordinary meeting) of the eighth session of the Board, at which the proposals on the election of the members and Chairman of the four special committees were considered and approved.

- *The eighth session of the Board of the Company has established four special committees, details of which and their members are as follows:*

<b>Category of Special Committees</b>	<b>Name of Members</b>
Audit Committee	Mao Fugen (Chairman), Xiao Hehua, Xu Jianguo, Zhou Yu, Fan Ren Da Anthony
Nomination, Remuneration and Assessment Committee	Mao Huigang (Chairman), Tu Xuanxuan, Shi Lei, Fan Ren Da Anthony, Mao Fugen
Compliance and Risk Management Committee	Li Jun (Chairman), Xiao Hehua, Xu Jianguo, Mao Fugen, Mao Huigang
Development Strategy and ESG Management Committee	Zhou Jie (Chairman), Zhao Yonggang (Resigned on 11 December 2023), Tu Xuanxuan, Shi Lei, Zhou Yu

Note: For details of the changes in position of Mr. Zhao Yonggang in special committees, please refer to Change in Director in this section.

## SECTION IV CORPORATE GOVERNANCE

- *The seventh session of the Board of the Company had established four special committees, details of which and their members were as follows:*

<b>Category of Special Committees</b>	<b>Name of Members</b>
Audit Committee	Zhang Ming (Chairman), Xiao Hehua (whose term of office in special committees under the seventh session of the Board was from 21 June 2023 to 12 October 2023), Yu Liping (whose term of office in special committees under the seventh session of the Board was from 18 June 2019 to 31 May 2023), Xu Jianguo, Lam Lee G., Zhou Yu
Nomination, Remuneration and Assessment Committee	Zhu Hongchao (Chairman), Tu Xuanxuan, Xiao Hehua (whose term of office in special committees under the seventh session of the Board was from 21 June 2023 to 12 October 2023), Yu Liping (whose term of office in special committees under the seventh session of the Board was from 18 June 2019 to 31 May 2023), Zhang Ming, Lam Lee G.
Compliance and Risk Management Committee	Li Jun (Chairman), Zhou Donghui, Xu Jianguo, Zhang Ming, Zhu Hongchao
Development Strategy and ESG Management Committee	Zhou Jie (Chairman), Ren Peng (Resigned before the expiration of his term of office), Tu Xuanxuan, Zhou Donghui, Zhou Yu

*Notes:*

1. For details of the changes in positions of Mr. Ren Peng and Ms. Yu Liping in special committees, please refer to Change in Director in this section.
2. On 21 June 2023, the Proposal regarding Adding the Members of the Special Committees under the Seventh Session of the Board of the Company was considered and approved at the 38th meeting (extraordinary meeting) of the seventh session of the Board of the Company, and Ms. Xiao Hehua was elected as a member of the Audit Committee and a member of the Nomination, Remuneration and Assessment Committee of the seventh session of the Board of the Company. For details, please refer to the "Overseas Regulatory Announcement" published by the Company on the website of HKEXnews of the Hong Kong Stock Exchange on 21 June 2023.

## SECTION IV CORPORATE GOVERNANCE

### (II) Performance of duties by the Audit Committee

The primary duties of the Audit Committee include: to make recommendations on the appointment or change of the external auditors, and to approve the remuneration and terms of engagement of the external auditors; to discuss the nature and scope of the audit work with the external auditors before the commencement of the audit; to ensure the objectivity and independence of the external auditors and the effectiveness of the audit process; to review the Company's financial information and the disclosure thereof, and to review, where necessary, material related party transactions; to review the financial monitoring, internal control system and risk management system of the Company and its subsidiaries and branches from the perspectives of scientificity, rationality, effectiveness and implementation results, and make recommendations on holding those who have violated relevant requirements responsible; to discuss the risk management and internal control system with the management to ensure that the management has performed its duties to set up effective systems; and to review the financial and accounting policies and practices of the Group. The committee will also perform other duties assigned by the Board. For the specific duties of the Audit Committee, please refer to the Terms of Reference of the Audit Committee under the Board of Directors published on the websites of the Company and HKEXnews of the Hong Kong Stock Exchange.

The Audit Committee convened meetings to consider relevant matters according to relevant provisions of the Terms of Reference of the Audit Committee under the Board of Directors of the Company and improved working efficiency as well as scientific decision-making. The Audit Committee carefully performed its duties by actively participating in the preparation, audit and disclosure of the annual financial reports according to the Work Procedures for Annual Reports of the Audit Committee under the Board of Directors of the Company. The Audit Committee fully communicated with certified public accountants to jointly formulate annual audit project plans for the Company. The annual audit work of the Company was arranged under the guidance of the Audit Committee, which ensured the independence of the audit and the improvement of audit quality to safeguard the overall interest of the Company and its shareholders. The Audit Committee and its members, abiding by relevant laws and regulations, gave full play to the audit and supervision role by conducting work diligently, and served an important role in improving the corporate governance structure and audit quality of the Company.

## SECTION IV CORPORATE GOVERNANCE

Date of the meeting	Meeting contents	Significant opinions and suggestions	Other performance of duties
30 January 2023	<ol style="list-style-type: none"> <li data-bbox="544 476 874 728">1. The Audit Committee studied the relevant documents issued by the regulatory authorities on the preparation of annual reports of listed companies for 2022;</li> <li data-bbox="544 771 874 1024">2. The independent non-executive Directors and the Audit Committee listened to the chief financial officer's brief financial report for 2022 of the Company;</li> <li data-bbox="544 1067 874 1362">3. The independent non-executive Directors and the Audit Committee discussed the annual audit work plan with the certified public accountant responsible for annual audit (PricewaterhouseCoopers);</li> <li data-bbox="544 1405 874 1733">4. The unaudited financial statements for 2022 prepared by the finance department of the Company were submitted to the Audit Committee, and the Audit Committee was requested to issue written opinions.</li> </ol>	<p>The Audit Committee agreed with the motion and made comments and suggestions on related work according to regulations and the Terms of Reference, etc.</p>	N/A

## SECTION IV CORPORATE GOVERNANCE

Date of the meeting	Meeting contents	Significant opinions and suggestions	Other performance of duties
29 March 2023	<p>The Financial Report and Special Report of the Company (Audited or Reviewed Draft) for the Year 2022, the Relevant Opinions of the Audit Committee under the Board of the Company on the Accounting Firm's Engagement in Audit Work for the Year, the Proposal regarding the Renewal of Engagement of Accounting Firms, the Internal Control Evaluation Report of the Company for the Year 2022, the Special Audit Report on Related Party Transactions of the Company for the Year 2022, the Resolution regarding the Projected Daily Related Party/ Connected Transactions of the Company for the Year 2023, the Proposal regarding the Provision for Asset Impairment of the Company, the Report on Performance of Duties of the Audit Committee under the Board of Directors of the Company for the Year 2022 and the Resolution on Proposing to Consider the Pre-Consent Method for the Provision of Non-assurance Services by the Auditors were considered and approved.</p>	<p>The Audit Committee agreed with the motion and made comments and suggestions on related work according to regulations and the Terms of Reference, etc.</p>	<p>The Audit Committee also heard the Company's Report on Final Accounts for the Year 2022 and Financial Budget for the Year 2023, the Communication Report on Preliminary Audit Results for the Year 2022 by Accounting Firms and the Work Report of the Independent Directors for the Year 2022, and confirmed the latest list of related parties/ connected persons of the Company.</p>

## SECTION IV CORPORATE GOVERNANCE

<b>Date of the meeting</b>	<b>Meeting contents</b>	<b>Significant opinions and suggestions</b>	<b>Other performance of duties</b>
27 April 2023	The 2023 First Quarterly Report of the Company was considered and approved.	The Audit Committee agreed with the motion and made comments and suggestions on related work according to regulations and the Terms of Reference, etc.	The Audit Committee also reviewed the Statement on Financial Position for the First Quarter of 2023 of the Company.
20 June 2023	The Proposal regarding the Participation in the Establishment of Funds by a Wholly-owned Subsidiary and its Related Party/Connected Transactions was considered and approved.	The Audit Committee agreed with the motion and made comments and suggestions on related work according to regulations and the Terms of Reference, etc.	N/A
29 August 2023	The Interim Report of the Company for the Year 2023 (A+H Share financial reports) and the Proposal regarding the Provision for Asset Impairment of the Company were considered and approved.	The Audit Committee agreed with the motion and made comments and suggestions on related work according to regulations and the Terms of Reference, etc.	The Audit Committee also heard the Statement on Financial Position for the First Half of 2023 of the Company and the Report to the Audit Committee on Reviewing the 2023 Interim Financial Report of the Company, and confirmed the list of the related parties/connected persons of the Company.



## SECTION IV CORPORATE GOVERNANCE

<b>Date of the meeting</b>	<b>Meeting contents</b>	<b>Significant opinions and suggestions</b>	<b>Other performance of duties</b>
29 October 2023	The 2023 Third Quarterly Report of the Company was considered and approved.	The Audit Committee agreed with the motion and made comments and suggestions on related work according to regulations and the Terms of Reference, etc.	The Audit Committee also reviewed the Statement on Financial Position for the Third Quarter of 2023 and the Report on Adjusting the Annual Financial Budget for the Year 2023.

During the Reporting Period, the Audit Committee of the seventh session of the Board held five meetings and the Audit Committee of the eighth session of the Board held one meeting, and attendance of the meetings are as follows:

### 1. *Attendance of the Audit Committee members of the seventh session of the Board*

<b>Name of the Audit Committee members of the seventh session of the Board</b>	<b>Number of actual attendances/number of attendances as required</b>
Zhang Ming (Chairman)	5/5
Yu Liping (Resigned during her term of office)	3/3
Xu Jianguo	4/5
Lam Lee G.	5/5
Zhou Yu	5/5

### 2. *Attendance of the Audit Committee members of the eighth session of the Board*

<b>Name of the Audit Committee members of the eighth session of the Board</b>	<b>Number of actual attendances/number of attendances as required</b>
Mao Fugen (Chairman)	1/1
Xiao Hehua	1/1
Xu Jianguo	1/1
Zhou Yu	1/1
Fan Ren Da Anthony	1/1

## SECTION IV CORPORATE GOVERNANCE

### (III) Performance of duties by the Nomination, Remuneration and Assessment Committee

The primary duties of the Nomination, Remuneration and Assessment Committee are: to study and make suggestions on criteria and procedure for selecting Directors and managers; to extensively identify qualified candidates for Directors and managers; to examine the qualifications of the candidates for Directors and managers and make suggestions; to review the structure, size and composition (including skills, knowledge and experience) of the Board, and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to assess the independence of the independent non-executive Directors and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular, the chairman and the general manager; to formulate remuneration policies that include but not limited to performance evaluation standards and procedure, major evaluation system, principal award and punishment scheme and system; to examine the fulfilment of the duties of the Directors and managers of the Company, evaluate their annual performance and make suggestions according to the annual audit result of the Audit Committee; to appraise the remuneration reform plan of the Company and approve the terms of the service contracts of the executive Directors and supervise the implementation of the Company's remuneration system; to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; to make recommendations to the Board on the remuneration packages of individual executive Directors and managers (this should include benefits in kind, pension rights and compensation payments); to make recommendations to the Board on the remuneration of non-executive Directors. For the specific duties of the Nomination, Remuneration and Assessment Committee, the nomination and the performance appraisals of Directors and managers as well as the remuneration review procedures, please refer to the Terms of Reference of the Nomination, Remuneration and Assessment Committee under the Board of Directors published on the websites of the Company and the Hong Kong Stock Exchange.

- **Board Diversity Policy**

*Board diversity*

To carry out the requirements regarding board diversity in the Hong Kong Listing Rules and to ensure a more scientific and reasonable composition of the Board, the Company formulated the Policy on Board Diversity of Haitong Securities Co., Ltd., which is published on the website of the Company. The content of policy involves:

1. Policy statement: To realize a sustainable and balanced development, the Company believes that a diversified board enables the Company to reach its strategic goals and promote a sustainable development. When deciding the board member composition, the Company takes several elements into the consideration, including but not limited to skills, knowledge, experience, gender, age, culture, race and educational background. The Board of Directors sticks to the principle of meritocracy, and based on the daily business needs of the Company, in the nomination of the Directors and fully considers the above-mentioned goals and requirements.

## SECTION IV CORPORATE GOVERNANCE

2. Measurable objectives: The Nomination, Remuneration and Assessment Committee will select the candidates for Directors based on objective criteria, which contain certain diversified factors, including but not limited to skills, knowledge, experience, gender, age, culture, race and educational background. With reference to the factors such as business features and future development requirements of the Company, the nominated candidates for Directors shall comply with the requirements of relevant laws, regulations and the Articles of Association to ensure the effective discussions at the Board and enable the Board to make scientific, prompt and careful decisions. Finally, the candidates will be determined according to their value and contribution to the Board.

As of the Reporting Period, the analysis on diversity of the eighth session of the Board of the Company is as follows:

<b>Item</b>	<b>Category</b>	<b>Number</b>	<b>Percentage of the members of the Board</b>
Gender	Male	9	90%
	Female	1	10%
Age	40-50	1	10%
	51-60	6	60%
	61-70	3	30%
Position	Executive Director	2	20%
	Non-executive Director	4	40%
	Independent non-executive Director	4	40%
Educational background	Doctor's degree	3	30%
	Master's degree	5	50%
	Bachelor's degree	2	20%

The Company confirms that the composition of the Board satisfies the requirements regarding board diversity in the Hong Kong Listing Rules as well as the policy on board diversity formulated by the Company.

## SECTION IV CORPORATE GOVERNANCE

### *Director Nomination Policy*

Pursuant to Article 153 of the Articles of Association, the means of nominating Directors and the procedure are: (i) Within the scope of the number of Directors stipulated in the Articles of Association and in accordance with the proposed number of Directors to be elected, the candidates may be nominated by the Board; (ii) The Board, the Supervisory Committee and the shareholder(s) individually or jointly holding more than 3% of the Company's shares may nominate candidate(s) for non-independent directorship, and the Board, the Supervisory Committee and the shareholder(s) individually or jointly holding more than 1% of the Company's shares in issue may nominate candidate(s) for independent directorship, but such nomination shall be within the scope of the number of Directors stipulated in the Articles of Association and shall not exceed the total proposed number of Directors to be elected; (iii) A candidate for directorship shall make a written undertaking prior to the convening of the Company's shareholders' general meeting, confirming his acceptance of nomination and further undertake that his provided information in this aspect is authentic and complete and that he shall earnestly perform the Director's duties; (iv) The written notice of the intent to nominate a candidate for directorship and the written notice by such candidate of his willingness to be elected shall be given to the Company seven days prior to the date of the shareholders' general meeting appointed for such election; (v) The period allowed for the relevant nominator and the nominee to submit the aforesaid notices and documents (calculated from the next day after the notice of the shareholders' general meeting was issued) shall be no less than 7 days.

Pursuant to Article 10 of the Terms of Reference of the Nomination, Remuneration and Assessment Committee under the Board of Directors, the selection process of Directors and managers is as follows: (i) The Nomination, Remuneration and Assessment Committee should actively communicate with relevant departments and study the Company's demand for Directors and managers, and formulate written materials; (ii) The Nomination, Remuneration and Assessment Committee may search extensively for candidates for Directors and managers from the Company, its holding (associate) enterprises and the HR market; (iii) Gather information about the occupation, academic qualifications, post title, detailed work experience and all the concurrent posts of the candidates and present such information in writing; (iv) Seek the nominees' consent for nomination; otherwise, the nominees cannot be the candidates for Directors or managers; (v) Convene a Nomination, Remuneration and Assessment Committee meeting to review the qualifications of the candidates on the criteria for Directors and managers; (vi) Make suggestion to the board of directors regarding the candidates for Directors and new managers and submit the relevant information to the board of directors one to two months prior to the election of new Directors and appointment of new managers; and (vii) Complete other follow-up work according to the decision and feedback from the board of directors.

## SECTION IV CORPORATE GOVERNANCE

Date of the meeting	Meeting contents	Significant opinions and suggestions	Other performance of duties
30 June 2023	The Proposal on the Appointment of Deputy General Manager, the Proposal on Appointment of Secretary to the Board and Joint Company Secretary, the Proposal on the Appointment of Chief Compliance Officer, the Proposal on the Appointment of Chief Risk Officer, the Proposal regarding the Results of Assessment of Senior Management of the Company in 2022, the Proposal regarding the Results of Assessment of Senior Management of the Company in 2023 and the Proposal on the Implementation of the Contractual Management of the Tenure System for Professional Managers were considered and approved.	The Nomination, Remuneration and Assessment Committee agreed with the motion and made comments and suggestions on related work according to regulations and the Terms of Reference, etc.	The Nomination, Remuneration and Assessment Committee also reviewed the Work Report of Professional Managers.
29 August 2023	The Resolution regarding the Amendments to the Measures on Performance Appraisal and Remuneration Management for Senior Management of Haitong Securities Co., Ltd. and the Proposal on the Re-election of the Board of the Company were considered and approved.	The Nomination, Remuneration and Assessment Committee agreed with the motion and made comments and suggestions on related work according to regulations and the Terms of Reference, etc.	N/A

## SECTION IV CORPORATE GOVERNANCE

<b>Date of the meeting</b>	<b>Meeting contents</b>	<b>Significant opinions and suggestions</b>	<b>Other performance of duties</b>
29 October 2023	The Proposal on the Implementation Plan for the Reform of the Wage Determination Mechanism of the Company for 2023-2026 was considered and approved.	The Nomination, Remuneration and Assessment Committee agreed with the motion and made comments and suggestions on related work according to regulations and the Terms of Reference, etc.	N/A

During the Reporting Period, the Nomination, Remuneration and Assessment Committee of the seventh session of the Board held two meetings and the Nomination, Remuneration and Assessment Committee of the eighth session of the Board held one meeting, and attendance of the meetings are as follows:

**1. Attendance of the Nomination, Remuneration and Assessment Committee members of the seventh session of the Board**

<b>Name of the Nomination, Remuneration and Assessment Committee members of the seventh session of the Board</b>	<b>Number of actual attendances/number of attendances as required</b>
Zhu Hongchao (Chairman)	2/2
Tu Xuanxuan	2/2
Xiao Hehua	2/2
Zhang Ming	2/2
Lam Lee G.	2/2
Yu Liping (Resigned during her term of office)	0/0

## SECTION IV CORPORATE GOVERNANCE

### 2. Attendance of the Nomination, Remuneration and Assessment Committee members of the eighth session of the Board

<b>Name of the Nomination, Remuneration and Assessment Committee members of the eighth session of the Board</b>	<b>Number of actual attendances/number of attendances as required</b>
Mao Huigang (Chairman)	1/1
Tu Xuanxuan	1/1
Shi Lei	1/1
Fan Ren Da Anthony	1/1
Mao Fugen	1/1

### (IV) Performance of duties by the Compliance and Risk Management Committee

The primary duties of the Compliance and Risk Management Committee are to formulate compliance management policies for the Board to review according to laws, regulations and regulatory policies, to review and monitor scientificity, rationality, effectiveness and implementation of the compliance management system of the Company, to formulate principles of the risk management and define the boundary of the major risks for the Company, to review and supervise the implementation of the internal control system formulated by the management and to supervise relevant works based on the results thereof. For the specific duties of the Compliance and Risk Management Committee, please refer to the Terms of Reference of the Compliance and Risk Management Committee under the Board of Directors which was published on the websites of the Company and the Hong Kong Stock Exchange.

<b>Date of the meeting</b>	<b>Meeting contents</b>	<b>Significant opinions and suggestions</b>	<b>Other performance of duties</b>
29 March 2023	The Compliance Report of the Company for the Year 2022, the Group Risk Assessment Report of the Company for the Year 2022, the Internal Control Evaluation Report of the Company for the Year 2022 and the Proposal regarding the Special Audit Report on Anti-Money Laundering Work of the Company for the Year 2022 were considered and approved.	The Compliance and Risk Management Committee agreed with the motion and made comments and suggestions on related work according to regulations and Terms of Reference, etc.	The Compliance and Risk Management Committee also reviewed the Report on the Implementation of Risk Control Indicators of the Company for the Year 2022.

## SECTION IV CORPORATE GOVERNANCE

<b>Date of the meeting</b>	<b>Meeting contents</b>	<b>Significant opinions and suggestions</b>	<b>Other performance of duties</b>
29 August 2023	The Group Risk Assessment Report of the Company for the First Half of 2023 was considered and approved.	The Compliance and Risk Management Committee agreed with the motion and made comments and suggestions on related work according to regulations and Terms of Reference, etc.	The Compliance and Risk Management Committee also reviewed the Report on the Implementation of Risk Control Indicators of the Company in the First Half of 2023 and the Report on the Compliance Work of the Company in the First Half of 2023.
29 October 2023	The Resolution regarding the Amendment of the Management Measures on Integrity of Haitong Securities Co., Ltd. (《海通證券股份有限公司廉潔從業管理辦法》) was considered and approved.	The Compliance and Risk Management Committee agreed with the motion and made comments and suggestions on related work according to regulations and Terms of Reference, etc.	N/A



## SECTION IV CORPORATE GOVERNANCE

During the Reporting Period, the Compliance and Risk Management Committee of the seventh session of the Board convened 2 meetings, and the Compliance and Risk Management Committee of the eighth session of the Board convened 1 meeting, attendance of the meetings are as follows:

### 1. *Attendance of the Compliance and Risk Management Committee members of the seventh session of the Board*

<b>Names of the Compliance and Risk Management Committee members of the seventh session of the Board</b>	<b>Number of actual attendances/number of attendances as required</b>
Li Jun (Chairman)	2/2
Zhou Donghui	2/2
Xu Jianguo	2/2
Zhang Ming	2/2
Zhu Hongchao	2/2

### 2. *Attendance of the Compliance and Risk Management Committee members of the eighth session of the Board*

<b>Names of the Compliance and Risk Management Committee members of the eighth session of the Board</b>	<b>Number of actual attendances/number of attendances as required</b>
Li Jun (Chairman)	1/1
Xiao Hehua	1/1
Xu Jianguo	1/1
Mao Fugen	1/1
Mao Huigang	1/1

## SECTION IV CORPORATE GOVERNANCE

### (V) Performance of duties by the Development Strategy and ESG Management Committee

The primary duties of the Development Strategy and ESG Management Committee are: to conduct studies and submit proposals regarding mid-to-long-term development strategies and planning of the Company; to study and propose suggestions to material plans on investment and financing which are required by the Articles of Association to be approved by the Board; to analyze the feasibility of and make suggestions on the major capital operation, asset operation and mergers and acquisitions and reorganization which are required by the Articles of Association to be approved by the Board; to study and make suggestions on other major issues affecting the development of the Company; to guide and review the overall ESG concept, objectives and strategies, the identification and ranking of ESG issues of the Company, supervise the formulation of the Company's ESG management performance objectives, review the progress of the objectives, and propose suggestions on the actions required for achieving objectives; to review the annual Corporate Social Responsibility Report as well as other ESG-related disclosure information, such as systems in relation to business ethics, employee diversity and climate change; to evaluate ESG-related risks and opportunities, ensure the establishment of an effective ESG risk management and internal control system; and to conduct inspection and supervision to the implementation of the above matters. Its duties also include other matters assigned by the Board.

<b>Date of the meeting</b>	<b>Meeting contents</b>	<b>Significant opinions and suggestions</b>	<b>Other performance of duties</b>
28 March 2023	The Proposal on Haitong International Holdings Limited's Participation in the Rights Issue of Haitong International Securities Group Limited, the Proposal regarding the Estimated Investment Amount for the Proprietary Business of the Company for the Year 2023, the Proposal on Providing Enhanced Credit to Overseas Holding Subsidiary for Offshore Debt Financing and the 2022 Corporate Social Responsibility Report of the Company were considered and approved.	The Development Strategy and ESG Management Committee agreed with the motion and made comments and suggestions on related work according to regulations and Terms of Reference, etc.	N/A

## SECTION IV CORPORATE GOVERNANCE

<b>Date of the meeting</b>	<b>Meeting contents</b>	<b>Significant opinions and suggestions</b>	<b>Other performance of duties</b>
29 August 2023	The Proposal regarding Capital Enhancement of Haitong International Holdings Limited by the Company, the Proposal on Application for Qualification for Listed Securities Market Making Trade Business and Carrying Out Relevant Stocks Market Making Business and the Proposal on Repurchase of A Shares of the Company through Centralized Price Bidding were considered and approved.	The Development Strategy and ESG Management Committee agreed with the motion and made comments and suggestions on related work according to regulations and Terms of Reference, etc.	N/A
26 September 2023	The Proposal on Privatization of Haitong International Securities Group Limited by Haitong International Holdings Limited was considered and approved.	The Development Strategy and ESG Management Committee agreed with the motion and made comments and suggestions on related work according to regulations and Terms of Reference, etc.	N/A

During the Reporting Period, the Development Strategy and ESG Management Committee of the seventh session of the Board convened 3 meetings, and the Development Strategy and ESG Management Committee of the eighth session of the Board has not convened any meeting, and attendance of the meetings are as follows:

### ***Attendance of the Development Strategy and ESG Management Committee members of the seventh session of the Board***

<b>Name of the Development Strategy and ESG Management Committee members of the seventh session of the Board</b>	<b>Number of actual attendances/number of attendances as required</b>
Zhou Jie (Chairman)	3/3
Ren Peng (Resigned in January 2023)	0/0
Tu Xuanxuan	3/3
Zhou Donghui	3/3
Zhou Yu	3/3

## SECTION IV CORPORATE GOVERNANCE

### (VI) Details of differentiated matters

Applicable  Not applicable

## VIII. EXPLANATION ON DISCOVERY OF COMPANY'S RISK BY THE SUPERVISORY COMMITTEE

The Supervisory Committee has no objection to matters under supervision during the Reporting Period.

### (I) Attendances of Supervisors at the Meetings of the Supervisory Committee

Name of Supervisor	Number of the meetings of Supervisory Committee as required to be present this year	Number of attendances in person	Number of attendances by correspondence	Number of attendances by proxy	Number of absences	Absence from two consecutive meetings or not
Tong Jianping	5	5	2	0	0	No
Ruan Feng	5	5	2	0	0	No
Li Zhenghao	5	5	2	0	0	No
Cao Yijian	5	5	3	0	0	No
Miao Qing	2	2	1	0	0	No
Song Chunfeng	2	2	1	0	0	No
Wu Xiangyang	5	5	2	0	0	No
Cao Zhigang	3	3	1	0	0	No
Yu Yang	2	2	1	0	0	No
Zhao Yonggang (Resigned)	3	3	1	0	0	No
Shi Xu (Resigned)	2	2	1	0	0	No
Dong Xiaochun (Resigned)	3	3	3	0	0	No
Dai Li (Resigned)	3	3	1	0	0	No

The voting results of the deliberation on the proposals by the Supervisory Committee were agreed by all Supervisors, with no waiver or opposition.

## SECTION IV CORPORATE GOVERNANCE

### (II) Meetings of the Supervisory Committee

During the Reporting Period, the Supervisory Committee convened five meetings in total, and the details are as follows:

1. On 30 March 2023, the 22nd meeting of the seventh session of the Supervisory Committee was held on-site and combined with means of teleconference by the Company, at which the Annual Report of the Company for the Year 2022, the Social Responsibility Report of the Company for the Year 2022, the Internal Control Evaluation Report of the Company for the Year 2022, the Compliance Report of the Company for the Year 2022, the Group Risk Assessment Report of the Company for 2022, the Proposal regarding the Provision for Asset Impairment of the Company and the Work Report of the Supervisory Committee of the Company for the Year 2022 were considered and approved. The meeting listened to the Operating Report for the Year 2022 and Work Plan for the Year 2023 of the Company, the Profit Distribution Proposal for the Year 2022 of the Company, the Final Accounts Report for the Year 2022 of the Company and the appendices thereof, the Financial Budget of the Company for the Year 2023, and reviewed the Special Report on Employee Benefits and Labor Relations for the Year 2022 of the Company and the list of the related/connected parties of the Company.
2. On 28 April 2023, the 23rd meeting of the seventh session of the Supervisory Committee was held by the Company through voting by correspondence, at which the First Quarterly Report of the Company for the Year 2023 was considered and approved. The meeting reviewed the Operating Report for the First Quarter of 2023 and Key Work Report for the Second Quarter of 2023 of the Company and the Statement on Financial Position for the First Quarter of 2023 of the Company.
3. On 30 August 2023, the 24th meeting of the seventh session of the Supervisory Committee was held on-site and combined with means of teleconference by the Company, at which the Interim Report of the Company for 2023, the Group Risk Assessment Report of the Company for the First Half of 2023, the Resolution regarding the Amendment of the Rules of Procedure for the Supervisory Committee of the Company, the Resolution regarding the Election of the Supervisory Committee of the Company and the Proposal regarding the Provision for Asset Impairment of the Company were considered and approved. The meeting listened to the Operating Report for the First Half of 2023 and Work Plan for the Second Half of 2023 of the Company, the Statement on Financial Position for the First Half of 2023 of the Company and the Report on the Implementation of Risk Control Indicators of the Company for the First Half of 2023, and reviewed the Compliance Work Report of the Company for the First Half of 2023 and the list of the related/connected parties of the Company.
4. On 12 October 2023, the 1st meeting of the eighth session of the Supervisory Committee (extraordinary meeting) was held on-site by the Company, at which the Proposal regarding the Election of the Chairman of the Supervisory Committee of the Company was considered and approved.

## SECTION IV CORPORATE GOVERNANCE

5. On 30 October 2023, the 2nd meeting of the eighth session of the Supervisory Committee was held by the Company through voting by correspondence, at which the Third Quarterly Report of 2023 of the Company was considered and approved. The meeting reviewed the Operating Report for the First Three Quarters of 2023 and Key Work Report for the Fourth Quarter of 2023 of the Company, the Statement on Financial Position for the Third Quarter of 2023 of the Company and the Statement on the Adjustment of the Financial Budget Report of the Company for the Year 2023.

### IX. AS AT THE END OF THE REPORTING PERIOD, PARTICULARS ABOUT STAFF OF THE PARENT COMPANY AND ITS MAJOR SUBSIDIARIES

#### (I) Particulars about Staff

Number of existing employees of the parent company	8,311
Number of existing employees of major subsidiaries	5,326
Total number of existing employees	13,637
Total number of retired workers the parent company and its major subsidiaries should bear costs for	/

#### Composition of Specialization

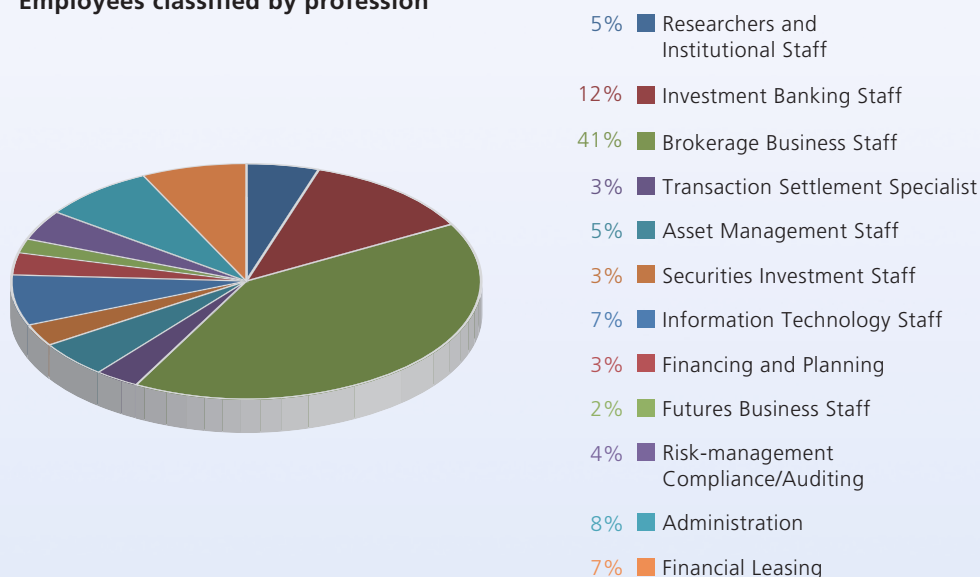
<u>Category of Specialization</u>	<u>Number of Persons</u>
Researchers and Institutional Staff	716
Investment Banking Staff	1,645
Brokerage Business Staff	5,583
Transaction Settlement Specialist	453
Asset Management Staff	661
Securities Investment Staff	421
Information Technology Staff	930
Financing and Planning	406
Futures Business Staff	332
Risk-management Compliance/Auditing	497
Administrative	1,023
Financial Leasing	970
<b>Total</b>	<b>13,637</b>

#### Education Background

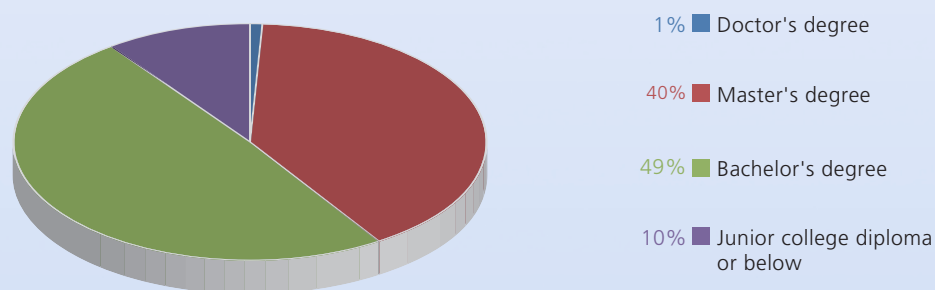
<u>Highest Level of Education Attained</u>	<u>Number of Persons</u>
Doctor's degree	167
Master's degree	5,510
Bachelor's degree	6,634
Junior college diploma or below	1,326
<b>Total</b>	<b>13,637</b>

## SECTION IV CORPORATE GOVERNANCE

**Employees classified by profession**



**Employees classified by educational background**



As of 31 December 2023, the Group had a total of 13,637 employees (including senior management), consisting of 5,800 female employees (accounting for 42.53% of the total number of employees) and 7,837 male employees (accounting for 57.47% of the total number of employees), and thus had realized staff diversity.

## SECTION IV CORPORATE GOVERNANCE

### (II) Remuneration Policies

The Company attaches great importance to talent attraction, motivation, training and retention, and adheres to the incentive principle of market-oriented distribution, performance-oriented and linked with compliance and risk control, to implement the culture of “compliance, integrity, professionalism and prudence” in the industry, build a remuneration system with focus on external competitiveness and internal fairness, positive incentives and disciplinary constraints, establish a remuneration system consisting of basic salary, performance bonus and benefits and continue improve the remuneration management mechanisms, including remuneration extreme value control, deferred payment and recourse deduction.

Under the applicable laws and regulations of the PRC, the Company purchased various social insurances (pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and established housing funds for its employees, making abovementioned social insurances and housing fund contributions in full in accordance with applicable regulations. The Company also established a corporate annuity plan which provides supplemental pension protection for employees, and also purchased supplementary medical insurance and life accident insurance for employees.

Under the applicable laws and regulations in the PRC, the Company enters into a labor contract and establishes employment relationship with each of its employees. A labor contract contains the provisions relating to contract term, working hours, rest and vacation, labor remuneration and insurance benefits, labor protection and conditions, as well as modification and termination of the contract.

### (III) Training Plans

The Company adheres to the principles of overall planning, category-based training, development empowerment and intelligent operation. Relying on its party committee and party school, the Company enriched the forms of running the school by launching the “Haitong Party School (海通黨校)” column on Haitong Wealth Research Academy (海通財富研修院) APP, to enhance the learning convenience of party members and cadres and facilitate the building of the Company’s talent pool; the Company promoted the content innovation, integrate group resources on the basis of training courses categorization, and updated and improved courses to meet the needs of employees for customized learning and learning whenever needed; the Company upgraded its key projects and built talent development systems for different categories and levels of employees, with the “Dolphin Programme (海豚計劃)” focusing on fresh graduates, the “Starfish Programme (海星計劃)” enhancing new employees’ connection with Company’s culture, the “Seagull Programme (海燕計劃)” focusing on the building of international talent pool, and “Dandelion Programme (蒲公英計劃)” highlighting business information exchange and coordination; the Company improved its platform functions customizing and launching innovative project cases, branch columns and other knowledge columns to comprehensively upgrade the Cloud Library and help employees continuously improve their professional quality and capability.

In 2023, a total of 597 trainings were carried out by the Group companies and Haitong Wealth Research Academy released a total of 677 courses, and conducted a total of 480 live broadcasts, online training courses, learning maps and tasks on required knowledge and skills with annual platform learners of 800,000 and study duration of 470,000 hours.



## SECTION IV CORPORATE GOVERNANCE

### (IV) Particulars about Labor Outsourcing

There were no large number of labor outsourcing in the Company.

### (V) Information of Commissioning Brokers Engaging in Soliciting Customers and Servicing Customers

Since its acquisition of securities brokerage qualification in 2009, the Company has strictly and intensively managed securities brokers in accordance with relevant requirements including the Interim Provisions on the Administration of Securities Brokers and internal systems. Through the improvement of rules and regulations, internal control mechanisms, supporting system and internal training, the occupational practice of securities brokers is further regulated and customers' legal rights and interests are safeguarded. As of the end of the Reporting Period, the Company has already had 212 securities business departments with 1,312 securities brokers (included in the above number of existing employees) who have completed registration in the Securities Association of China.

Securities brokers engaging in soliciting customers and servicing customers authorized by the Company are affiliated with the securities business department directly and have to comply with the brokers' codes of conduct as well as the Company's regulations and rules. Customers can go through and check brokers' occupational registration information through ways such as visiting the Company's website, checking on-site information disclosed by the business department and calling 95553, the unified customer service hotline. The Company has established a risk monitoring platform to monitor, give early warning and track the transaction of broker's customers so as to effectively control brokerage risks. As the chief management officer, the director of the business department is comprehensively and specifically in charge of the management of its own department's brokers and is subject to the management, coordination, supervision and inspection of the corporate headquarter. Securities business department will pay a return visit to customers that the securities brokers have solicited and served on a regular basis to understand the particulars of broker's practice through personal interviews, phone calls, letters or other ways. In 2023, the Company continues to reinforce training for securities brokers on compliant business practice and standardized practice management. The size of its team steadily shrunk with steady and orderly business development.

## SECTION IV CORPORATE GOVERNANCE

### X. PROPOSAL ON PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE FUNDS INTO CAPITAL

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

The Company has always provided reasonable investment return to its shareholders, and adopted a continuous, stable, and proactive profit distribution policy. The Company's establishment and implementation of the profit distribution policy, in particular the cash dividend policy, are in strict compliance with the Articles of Association and are subject to the consideration and approval of the Board meetings and shareholders' general meetings of the Company. The Company has an explicit and clear policy regarding the criteria and ratio of dividend distribution and a sound and comprehensive decision-making procedure and mechanism. Independent non-executive Directors have duly performed their duties to the fullest, and minority shareholders have a fair chance to fully express their opinions and requests, due to which the legitimate rights and interests of minority shareholders are adequately protected.

The Company has expressly stipulated the profit distribution policy in its Articles of Association that "the Company may, according to the profit made by the Company and taking into account the actual situation as well as current and long-term benefit of the Company, distribute dividend by way of cash or shares, and have the priority to distribute dividend by cash. In principle, the Company will distribute cash dividend for the year with profit. The Company may distribute interim dividend. Profit distribution shall satisfy the regulatory requirements, not exceed the accumulated distributable profit and not influence continuous operation capacity of the Company. If the Company generated profits in the previous accounting year but the Board did not make any cash profit distribution proposal after the end of the previous accounting year, the Company shall state the reasons for not distributing the profit and the usage of the profit retained in the annual report and the independent non-executive Directors shall give an independent opinion in such regard. The accumulated cash distribution of profit for the last three years of the Company shall not be less than 30% of the average annual distributable profit for the last three years. Specific percentage of dividend distribution for each year shall meet the needs of corporate operation and development and be resolved in accordance with the annual earnings conditions and future plans on usage of funds. If any of the following circumstances occurs, the Company can adjust or amend the aforesaid profit distribution policy by obtaining the approval from more than two thirds of voting rights held by shareholders attending the shareholders' general meeting: (i) there are changes in, or adjustments to, the relevant laws and regulations; (ii) the risk control indicators (such as net capital) reach the warning levels; (iii) the Company's operating conditions deteriorate; (iv) the Board proposes the adjustments. In the event that adjustments to the Company's profit distribution policy are necessary due to the needs of corporate operation and long-term development, the adjusted profit distribution policy shall comply with the relevant regulations of the Company's regulatory departments. Any resolution regarding the adjustments to the Company's cash dividend policy shall be approved by more than two thirds of the voting rights of the shareholders attending the shareholders' general meeting and online voting shall be available. The Company shall consider the views of public investors and timely respond to the questions concerned by public investors. The Company should disclose in annual reports the formulation, implementation of the dividend distribution policy and other relevant circumstances in accordance with the relevant provisions. If the cash dividend policy is to be adjusted or amended, the conditions for the adjustments or amendments, and whether the procedures for the adjustments or amendments are in compliance with regulations and transparent should both be disclosed in details."

## SECTION IV CORPORATE GOVERNANCE

The implementation of the 2023 profit distribution plan of the Company was completed on 28 July 2023. On the basis of the total share capital of 13,064,200,000 shares (including A Shares and H Shares) of the Company as of 31 December 2022, a cash dividend of RMB0.21 (inclusive of tax) per share was distributed to all the shareholders of the Company, with a total cash dividend amounting to RMB2,743,482,000.00 (inclusive of tax). The total cash dividends distributed to holders of A Shares amounted to RMB2,027,472,547.80 based on the share capital of 9,654,631,180 A Shares and the total cash dividends distributed to holders of H Shares amounted to HK\$785,837,421.63 based on the share capital of 3,409,568,820 H Shares.

### (II) Explanation on cash dividend policy

- Whether the policy is in compliance with requirements of the provisions of the Articles of Association or the resolutions of the general meeting  Yes  No
- Whether the criteria and ratio of dividend distribution are explicit and clear  Yes  No
- Whether the relevant decision-making procedures and mechanisms are sound  Yes  No
- Whether the independent directors have duly performed their duties to the fullest  Yes  No
- Whether there are enough channels for minority shareholders to express their opinions and requests and whether their legal interests sufficiently protected  Yes  No

### (III) If the Company records profits and the parent company records positive retained profits for distribution to shareholders of the Company during the Reporting Period but there is no proposal for cash profit distribution, the Company shall disclose the reasons and the usage of the retained profits and the usage plan in detail

Not applicable

### (IV) Proposal on profit distribution and transfer of capital reserve to share capital during current Reporting Period

As audited, the net profit attributable to owners of the parent company for 2023 in the consolidated financial statements was RMB1,008,406,316.27 and the net profit of the parent company for 2023 was RMB7,321,073,519.46.

Based on the retained earnings of the parent company at the beginning of 2023 of RMB32,697,861,656.85, plus the net profit of the parent company for 2023 of RMB7,321,073,519.46, deducting the dividends distributed under the 2022 profit distribution plan of RMB2,743,482,000.00 excluding the effect of internal transfer of owners' equity on the distributable profits of RMB234,381,109.51, the distributable profits of the parent company at the end of 2023 were RMB37,041,072,066.80.

## SECTION IV CORPORATE GOVERNANCE

In accordance with the relevant requirements of the Company Law, the Securities Law, the Financial Rules for Financial Enterprises and the Articles of Association, the net profit of the parent company for 2023 will be allocated as follows:

1. to transfer RMB732,107,351.95 or 10% of the net profit of the parent company for 2023 to statutory reserves;
2. to transfer RMB732,107,351.95 or 10% of the net profit of the parent company for 2023 to general risk reserves; and
3. to transfer RMB732,107,351.95 or 10% of the net profit of the parent company for 2023 to transaction risk reserves;

The total amount of the above transfer was RMB2,196,322,055.85. Excluding such transfer, the distributable profits of the parent company as at the end of 2023 were RMB34,844,750,010.95.

According to relevant requirements, gains from changes in fair value included in the distributable profits may not be used for cash distribution, and after excluding such impact, the profits of the Company for 2023 that can be used for cash distribution to investors were RMB4,098,751,080.49.

Taking into account the interests of shareholders, the development of the Company and other factors, it is proposed that the Company's 2023 profit distribution proposal be as follows:

1. The Company will declare cash dividend for the profit distribution for 2023, and a cash dividend of RMB1.00 (inclusive of tax) for every 10 shares will be distributed based on the total share capital of the Company as registered on the record date for the 2023 annual dividend distribution excluding the shares in the special stock account for share repurchase of the Company. On the basis of 13,004,541,633 shares, which is calculated based on the total share capital of 13,064,200,000 shares of the Company as at the date of the Board meeting considering the 2023 profit distribution plan deducting 59,658,367 shares in the special stock account for share repurchase of the Company, the total cash dividends amount to RMB1,300,454,163.30, representing 128.96% of the net profit attributable to the shareholders of the parent company on a consolidated basis in 2023.

## SECTION IV CORPORATE GOVERNANCE

In the event that the total share capital of the Company (excluding the shares in the special stock account for share repurchase) changes after the date of the above meeting of the Board and prior to the record date for the distribution, the Company intends to keep the dividend rate unchanged and adjust the total distribution amount accordingly. The retained profit available for distribution to investors in 2023 will be carried forward to the next year.

2. Cash dividends are denominated and declared in Renminbi and payable in Renminbi to A shareholders of the Company and in HK dollars to H shareholders of the Company. The actual amounts distributed in HK dollars shall be converted based on the average benchmark exchange rates for Renminbi to HK dollars as announced by the People's Bank of China for the five business days prior to the date of the 2023 annual general meeting.

After the resolution on the Company's 2023 profit distribution plan is considered and approved at the general meeting, the Company will distribute cash dividends within two months from the date of such general meeting.

*Unit: Yuan Currency: RMB*

Number of bonus shares for every 10 shares (share)	–
Dividend amount per 10 shares (RMB) (tax inclusive)	1.0
Number of shares capitalized for every 10 shares (share)	–
Amount of cash dividend (inclusive of tax)	1,300,454,163.30
Net profit attributable to ordinary shareholders of the listed company in the consolidated statements for the year of dividend distribution	1,008,406,316.27
Percentage of net profit attributable to ordinary shareholders of the listed company in the consolidated statements (%)	128.96

## SECTION IV CORPORATE GOVERNANCE

### XI. SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES OF THE COMPANY AND THEIR EFFECTS

During the Reporting Period, the Company did not implement any share incentive scheme, employee stock ownership plan or other employee incentives.

**(I) Incentives disclosed in temporary announcements and without subsequent progress or change during execution**

Applicable  Not applicable

**(II) Incentives not disclosed in temporary announcements or with subsequent progress**

*Share incentive*

Applicable  Not applicable

*Other explanations*

Applicable  Not applicable

*Employee stock ownership plan*

Applicable  Not applicable

*Other incentive measures*

Applicable  Not applicable

**(III) Share incentives granted to Directors and senior management during the Reporting Period**

Applicable  Not applicable

**(IV) Establishment and implementation of performance appraisal and incentive mechanisms for senior management during the Reporting Period**

During the Reporting Period, the 39th meeting (extraordinary meeting) of the seventh session of the Board considered and approved the Proposal Regarding the Results of Assessment of Senior Management of the Company in 2022 and the Proposal Regarding the Appraisal and Incentive Plan of Senior Management of the Company for the Year 2023. The 41st meeting of the seventh session of the Board considered and approved the Measures on Performance Appraisal and Remuneration Management for Senior Management of Haitong Securities Co., Ltd. (2023 Revision) to further implement our prudent operation philosophy, ensure compliance with the bottom line requirements, strictly implement the performance appraisal system, strengthen the application of appraisal results, improve the management mechanism of deferred salary payment and reclaim of remuneration, closely align the interests of senior management and shareholders, promote the formation of positive incentives, and thus enhance the long-term value of our Company.

## SECTION IV CORPORATE GOVERNANCE

During the Reporting Period, in accordance with the requirements of “market-oriented recruitment, contract-based management, differential remuneration and market exit”, the 39th meeting (extraordinary meeting) of the seventh session of the Board considered and approved the Proposal on the Implementation of the Contractual Management of the Tenure System for Professional Managers to further implement the contractual management of the tenure System of the professional managers, linking remuneration with performance and appraisal results and giving full play to the functions of remuneration for incentivizing and restraining the managers.

### XII. ESTABLISHMENT AND EXECUTION OF INTERNAL CONTROL DURING THE REPORTING PERIOD

#### (I) Statement of the Board

To establish, improve and effectively implement internal control is the responsibility of the Board. The Supervisory Committee shall supervise the establishment and implementation of internal control of the Board. The management shall be responsible for organizing and leading daily operations of the Company’s internal control.

The objectives of the Company’s internal control to reasonably ensure compliance with laws and regulations of business operation, assets safety, truthfulness and completeness of financial reports and relevant information, to improve operating efficiency and facilitate the achievement of development strategy of the Company. As internal control and risk management bears inherent limitations, it can only provide reasonable assurance for achieving the aforesaid objectives.

In addition, there were risks predicting the effectiveness of future internal control based on assessment results of internal control, because internal control may become inappropriate or the extent to which control policies and procedures are followed may be reduced as conditions change.

## SECTION IV CORPORATE GOVERNANCE

### (II) The Internal Control Related Bodies

The Company has established a scientific and effective internal control structure. The Board, the Supervisory Committee, management, functional management departments and business operation departments each performs its clearly defined functions and responsibilities under the internal control structure.

The Board has established the Audit Committee and other special committee, the responsibilities of which include reviewing the Company's internal control basic system, supervising the overall effective implementation and self-assessment of internal control. These committees assist the Board to fulfil its duties of supervision and corporate governance, which covers the finance, operation, compliance, risk management and internal control, as well as the functions of financing resource and internal audit. The Supervisory Committee is responsible for supervising the establishment and implementation of internal control and risk management of the Board. The functional management departments, consisting of compliance management department, legal affairs department, risk management department, internal audit department, quality control department, strategy and development department, audit department, planning & finance department, capital management headquarter, financial technology department, data center, software development center, operating center and human resources department, shall be responsible for the specific implementation of internal control work and assessing the soundness and effectiveness of each internal control system; the business operation departments designate persons responsible for establishing and implementing the internal control system of their respective units and reviewing the implementation of regulations and conducting front-line supervision on operational risks.

The Company regulates the processing and disclosure of inside information to ensure the confidentiality of inside information until appropriate approval is obtained for the disclosure thereof, and to ensure the validity and consistency of the announcement of the relevant information.



## SECTION IV CORPORATE GOVERNANCE

### (III) Basis of Establishment of Internal Control over Financial Reports

Based on Basic Standards for Enterprise Internal Control and supporting guidelines jointly issued by five ministries including the Ministry of Finance, Guidelines for Internal Control of Securities Companies issued by the CSRC and the Guidelines No.1 of the Shanghai Stock Exchange for Self-regulation of Listed Companies – Standardized Operation (《上海證券交易所上市公司自律監管指引第 1 號—規範運作》) issued by the SSE, the Company has established a sound internal control system of financial reports.

During the Reporting Period, the Company has formulated or improved financial accounting management systems and supporting internal control systems in strict accordance with the PRC Company Law, PRC Accounting Law, Accounting Standard for Business Enterprise, Standardization of Basic Work of Accounting, Financial Rules of Financial Entities and Basic Standards for Enterprise Internal Control and other relevant laws and regulations with consideration of industry features and its actual conditions. The Company employed scientific financial accounting structure, qualified professional financial accounting staff, normative and precise financial accounting management systems, appropriate accounting policies, and reasonable accounting estimates to ensure that the financial reports prepared by the Company comply with the requirements of accounting standards and can give a true, accurate and complete view on its financial position, operating results, cash flow and relevant information. In accordance with the Articles of Association and relevant regulations, the Supervisory Committee and external audit institutions inspected and supervised the Company's financial position. The external audit institutions delivered their professional audit opinions on the financial reports of the Company.

### (IV) Establishment of Internal Control System

The Company attaches great importance to the establishment of internal control system and updates its relevant internal control system in a timely manner in accordance with the latest requirements of relevant laws and regulations, the exchange rules, industry standards and self-disciplinary regulations. It developed a relatively comprehensive internal control system.

During the Reporting Period, the Board of Directors of the Company considered and approved the formulation and amendments resolutions regarding the Administrative Measures on Financing Guarantees and Lending Funds of Haitong Securities Co., Ltd. (Group), the Management Measures on Integrity of Haitong Securities Co. Ltd., the Terms of Reference for the Independent Directors of the Company and various other systems. In addition, during the Reporting Period, the Company formulated or amended over 400 systems and operating procedures covering various aspects such as business management, compliance management, risk management, finance management, fund management, human resource and administrative management.

In order to further improve the investment banking business system of the Company, enhance professional service standards and reinforce market competitiveness, the Company optimized the organizational structure of the investment banking business lines in March 2023, further specified the functions of the Investment Banking Committee and adjusted the bodies under it. Upon such adjustment, there are 12 departments under the Investment Banking Committee, and such departments directly managed four industry groups. Through such organizational structure

## SECTION IV CORPORATE GOVERNANCE

adjustment, the Company further refined the functional positioning of the investment banking departments and the management efficiency was improved. As a complementary measure, the Company made adjustments to the relevant systems and simultaneous optimization for the business control processes.

In addition, the Company determined the year of 2023 as the Year of Compliance and Internal Control Culture Consolidation, and made certain achievements in respect of promoting in-depth integration of compliance and internal control with business, facilitating rectification and improvement in key areas and deepening the Group's management through a series of special activities.

### (V) Evaluation of Effectiveness of the Company's Internal Control

The Board of the Company has determined the identification standards for the internal control deficiencies applicable to the Company, which are consistent with those in previous years, according to the requirements on the identification of material weaknesses, significant deficiencies and ordinary deficiencies under Basic Standards for Enterprise Internal Control, Guidelines for the Evaluation of Enterprise Internal Control, Guidelines for Internal Control of Securities Companies and other normative documents and taking into account various factors including the size of the Company, industry characteristics and risk levels.

The Company has self-evaluated the effectiveness of the design and operation of its internal control up to 31 December 2023 pursuant to the requirements of the Basic Standards for Enterprise Internal Control, Guidelines for the Evaluation of Enterprise Internal Control, Guidelines for Internal Control of Securities Companies and the Guidelines No.1 of the Shanghai Stock Exchange for Self-regulation of Listed Companies – Standardized Operation (《上海證券交易所上市公司自律監管指引第 1 號—規範運作》) and relevant laws and regulations as well as the exchange rules, and has issued the 2023 Internal Control Evaluation Report. Based on the determination of significant defects in terms of internal control in financial reports, there were no significant defects in terms of internal control over financial reports on the base date of internal control evaluation report. Based on the determination of significant defects in terms of internal control in non-financial reports, there were no significant defects in terms of internal control over non-financial reports on the base date of internal control evaluation report. The Board is of the view that the Company has maintained effective internal control over financial reports in all material aspects in accordance with systems for enterprise internal control and relevant requirements.

From the base date to the date of issuance of internal control evaluation report, there were no material changes in the internal control that may have a substantive influence on the evaluation results.

## SECTION IV CORPORATE GOVERNANCE

### (VI) Work Plan of Internal Control in 2024

In 2024, the Company will continuously improve the effectiveness of internal control and compliance, comprehensively benchmark regulatory requirements on all businesses and continuously carry out professional work on system building, process review, training and publicity and internal control inspection in accordance with the requirements under the Basic Standards for Enterprise Internal Control and its guidelines. In terms of the improvement of the construction of the Group's internal control, it will adhere to the basic goals of "clear identification" and "effective control", actively advance the building of the matrix management system and develop the control plan with "one policy for one company" to boost the efforts in and improve the effect and efficiency of penetration management. In addition, the Company will take the opportunity of various supervisions, inspections and rectifications, continuously improve the design and implementation mechanisms of systems and promote the transformation of rectification results into mechanism, system and practice results.

#### *Description of material defects in terms of internal control during the Reporting Period*

The Company discloses the self-evaluation report of internal control. Please refer to the Internal Control Evaluation Report of Haitong Securities Co., Ltd. for the Year 2023 disclosed by the Company on the website of the SSE on the same date as the Report for details of the self-evaluation report of internal control.

### XIII. MANAGEMENT AND CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

In June 2023, the Company released the Certain Opinions on Strengthening the Group-based Management of Haitong Group and the Specific Measures for Promoting the Implementation of Certain Opinions. On the basis of the original system centered on the Measures for the Management of Subsidiaries and the mechanisms for functional business management, the management of the General Meeting, the Board of Directors and the Supervisory Committee and reporting of major issues, it further consolidated the establishment of "functions at the bottom", "consistency between superior and subordinate departments", "the orientation of systems" and other management and control mechanisms and systems and facilitated the optimization of the overall building of group-based management systems. In the future, the Company will boost the efforts in and improve the effect and efficiency of penetration management of the Group's key functional segments with corporate governance, overall risk management and the selection of personnel for key positions as core drivers and continuously refine the matrix management system.

## SECTION IV CORPORATE GOVERNANCE

### XIV. DESCRIPTION OF AUDIT REPORT ON INTERNAL CONTROL

For details of the audit report on internal control of the Company, please refer to the Internal Control Evaluation Report of Haitong Securities Co., Ltd. for the Year 2023 disclosed by the Company on the website of the SSE on the same date as the Report.

Whether or not to disclose the audit report on internal control: Yes

The type of opinion in the audit report on internal control: Standard unqualified

### XV. RECTIFICATION ON SELF-INSPECTION PROBLEMS ON THE SPECIAL GOVERNANCE ACTION OF LISTED COMPANIES

Not applicable. The Company operated and was governed in a regulated manner and had ensured sound internal control and timely and effective information disclosure, in compliance with the relevant laws and regulations and regulatory requirements. The Company had no material defects in its corporate governance.

### XVI. OTHERS

#### (I) Amendments to the Articles of Association

During the Reporting Period, the Company amended the Articles of Association and Appendices thereof, including the Rules of Procedure for the Shareholders' General Meetings of the Company, the Rules of Procedure for the Board Meetings of the Company and the Rules of Procedure for the Supervisory Committee of the Company.

The 41st meeting of the seventh session of the Board of the Company held on 30 August 2023 considered and approved the Proposal Regarding the Amendments to the Articles of Association of the Company and Appendices thereof. The 24th meeting of the seventh session of the Supervisory Committee held on the same day considered and approved the Proposal Regarding the Amendments to the Rules of Procedure for the Supervisory Committee of the Company. The abovementioned amendments to the Articles of Association and its appendices, including the Rules of Procedure for the Shareholders' General Meetings of the Company, the Rules of Procedure for the Board Meetings of the Company and the Rules of Procedure for the Supervisory Committee of the Company have been submitted to the general meeting of the Company by the Board and the Supervisory Committee and have been considered and approved at the 2023 First Extraordinary General Meeting of the Company held on 12 October 2023. For details of relevant amendments, please refer to the announcements published by the Company on the website of HKEXnews of the Hong Kong Stock Exchange on 30 August 2023 and 12 October 2023, respectively.

## SECTION IV CORPORATE GOVERNANCE

### (II) Construction of the compliance management system of the Company

In May 2007, the CSRC issued the Circular on Issuance of Pilot Work Scheme for Guidance of Setup of General Compliance Officer and Establishment of Compliance Management System by Securities Companies. As one of the first seven pilot compliance securities firms, the Company took the lead in completing the compliance pilot program in March 2008. By establishing and improving the compliance management system and organizational system, the Company carried out compliance consultation, training, review, monitoring, inspections and accountability to penetrate the compliance work into various business sectors, which has been recognized by the regulatory authorities.

The Management Measures for the Compliance of Securities Companies and Securities Investment Fund Management Companies (Zheng Jian Hui Ling No. 133) and Guidelines for the Compliance Management of Securities Companies (Zhong Zheng Xie Fa [2017] No. 208), formally entered into force in 2017, indicating that the compliance management of securities companies has entered a new era. In accordance with the new regulations on compliance management, the Company improved its compliance management system to form a comprehensive compliance management system that applies to the decision-making, execution, supervision, feedback and other links.

The Company has established a clear organizational structure of compliance management to define the compliance management positions of the following persons, including the Board of Directors, the Supervisory Committee, the principal in charge of operation management, general compliance officer and other senior management. In particular, the Board of Directors of the Company is responsible for the effectiveness of compliance management; the Supervisory Committee is responsible for supervising the Board of Directors and senior management's performance of compliance management duties; the principal in charge of operation management bears responsibility for the compliance operations of the Company; other senior management takes responsibility for the compliance operations of businesses under their charge; the general compliance officer reviews, supervises and inspects the compliance of the operation management and practice behavior of the Company and staff thereof.

At the same time, the compliance department of the Company performs the compliance management duties in accordance with the Company's requirements and general compliance officer's arrangements; internal control departments such as the risk management department, operation department, audit department, finance department, information management department have well-defined roles and responsibilities, coordination and interaction; persons in charge of subordinate units (including various departments at the headquarters, branches and subsidiaries) are responsible for the achievement of compliance management goals and compliance operations of their respective units, and all employees take responsibility for compliance of their own practice behavior.

## SECTION IV CORPORATE GOVERNANCE

During the Reporting Period, the Company's general compliance officer strictly performed compliance management duties according to applicable laws. The Company's shareholders, Directors and senior management had neither violated the stipulated duties and procedures, nor given direct instructions to the general compliance officer or interfered with his work. The Company provided human resource, material resource, financial resource and technical support to its general compliance officer to fully carry out his duties and compliance management to ensure effective compliance management.

During the Reporting Period, the Company further reinforced compliance review, compliance monitoring, compliance inspection, compliance assessment, compliance accountability and other basic functions of compliance management, further enhanced establishment of compliance employee team, improved the refinement and scientific and technological level of compliance management and explored the group management depth. The Company determined the year 2023 as the "Year of Compliance and Internal Control Culture Consolidation," and continued to facilitate the promotion and upgrade of compliance and internal control system on the basis of the experience from conclusion of the "Year of Compliance and Internal Control Culture Construction" in terms of policy formulation, mechanism establishment, team building, system construction and other aspects.

During the Reporting Period, the compliance department and audit department of the Company organized and carried out regular or irregular compliance self-inspections and on-site inspections, and regular and special audits in subordinate units of the Company. The Company's internal control level was enhanced greatly through compliance audit and inspections, and corresponding compliance assessment and accountability mechanism.

### (III) Company Secretaries

Mr. Pei Changjiang and Ms. Wong Wai Ling are the joint company secretaries of the Company. Ms. Wong Wai Ling serves as a president of SWCS Corporate Services Group (Hong Kong) Limited. Mr. Pei Changjiang, the secretary to the Board and the joint company secretary, is the main contact person within the Company. According to Rule 3.29 of the Hong Kong Listing Rules, Mr. Pei Changjiang and Ms. Wong Wai Ling have both received more than 15 hours of relevant professional training for the year ended 31 December 2023.

### (IV) Compliance with Code on Securities Transaction

The Company has adopted the Model Code as the code for all Directors and Supervisors to conduct securities transaction of the Company. Upon inquiry, all Directors and Supervisors of the Company confirmed that they had strictly complied with the standards specified in the Model Code during the Reporting Period. The Company has also set guidelines, which is no less strict than the Model Code, on transactions of the Company's securities for relevant employees (as defined in the Hong Kong Listing Rules). The Company has not found any relevant employee violating the said guidelines.

The Board will examine the corporate governance and operations of the Company in accordance with relevant provisions in the Hong Kong Listing Rules from time to time to protect shareholders' interests.

## SECTION IV CORPORATE GOVERNANCE

### (V) Internal Control

For details of the audit report on the internal control of the Company, please refer to the Oversea Regulatory Announcement on the internal control audit report of Haitong Securities Co., Ltd. for 2023 disclosed by the Company on the website of HKEXnews of the Hong Kong Stock Exchange on the same date as the Report.

### (VI) Directors' and Auditor's Responsibilities for the Financial Statements

The Board has acknowledged its responsibilities for preparing the annual report of the Group for the year ended 31 December 2023.

The Board is responsible for the clear and fair assessment for annual reports, interim reports, price-sensitive information and other disclosures as required by the Hong Kong Listing Rules and other regulatory rules. The management has provided the Board with all necessary explanations and information for the Board to make an informed assessment of the Group's financial data and position for the Board's consideration and approval.

The Company has not encountered any significant uncertainties or situations that might cause material doubt to the ability of continuous operations of the Company. In addition, the Company has arranged appropriate insurance coverage for potential legal actions and liabilities against the Directors, the Supervisors and the senior management.

### (VII) Communications with Shareholders

The general meeting shall be the supreme authority of the Company. All shareholders exercise their power through the general meeting. The Company shall hold general meetings in strict accordance with relevant regulations to ensure that all shareholders, especially the minority shareholders, enjoy equal status and can exercise their rights adequately. Under the restriction imposed by the Articles of Association, the Company maintains orderly, stable and healthy development in the interest of the Company and its shareholders.

The Company attaches great importance to the opinions and recommendations of its shareholders and actively, proactively and normatively carries out various investor relations activities to keep in contact with shareholders and timely satisfy their reasonable demands. Meanwhile, the Company releases its announcements, financial data and other relevant data on its website [www.htsec.com](http://www.htsec.com), which serves as a channel facilitating effective communication with the shareholders. The shareholders may make enquiries through emails, hotlines or directly sending their letters to the Company's office address. The Company will properly and timely handle relevant enquiries.

The Board welcomes suggestions from shareholders, and encourages shareholders to attend general meetings to directly express any concerns they may have to the Board or to the management. Normally, the chairman of the Company, the chairmen of respective committees and the management will attend annual general meetings and other general meetings to answer questions put forward by shareholders.

## SECTION IV CORPORATE GOVERNANCE

Shareholders may convene an extraordinary general meeting and make proposals on the general meeting in accordance with the procedures specified in Articles 86 and 91 of the Articles of Association, which have been published on the websites of the SSE, Hong Kong Stock Exchange and the Company.

The Company will arrange the Board to answer questions raised by shareholders at the 2023 annual general meeting.

Detailed procedures of voting, voting method and proposals to be voted will be published on the website of the SSE (for A Shares) or contained in the circular to be dispatched to shareholders (for H Shares).

### **(VIII) Shareholder Communications Policy**

The Company attaches great importance to maintaining investor relations, and through various investor relations activities, continuously strengthens communication with investors, effectively protects the legitimate rights and interests of investors, and effectively improves investors' understanding and recognition of the Company. In order to ensure that the management of investor relations is carried out in accordance with the relevant regulations, systems and procedures put in place, the Company has formulated relevant policies such as the Investor Relations Management Measures, and communicates with investors through various channels such as the Company's official website, investor hotline (021-63411000), email, investor briefing, roadshow, analyst meeting, reception of visitors and SSE e-interaction platform, and establishes and improves the investor relations management archives.

In 2023, the Company successfully held the 2022 annual results announcement presentation, the 2023 interim results announcement presentation and the 2023 third quarterly results announcement presentation, where the management comprehensively introduced the Company's development strategy and operational highlights, actively responded to investors' concerns and exchanged views with investors and analysts on market focuses. The results announcement presentations of the Company covered various domestic and overseas investors, facilitated investor engagement through various means and provided opportunities for small and medium investors to fully express opinions and suggestions, which effectively enhanced market recognition and correctly stabilized market expectation.



## SECTION IV CORPORATE GOVERNANCE

In addition to results announcement presentations, the Company establishes a normalized mechanism for communications with investors, updates the investor relations column on the Company's official website and the contents on the SSE e-interaction platform from time to time and maintains the investor hotline smooth to help investors quickly and comprehensively understand the Company's information and deal with investors' enquiries and recommendations promptly. In 2023, the Company answered 409 investor hotline calls, and answered 119 questions on the SSE e-interaction platform. The Company constantly diversifies the channels and forms of communications with investors, attaches great importance to strengthening proactive and strategic communication within the scope of information disclosure. It has received domestic and foreign institutional investors and analysts for research on-site or by telephone for several times, and was invited to attend domestic and foreign institutional investors' investment strategy conferences multiple times and conducted sufficient communications on the operation conditions of the Company and the development trends of the industry with investors and analysts. Meanwhile, for key concerns of investors and analysts, the Company actively arranged relevant departments to participate in inspections and conveyed the viewpoints and expectations of the capital market to the Board and the management in a timely manner, developing the benign interactions between forward-looking market thinking and the Company's development strategies. The Board has reviewed the shareholder communications policy for 2023, and considered that the shareholder communications policy had been properly implemented and was effective, after taking into account the existing various communications and engagement channels in place.

The Company further put the "investor-oriented" philosophy into practice, and attached significant importance to delivering reasonable investment returns to the shareholders. In each of the last three years, the cash dividend payout ratio calculated in aggregate exceeded 30%. The Company has conducted the repurchase of A Shares twice since August 2023, and as of 28 March 2024, the repurchase amount reached nearly RMB600 million, fully demonstrating the Company's confidence and determination to safeguard its own value and its shareholders' rights and interests.

## SECTION IV CORPORATE GOVERNANCE

### (IX) Board Independence Assessing Mechanism

Pursuant to code provision B.1.4 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules of the Hong Kong Stock Exchange, the Board should establish mechanism(s) to ensure independent views and input are available to the Board.

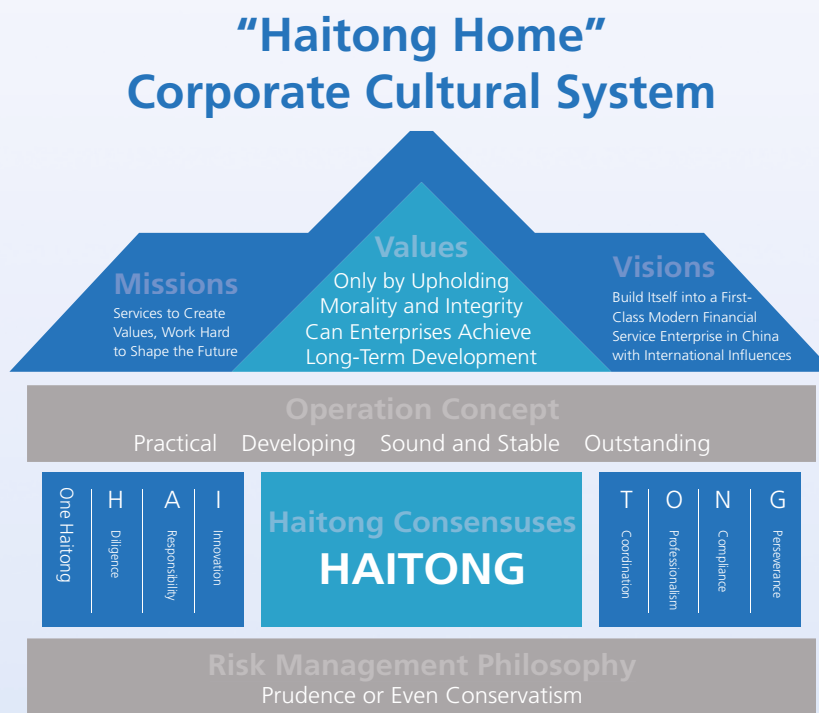
The Board has adopted a mechanism for assessing its own independence (the “**Mechanism**”), which sets out the principles and guidelines that the Company follows to ensure that the Board can receive independent views and opinions.

The Board reviews the implementation and effectiveness of the Mechanism annually. The Mechanism helps the Board and its special committees to continuously improve and develop their processes and procedures, and provides a valuable and effective feedback mechanism for enhancing the Board’s efficiency, maximizing its strengths, and identifying areas for improvement or further development. The Mechanism also clarifies what actions the Company needs to take to maintain and improve the performance of the Board, such as addressing individual training and development needs of Directors.

The Mechanism aims to ensure that the Board has a strong independent element, effectively enabling it to make independent judgments, thereby better protecting shareholders’ interests.

## SECTION IV CORPORATE GOVERNANCE

### (X) Corporate Culture



In 2023, the Company unveiled its new corporate cultural system and named it as “Haitong Home” (海通家园).

In this system which was built upon the Company’s 35-year legacy, the “practical, developing, sound, stable and outstanding” operation concepts and the “prudence or even conservatism” risk management brand that Haitong people deeply identify with are the main beam and foundation.

By embracing excellent traditional Chinese culture and following the customer-centric business philosophy, the Company put forward the corporate values of “only by upholding morality and integrity can enterprises achieve long-term development” and the corporate mission of “services to create values, work hard to shape the future”, to further strengthen the Company’s commitment to its financial roots, professional focus, and sustainable growth.

Through extensively listening to the voices of employees, seeking opinions from the public and adhering to its functional positioning, the Company put forward the development vision of “build itself into a first-class modern financial service enterprise in China with international influences”, and achieved consensuses in eight key aspects. By enhancing the synergies among different services through value identification, the Company will comprehensively improve its performance capabilities and value creation capabilities, thus creating a diversified financial product and service system that can meet the needs of various investors and providing customers with better full life cycle financial services.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### I. ENVIRONMENTAL INFORMATION

Whether there are environmental protection related mechanisms in place	Yes
Amount of investment in environmental protection during the Reporting Period (Unit: RMB0'000)	705.57

**(I) Description of environmental protection of the Company and its key subsidiaries which are the major pollutant discharging entities identified by environmental protection authorities**

Applicable  Not applicable

**(II) Description of the environmental protection of the Company other than the major pollutant discharging entities**

**1. Administrative penalties due to environmental issues**

After inspection, the Company and its subsidiaries are not listed as major pollutant discharging entities by environmental protection authorities.

The Group is in strict compliance with the environmental protection laws and regulations such as the Environmental Protection Law of the PRC, the Law of Water Pollution Prevention and Control of the PRC, and the Law of Prevention and Control of Air Pollution of the PRC. During the Reporting Period, the Company was not imposed any penalties due to violations of environmental protection laws.

**2. Other environmental information disclosed with reference to other major pollutant discharging entities**

Applicable  Not applicable

**3. Reasons for non-disclosure of other environmental information**

Applicable  Not applicable

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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

Following the national “carbon peaking and carbon neutrality” goal and the 2023 Annual Report on China’s Policies and Actions for Responding to Climate Change (《中國應對氣候變化的政策與行動2023年度報告》) issued by the Ministry of Ecology and Environment, the Company fulfilled its corporate environmental responsibility in terms of its own operation and green finance in order to promote the sustainable development of the Company and the industry. In terms of its own operation, the Company set green targets, implemented targeted management measures, organized and carried out environmental protection publicity activities, and actively built a green culture. In terms of green finance, the Company responded to the national policies and continuously provided green financing instruments such as equity financing, debenture financing, and finance leasing to energy-saving and environmental protection, clean energy, clean transportation and other green industries, guided and encouraged more private capitals to invest in green industries to support the booming green industries and green projects.

#### 1. Own operation

In terms of green operation, the Company set targets for energy, water resources, emissions and waste. It built an online energy consumption monitoring platform to realize real-time aggregation and analysis of energy consumption data to improve the efficiency of energy consumption management and promote the construction of energy-saving infrastructure through the deployment of additional photovoltaic power generation equipment, the extension of the duration of natural cooling, the launch of green power certificate trading, the implementation of the AI refrigeration tuning and optimization project, and the placement of intelligent inspection robots for facilitating the construction of green data centers. As of the end of 2023, the proportion of green electricity in the data center of Zhangjiang High-tech Park has reached approximately 45%. The Company established a mechanism to monitor water conservation, selected water-saving equipment and strengthened maintenance and renovation of water-using facilities. It constructed a water recycling system, and strengthened the Company’s water management. The Company has also advocated a paperless office, and strengthened the management of paper consumption in warehouses and offices. The Company encouraged employees to have meals on demand, reduced the generation of food waste, used canteen wastewater and oily and fume treatment facilities and equipment, and disposed of emissions and waste in a standardized manner, so as to implement green and low-carbon operations.

In terms of green publicity, the Company launched energy and water conservation publicity campaign by posting posters, slogans and reminders in public areas such as canteens, encouraging and reminding employees to develop good habits of thrift and frugality, and promoting the “Clear Your Plate (光盤行動)” campaign to reduce processing losses. The Company also launched the “Bearing Thrift in Mind (以儉修身)” thematic publicity campaign, incorporating themes such as paper treading, food conservation, energy saving and emission reduction, and housekeeping, and encouraging employees with “frugality in governance and diligence in administration” by animated video clips and posters. The Company actively collaborated with environmental protection organizations in order to promote the performance of environmental protection work.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### 2. *Green finance*

In terms of green financing, in 2023, the Company served 11 green enterprises through domestic green equity financing services, raising a total of RMB24.9 billion; it underwrote 46 green bonds of various types as the lead underwriter, with an underwriting scale of RMB15.0 billion. Overseas, the Company served one real economy enterprise through green equity financing, raising approximately USD200 million, and completed 11 ESG bond issuances with a financing scale of USD2.38 billion. Haitong UT increased its efforts in green leasing business, put into operation the first batch of new energy driverless mining trucks, issued the country's first "Green + Low Carbon Transformation Linked" asset-backed securities – "Haitong UT No. 26 Green Asset-backed Special Project (Low Carbon Transformation Linked)", and set up a fleet of "Guaranteed Distribution" and "Dedicated Pickup and Drop-off" new energy vehicles to escort the Hangzhou Asian Games.

In terms of green investment, in 2023, the Company, in conjunction with China Securities Index Co., Ltd. (CSI), released the "CSI Haitong Securities ESG Equity and Bond Linked Strategy Index" (中證海通證券 ESG 股債聯動策略指數), which provides a good investment tool for the community to practise ESG. Following the accession of HFT Investment to the United Nations Principles for Responsible Investment (UN PRI) in 2021, Fullgoal Fund joined the UN PRI in 2023 to continue to practise the concept of responsible investment. Haitong Capital and its subsidiaries invested in seven new energy industry-related projects with an investment amount of RMB325 million.

In terms of green research and consultancy, the research team of the Company concentrated the ESG research with the focus on carbon neutrality and other green research and continuously followed and studied cutting-edge and key issues in the ESG field. Through the preparation of ESG research reports, research topics, the provision of consultancy services and other ESG practices, it promoted the construction of ESG ecosystems, and provided investment reference to institutional and individual investors. In 2023, our research institute served a total of 542 customers through the provision of ESG research and consultancy.

In terms of green finance exchanges, the Company actively communicated and exchanged with outsiders through participating in ESG themed seminars, organized ESG trainings for employees, and organizing ESG activities to improve the Company's overall level of ESG practice. In 2023, Fullgoal Fund and Shanghai University of Finance and Economics jointly founded the Institute for ESG Research, and co-hosted the "First China ESG Academic Forum" (首屆中國 ESG 學術論壇). Fullgoal Fund hosted the "2023 Shanghai University of Finance and Economics Celebration Forum and the First ESG Innovation Forum" (2023 上海財經大學校慶論壇暨首屆 ESG 創新論壇).

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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

Whether it has taken carbon reduction measures	Yes
Emission of carbon dioxide equivalents reduced (unit: tonne)	478

Types of carbon reduction measures (such as power generation with clean energy, adoption of carbon reduction technology in production, R&D and production of new products conducive to carbon reduction, etc.)

The Zhangjiang High-tech Park data center of the Company has adopted various carbon reduction measures in its operation.

Note: The emission reduction data are from the Zhangjiang High-tech Park data center of the Company.

#### Specific explanations

The Company's carbon emission is mainly from the use of electricity and natural gas in its routine operation and the carbon emission from the fuel consumption of vehicles for corporate affairs. During the Reporting Period, the Company reduced its carbon emissions and promoted energy management through infrastructure construction and green office and operations.

Adhering to the concept of green development, the Company advanced the construction of green data centers and reduced energy consumption in data centers through the installment of photovoltaic equipment, extension of natural cooling and other measures. As of the end of 2023, the total installed capacity of photovoltaic equipment in the Zhangjiang High-tech Park reached 265kW, and the photovoltaic power generation amounted to 135,000kWh in 2023, covering an area of approximately 875m<sup>2</sup> of roofing and parking spaces, and supplying electricity to the DTE server room and the power infrastructure in the server room building of the Zhangjiang High-tech Park. In 2023, the Company purchased green certificates of 5,200MWh through the green power certificate trading platform, so that the proportion of green electricity in the server room of the Zhangjiang High-tech Park has reached approximately 45%. It implemented a project to renovate the intelligent lighting in the server room building, after which the electricity consumption of the lighting in the building dropped by no less than 60% as compared with that before renovation. The Company further enhanced the air distribution in the server room, implemented the AI refrigeration tuning and optimization project, and used permanent magnet motors from the Green Equipment Recommendation Catalogue (綠色裝備推薦目錄) issued by the Ministry of Industry and Information Technology to continuously reduce the overall power consumption of water-cooled system equipment.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### II. WORKS IN RESPECT OF SOCIAL RESPONSIBILITIES

#### (I) Whether disclosed the social responsibility report, the sustainability report or the ESG report separately

For details of the Company's performance of social responsibilities in 2023, please refer to the 2023 Sustainability Report of Haitong Securities disclosed by the Company on the official website of the SSE (<http://www.sse.com.cn/>) and the website of HKEXnews of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

#### (II) Details of work in respect of social responsibilities

<b>External donations and public welfare programs</b>	<b>Amount/ Contents</b>	<b>Explanations</b>
Total input (RMB10,000)	1,656	Under the guidance of the "Love in Haitong" Party building and public welfare brand, the Company established the Shanghai Love in Haitong Public Welfare Foundation (上海愛在海通公益基金會) and continuously carried out pair-up assistance, deeply implemented the list of public welfare programs under "Love in Haitong" and conducted a series of public welfare activities. The Company made a donation of over RMB16.56 million to assistance and public welfare programs during the year.
Among which, funds (RMB10,000)	1,622	/
Materials converted into funds (RMB10,000)	34	/
People benefited (person)	40,000	As a state-owned financial enterprise, the Company actively fulfills social responsibilities and facilitates rural revitalization through various measures. It conscientiously implemented the list of public welfare programs under "Love in Haitong" and spread love, benefiting more than 40,000 persons.



## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### Specific explanations

Insisting on the operational philosophy of “pragmatic, pioneering, steady and excellent” and with “building a bright future with finance” as the core, the Company leveraged its professional capabilities on financial services and continued to perform its duties in terms of serving the real economy, financial technology, employee care, rural revitalization, social welfare, supporting “carbon peaking and carbon neutrality” goals and other aspects, creating and sharing value with shareholders, customers, employees and the society.

In 2023, the Company continued to improve the ESG management structure, set up a leading group and a working group on ESG implementation at the operation and management level, guaranteed the standardization and effectiveness of ESG management and solidly performed the social responsibilities as a corporate citizen. In terms of social responsibilities, the Company bore the missions and undertakings of state-owned financial enterprises in mind, effectively allocated work force and assistance funds, profoundly advanced the collaboration between the eastern and western regions, earnestly carried out the poverty relief through “Hundred Enterprises in Support of Hundred Villages (百企幫百村)” and “One Company to One County (一司一縣)” paired-up assistance, conscientiously implemented the projects in the list of public welfare programs under “Love in Haitong” and facilitated the regions it supported to achieve rural revitalization and promote common prosperity with financial strength.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### III. DETAILS ON CONSOLIDATING AND EXPANDING THE RESULTS OF SHAKING OFF POVERTY, RURAL REVITALIZATION AND OTHER WORK

Poverty relief and rural revitalization programs	Amount/ Contents	Explanations
Total input (RMB10,000)	530	In 2023, the Company continued to carry out the poverty relief through “One Company to One County” and “Hundred Enterprises in Support of Hundred Villages” paired-up assistance. It assisted Xichou County in Yunnan, Yecheng County in Xinjiang, Lixin County and Shucheng County in Anhui and Ningdu County in Jiangxi as well as three villages in Xichou County in Yunnan lifted out of poverty consolidating the results of shaking off poverty. The Company also took the initiative to implement the requirements of the instructions of the Shanghai Municipal Party Committee and Shanghai Municipal Government (上海市委市政府) on the paired assistance, and actively carried out the work of assisting Yunnan, Xinjiang, Tibet and Qinghai, and earnestly advanced comprehensive assistance in rural area and paired-up assistance through partnering with urban and rural Party organizations in Shanghai. The Company provided assistance funds of over RMB5.3 million during the year.
Among which, funds (RMB10,000)	509	/
Materials converted into funds (RMB10,000)	21	/
People benefited (person)	15,000	/
Models of assistance (such as industrial poverty relief, employment poverty relief and educational poverty relief, etc.)	Financial support, industrial support, intelligent support, public welfare support and consumption support	The Company helped the areas under support consolidate the results of shaking off poverty and fully advance rural revitalization through the “five-in-one” financial assistance model with financial support, industrial support, intelligent support, public welfare support and consumption support. Please refer to the specific explanations for details.

*Note:* The statistics of people benefited is based on direct participants or beneficiaries in assistance programs.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### Specific explanations

In 2023, Haitong Securities continued to carry out the poverty relief through “One Company to One County” and “Hundred Enterprises in Support of Hundred Villages” paired-up assistance to help consolidate the results of shaking off poverty in Xichou County in Yunnan, Yecheng County in Xinjiang, Ningdu County in Jiangxi, Lixin County and Shucheng County in Anhui. It actively carried out assistance programs in Yunnan, Xinjiang, Tibet and Qinghai and solidly offered comprehensive assistance to the rural areas in Shanghai and paired-up assistance through partnering with urban and rural Party organizations. It strove to solve practical issues of the public in the regions it supported and achieve high-quality development of the supported rural areas. The Company actively performed social responsibilities by establishing the Shanghai Love in Haitong Public Welfare Foundation under the guidance of the “Love in Haitong” Party building and CSR brand, and conveyed the public welfare concept of “Love in Haitong”, further demonstrating the missions and undertakings of a state-owned financial enterprise.

1. Implementing pair-up assistance and promoting rural revitalization with various measures. During the Reporting Period, the Company provided special assistance funds of over RMB3.33 million to support rural infrastructure construction, rural industries, people’s livelihood and other programs in five pair-up counties, which was welcomed by local residents. In Lixin County and Shucheng County, Anhui, the Company supported the infrastructure construction of primary and secondary schools and kindergartens and the construction of the County Elderlycare Service Center in Lixin County, as well as the construction of a steel structure food processing facility in Zhuoshan Village, which is a project of support for Shucheng County, namely “Love in Haitong • Employment Support Workshop” (愛在海通•就業幫扶車間). In Ningdu County, Jiangxi, the Company supported the primary and secondary school education in Dongshanba Town, as well as the construction of the public service activity place in Xiaoyuan Village and a base for the Red Tourism in Xiaoyuan Village, Dongshanba Town. In Xichou County, Yunnan, the Company continued to donate to Haitong Kindergarten in Mopuzi Village, purchased tables, water heaters, air conditioners, etc., and supported the renovation of kindergarten floors, exterior walls, and gates, etc.; it supported the construction of the Home-based Elderlycare Service Center for the Wangjiaping Village Group in Zhongzhai Village to lower the difficulty of home-based elderlycare in the local area; it supported the purchase of desks, chairs, electronic whiteboards and printers for Wangjiatang Primary School to help the school upgrade its hardware and software. In Yecheng County, Xinjiang, it promoted the “Love in Haitong • Help Growth” Mandarin promotion and pre-school teacher training public welfare project, by providing offline trainings for more than 800 pre-school teachers, and organizing on-the-job trainings for 40 outstanding teachers, helping improve the Mandarin education and teaching level of local pre-school teachers.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

2. Persisting in financial empowerment and injecting development momentum into rural revitalization. The Company actively leveraged its professional capabilities and advantages in resources integration to help enterprises in the regions it supported and assisted standardize corporate governance and improve the financing conditions. In 2023, following the previous assistance to Jiangxi Ningdu County Company Urban Development Investment Company Limited (江西寧都縣公司城市發展投資有限公司) in successfully issuing the first tranche of bonds, the Company successfully assisted it in the issuance of the second tranche of bonds with an aggregate issuance scale of RMB800 million. The funds raised will be mainly used in the development of key modern agricultural projects in Ningdu County to facilitate the structural upgrading of the local agriculture, rural areas, and farmers. In 2023, the Company also assisted China Gezhouba Group Co., Ltd. in the successful issuance of the 2023 Science and Technology Innovation Rural Revitalization Renewable Corporate Bond, which was the first three-subject corporate bond marking “science and technology innovation + rural revitalization + old revolutionary base areas” in China. In addition, the Company, relying on its subsidiary Haitong Futures, explored the “insurance + futures” financial assistance model. In 2023, the Company provided public welfare funds of RMB300,000 to carry out a hog farming “insurance + futures” project in Yinjiang, Guizhou Province, which effectively helped farmers to resist the risk of fluctuations in the prices of agricultural commodities and safeguard their returns.
3. Advancing consumption support and integrating it into the building of corporate culture. The Company deeply explored cultural attributes of specialty agricultural products of the regions it supported and purchased Yunnan specialty Dianhong black tea, coffee and bronze ox crafts as its poverty alleviation assistance gifts through the consumption assistance channel in Shanghai, and conveyed the public welfare concept of “Love in Haitong”. Meanwhile, the trade unions, property and logistics departments of the Company at all levels actively carried out consumption assistance and purchased specialty agricultural products from Yunnan, Xinjiang, Qinghai, Tibet and Inner Mongolia. Instead of donation, the Company encouraged purchases of products from local farmers, increasing their income. The Company invested over RMB1.25 million in consumption assistance during the year.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

4. Implementing the list of public welfare programs and conveying the public welfare concept of “Love in Haitong”. The Company continued to promote the “Love in Haitong • Beautiful Tibet” public welfare education assistance project, supporting underprivileged Tibetan college students from Shigatse City, Tibet, to complete their four-year undergraduate studies. Up to now, the Company has subsidized a total of 90 Tibetan college students, and allocated a total of RMB1.25 million of public welfare education assistance funds. The Company continued to implement the “Love in Haitong • Beautiful Xinjiang” public welfare project in Kashgar, Xinjiang. In 2023, the Company invested over RMB110,000 in projects such as “public welfare education assistance” and “bilingual night school subsidy”, to help revitalize the countryside and promote ethnic unity. The Company carried out in-depth cultural activities throughout Yecheng County, Xinjiang, and continuously promoted the “Love in Haitong • Help Growth” Mandarin promotion and pre-school teacher training public welfare project in Yecheng County, Xinjiang. In 2023, in celebrating the 35th anniversary of its establishment, the Company launched a new public welfare program “Haitong • Love Health”, in which the Company’s employees actively participated in donations and wrote blessing bookmarks, raising a total of more than RMB1 million. The public welfare fund together with the special public welfare fund donated by the Company will be used for donation of sports equipment to 35 schools in Xinjiang, Tibet, Qinghai and other places, and love sports kits to local students, paying attention to the physical and mental health education of young people, further conveying the public welfare concept of “Love in Haitong”, and contributing to the construction of a healthy China. In exploring cultural support, by cooperating with the Shanghai Jiading District Party Committee and District Government (上海市嘉定區委區政府), the Company carried out cultural support for Jiuzhi County, the Guoluo Tibetan Autonomous Prefecture, Qinghai, donating RMB500,000 to build the “Haitong Jiuyin Sanjiao Activity Service Center” project, which further demonstrated the Company’s fulfillment of its mission and responsibility to serve the national strategy of rural revitalization and participate in Shanghai’s paired assistance work. In addition, Haitong Futures, Haitong UT, HFT Investment and other subsidiaries as well as branches in Heilongjiang, Shaanxi, Xinjiang and Shandong, carried out voluntary, public welfare, donation and assistance activities centering on public welfare investor education, low-carbon and environmental protection and community services, demonstrating the joint force in public welfare activities under “Love in Haitong”.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

5. Participating in comprehensive assistance, and consistently carrying out comprehensive rural assistance and pair-up assistance of urban and rural Party organizations. In September 2023, the Party Committee, the Party affairs committee, and the Party committee of the Investment Banking Committee of the Company signed the agreements on a new round of pair-up assistance of urban and rural party organizations with Weimin Village, Zhuqiao Town, Pudong, Fu'an Village, Jianshe Town, Chongming, and Guanghui Village, Xuanqiao Town, Pudong, respectively. Since the launch of the new round of assistance work, the Party Committee of the Company has further strengthened the working mechanism of support and comfort, and has done a good job in caring for the people in difficulty during the holiday season, and the Party organizations at all levels went to the pair-up villages to carry out house-to-house comfort and give support to the people in difficulty. In addition, the Company actively carried out intellectual support by designating an officer to serve as the first secretary of Weimin Village in Pudong, and the designated village officer organized the sales of local agricultural products to the Company, for all employees to participate in consumption assistance activities, and also helped local agricultural products brand building, to enhance agricultural output value and the level of the industry, as well as effectively drive the development of the local collective economy.

In the future, Haitong Securities will further study and implement the spirit of the 20th National Congress of the CPC and the spirit of the important speeches and instructions of General Secretary Xi Jinping on rural revitalization, firmly take up the political responsibility for assistance work, continue to give full play to the professional advantages and resource advantages as a state-owned financial enterprise, and further grasp the focus of the securities company's assistance to rural revitalization. Haitong Securities will focus on the "Love in Haitong" CSR brand, rely on the Public Welfare Foundation as a carrier to assemble volunteer service teams, and constantly innovate the assistance model, in order to contribute its strength to the consolidation of poverty alleviation and rural revitalization in the pair-up areas. Firstly, the Company will resolutely take up the political responsibility for assistance work and actively contribute to rural revitalization. The Company will learn from the experience of the "Green Rural Revival Programme (千萬工程)", further deepen pair-up assistance through "Hundred Enterprises in Support of Hundred Villages" and "One Company to One County" to actively provide assistance in Yunnan, Tibet, Xinjiang and Qinghai as well as continuously innovate the comprehensive assistance to the rural areas and pair-up assistance through partnering with urban and rural Party organizations and continuously optimize the assistance model with finance, industry, intelligence, consumption and public welfare. It will focus on the new development stage and continue to boost pair-up regions in achieving more high-quality development with more targeted assistance measures. Secondly, it will enhance financial innovation and provide multi-layered financial services to rural revitalization. The Company will continue to leverage its professional advantages and innovatively adopt multi-layered financing models in the capital market, accurately meet the financing demands of enterprises in areas under support and provide multi-channel, multi-variety and all-round financial services to areas under support. Thirdly, it will improve the "Four Ones" public welfare system and promote the "Love in Haitong" CSR brand. Under the guidance of the public welfare concept of "Love in Haitong", it will rely on the Shanghai Love in Haitong Public Welfare Foundation as a carrier to assemble the volunteer team of "Love in Haitong", extensively rally the power of love and implement the annual public welfare program list of "Love in Haitong", actively help the impoverished and the needy, provide the social assistance, and support the promotion of the pair-up assistance and support work so as to continuously promote the "Love in Haitong" CSR brand.

## SECTION VI SIGNIFICANT EVENTS

### I. PERFORMANCE OF UNDERTAKINGS

#### (I) Undertakings made by the Company's de facto controller, shareholders, related parties, acquirers, the Company and other related undertakers during the Reporting Period or subsisting in the Reporting Period

Background of undertaking	Type of undertaking	Undertaking party	Content of undertaking	Duration of undertaking	Whether there is a deadline for performance	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe plans in next steps
Undertaking relating to refinancing	Shares selling restrictions	Shanghai Guosheng (Group) Co., Ltd.	The shares subscribed for in refinancing shall not be transferred within 48 months from the date of closing of the issue	48 months from 5 August 2020	Yes	Yes	-	-
	Others	Directors and senior management	<ol style="list-style-type: none"> <li>they will not convey any benefits to other entities or individuals on a free or on an unfair basis, nor harm the interests of the Company in any other way;</li> <li>they will restrain position related consumption behaviors;</li> <li>they will not use the Company's assets to engage in any investment and consumption activities not relating to the performance of their duties;</li> <li>the remuneration system formulated by the Board or the Nomination and Remuneration and Assessment Committee will be linked to the implementation of the remedial measures relating to returns of the Company;</li> <li>in the event of the implementation of any material transactions and matters by the Company in the future, the vesting conditions of the equity incentive plan to be announced will be linked to the implementation of the remedial measures relating to returns of the Company</li> </ol>	Period when serving as Director or senior management of the Company	Yes	Yes	-	-

## SECTION VI SIGNIFICANT EVENTS

(II) **If the Company makes any profit estimate on its assets or projects and the Reporting Period is in the profit estimate period, the Company's explanation on whether such profit estimate on assets or projects has been satisfied and reasons**

Satisfied  Not satisfied  Not applicable

(III) **The completion of the performance undertaking and its impact on impairment test on goodwill**

Applicable  Not applicable

**II. APPROPRIATION OF FUNDS ON A NON-OPERATING BASIS BY CONTROLLING SHAREHOLDERS OR OTHER RELATED PARTIES DURING THE REPORTING PERIOD**

Applicable  Not applicable

**III. GUARANTEES IN BREACH OF REGULATIONS**

Applicable  Not applicable

**IV. THE BOARD'S EXPLANATIONS ON THE "QUALIFIED AUDIT REPORT" OF THE ACCOUNTING FIRM**

Applicable  Not applicable

**V. ANALYSIS AND EXPLANATION OF THE COMPANY ON CAUSES AND EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR CORRECTIONS OF SUBSTANTIAL ACCOUNTING ERRORS**

(I) **Analysis and explanation of the Company on causes and effects of changes in accounting policies and accounting estimates**

Applicable  Not applicable

In 2022, the Ministry of Finance of the PRC issued the Notice on the Circulation of the Accounting Standards for Business Enterprises Interpretation No. 16 (《關於印發<企業會計準則解釋第16號>的通知》) (the "Interpretation No. 16"). In the preparation of the 2023 annual financial statements, from 1 January 2023, the Group and the Company have adopted the relevant provisions in the Interpretation No. 16 that initial recognition exemption is not applicable to deferred income taxes in relation to assets and liabilities arising from a single transaction and have adopted a retrospective approach to correspondingly adjust the relevant items in the financial statements and the notes to the financial statements for the comparative periods. Such amendments had not material impact on the financial statements of the Group and the Company.

(II) **Analysis and explanation of the Company on causes and effects of corrections of substantial accounting errors**

Applicable  Not applicable

(III) **Communications with former accounting firm**

Applicable  Not applicable



## SECTION VI SIGNIFICANT EVENTS

### (IV) Approval procedures and other explanations

Applicable  Not applicable

## VI. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: 0'000 Yuan Currency: RMB

		Currently engaged
Name of the domestic accounting firm		PricewaterhouseCoopers Zhong Tian LLP
Remuneration of the domestic accounting firm		490
Term of the audit services provided by the domestic accounting firm		Four years
Name of the certified public accountant from the domestic accounting firm		Xu Kangwei (許康璋), Wang Yibin (王以彬)
Cumulative term of the audit services provided by the domestic accounting firm		Four years
Name of the overseas accounting firm		PricewaterhouseCoopers
Remuneration of the overseas accounting firm		314
Term of the audit services provided by the overseas accounting firm		Four years
	<b>Name</b>	<b>Remuneration</b>
Accounting firm engaged for internal control audit	PricewaterhouseCoopers Zhong Tian LLP	56

### Explanations on appointment and dismissal of accounting firms

The 2022 annual general meeting held by the Company on 16 June 2023 considered and approved the proposal of the Company on renewal of engagement of auditing firms, approving the re-appointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the external auditors of the Company in 2023 with the appointment term of one year, being responsible for providing relevant domestic and overseas audit and review services in accordance with PRC GAAP and IFRS Accounting Standards, respectively. During the Reporting Period, there was no disagreement between the Board and the Audit Committee on matters in relation to selection and appointment of external auditors.

### Explanations on change of accounting firms during the audit period

Not applicable

Explanation on the decrease of more than 20% (including 20%) in audit fees as compared with the previous year

Not applicable

## SECTION VI SIGNIFICANT EVENTS

### VII. FACING THE RISK OF DELISTING

#### (I) Reasons of delisting risk warning

Applicable  Not applicable

#### (II) Prevention measures to be taken by the Company

Applicable  Not applicable

#### (III) Facing the risk of delisting and reason

Applicable  Not applicable

### VIII. BANKRUPTCY AND RESTRUCTURING RELATED MATTERS

Applicable  Not applicable

### IX. MATERIAL LITIGATION AND ARBITRATION

- The Company was involved in any material litigation or arbitration during the year  
 The Company was not involved in any material litigation or arbitration during the year

During the Reporting Period, the Company was not involved in any material litigation or arbitration that involves claims of over RMB10 million and accounts for more than 10% of the absolute value of the Company's net assets as audited in the latest financial statements, which shall be disclosed in accordance with the requirements under the Shanghai Stock Exchange Listing Rules.

From the beginning of the Reporting Period until the date of disclosure of the Report, the Group's new litigations or arbitrations with an amount of over RMB100 million that had not been disclosed or disclosed ones with progress are as follows:

#### **Dispute between Zhang Fangjie (張方傑) and Regan Big Data Technology Co., Ltd. (雷根大數據科技有限公司), the Company and other parties on compensation for property damages**

Due to dispute over compensation for property damages, Zhang Fangjie filed a lawsuit in the Shanghai Financial Court, requesting defendants including Regan Big Data Technology Co., Ltd., Regan Industrial Group Co., Ltd. (雷根實業集團有限公司), Li Hailong (李海龍), Shanghai Regan Asset Management Co., Ltd. (上海雷根資產管理有限公司), Meng Xiangxin (孟祥信), Tian Yufeng (田玉鳳), Li Jinlong (李金龍), Zhao Jiacheng (趙加成), Shanghai Jinzheng Technology Co., Ltd. (上海金政科技股份有限公司), Dai Peng (戴鵬), Shanghai Chaochen Culture Communication Co., Ltd. (上海超辰文化傳播有限公司), Shanghai Qifu Investment Co., Ltd. (上海起復投資有限公司), Lu Donghui (路東輝), Shanghai Yuyi Industrial Co., Ltd. (上海玉屹實業有限公司), Regan (China) Holdings Co., Ltd. (雷根(中國)控股有限公司), CITIC Securities Company Limited (中信證券股份有限公司), Zhongtai Securities Co., Ltd. (中泰證券股份有限公司) and the Company to compensate Zhang Fangjie, the plaintiff, RMB122 million and the corresponding interest. In October 2023, the Shanghai Financial Court accepted the case. In the case, the plaintiff requested that CITIC Securities Company Limited (中信證券股份有限公司), Zhongtai Securities Co., Ltd. (中泰證券股份有限公司) and Haitong Securities Co., Ltd. assume secondary liability for compensation to the extent of the above amount.

## SECTION VI SIGNIFICANT EVENTS

### Dispute between the Company and Nanjing First Agricultural Company, Red Sun Group and Nanjing World Village on repurchase of pledged securities

As Nanjing First Agricultural Chemical Company refused to fulfill the obligation of stock pledge repurchase in accordance with the agreement, the Company filed a lawsuit in the Shanghai Financial Court, requesting Nanjing First Agricultural Chemical Group Ltd. (南京第一農藥集團有限公司, “**Nanjing First Agricultural Chemical Company**”), the borrower, to pay the principal of RMB300 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees, and requesting the guarantors (Red Sun Group Corporation (紅太陽集團有限公司, “**Red Sun Group**”) and Nanjing World Village Automotive Power Co., Ltd. (南京世界村汽車動力有限公司, “**Nanjing World Village**”)) to undertake the guarantee obligation. The Shanghai Financial Court accepted the case in May 2020 and heard the case on 12 November 2020. The court issued the first instance verdict in April 2021, supporting the Company’s claims. In June 2021, Nanjing First Agricultural Chemical Company was adjudged bankrupt by the People’s Court of Nanjing’s Gaochun District. The Company had declared its claims to the administrator of the bankruptcy and restructuring project of Nanjing First Agricultural Chemical Company. On 1 June 2022, the People’s Court of Nanjing’s Gaochun District issued a Civil Judgement, ruling a substantive merger and reorganization among Nanjing First Agricultural Chemical Company, Jiangsu Guoxing Investment Co., Ltd. (江蘇國星投資有限公司), Nanjing Suwan Modern Agriculture Co., Ltd. (南京蘇皖現代農業有限公司) and Jiangsu Sunong Agricultural Materials Chain Group Co., Ltd. (江蘇蘇農農資連鎖集團股份有限公司) (“**Four Companies including Nanjing First Agricultural Chemical Company**”). On 7 November 2022, the Nanjing Intermediate People’s Court decided to initiate the pre-reorganization procedures on Nanjing Red Sun Co, Ltd. (“**ST Red Sun**”). On 30 June 2023, the administrator of the substantive merger and reorganization of such Four Companies including Nanjing First Agricultural Chemical Company, submitted a draft reorganization plan to the People’s Court of Nanjing’s Gaochun District and planned to convene a creditors’ meeting for voting. On 28 July 2023, the People’s Court of Nanjing’s Gaochun District ruled that it agreed to postpone the voting. On 6 November 2023, the People’s Court of Nanjing’s Gaochun District ruled to approve the reorganization plan of Four Companies including Nanjing First Agricultural Chemical Company. On 29 January 2024, ST Red Sun’s pre-reorganization plan was voted on and approved by the creditors’ meeting. Provisions have been made for potential losses in this case.

## SECTION VI SIGNIFICANT EVENTS

### **Dispute between Sichuan Trust and HT Asset Management, the Company and other parties on the financial entrusted wealth management contract**

Due to the dispute on the financial entrusted wealth management contract, Sichuan Trust Co., Ltd. (四川信託有限公司, “**Sichuan Trust**”) filed a lawsuit in the Chengdu Intermediate People’s Court of Sichuan Province (四川省成都市中級人民法院), requesting the defendants including HT Asset Management and the Company to return or compensate the plaintiff for the entrusted property of RMB515 million and the corresponding interest. The Chengdu Intermediate People’s Court of Sichuan Province accepted the case on 13 September 2021 and heard the case on 10 November 2022 and 10 July 2023, and issued the first-instance judgment on 27 September 2023, rejecting all the plaintiff’s claims against HT Asset Management and the Company. Sichuan Trust filed an appeal within the appeal period, the High People’s Court of Sichuan Province heard the case on 1 March 2024. Currently, the judgment of the case has not been made. Provisions have been made for potential losses in this case.

### **Dispute over the liability of securities false statement between PSBC and Fucheng Haifutong (富誠海富通) and other parties**

Due to the substantive breach of contract under the “Huatai Beautiful Auspicious Lights Asset-backed Special Project (華泰美吉特燈都資產支持專項計劃)”, one of the holders of the special plan, Postal Savings Bank of China Co., Ltd. (“**PSBC**”), filed a lawsuit in the Shanghai Financial Court, requesting that the original owner Kunshan Beautiful Auspicious Lights Management Co., Ltd. (昆山美吉特燈都管理有限公司) and related intermediaries, including Shanghai Fucheng Haifutong Asset Management Co., Ltd. (上海富誠海富通資產管理有限公司, “**Fucheng Haifutong**”), shall be jointly and severally liable for all of its losses, with the principal amount of RMB527 million and the corresponding interest thereof. In November 2020, the Shanghai Financial Court accepted the case. The Shanghai Financial Court issued the first instance verdict on 14 April 2023. The plaintiff, PSBC, and defendants including Fucheng Haifutong filed appeals to the Shanghai High People’s Court. At present, the case is in the process of being heard in the second instance.

## SECTION VI SIGNIFICANT EVENTS

### **Dispute over the Equity Transfer Agreement between Haitong Capital, Xi'an Aerospace and New Energy and Shanghai Cultural and ChinaEdu Corporation and Beijing Hongcheng**

As ChinaEdu Corporation and Beijing Hongcheng Liye Technology Co., Ltd. ("**Beijing Hongcheng**") refused to perform their share repurchase obligations under the relevant agreements, Haitong Capital, Xi'an Aerospace and New Energy Industry Fund ("**Xi'an Aerospace and New Energy**") and Shanghai Cultural Industries Investment Fund (Limited Partnership) ("**Shanghai Cultural**") jointly submitted an arbitration application to China International Economic and Trade Arbitration Commission, requiring ChinaEdu Corporation and Beijing Hongcheng to perform the repurchase obligation and pay the equity repurchase price with principal amount totaling RMB250 million. In June 2022, China International Economic and Trade Arbitration Commission accepted the case. On 3 August 2023, China International Economic and Trade Arbitration Commission heard the case. Provisions have been made for potential losses in this case.

In respect of material litigation and arbitration matters, the Company's overseas listed subsidiaries and subsidiaries whose principal places of business are located overseas (Haitong UT, Haitong International, Haitong Bank and their subsidiaries) shall make disclosure on relevant information to the statutory parties on their own in accordance with the regulatory requirements of the place where they operate and the relevant listing rules (if relevant).

### **X. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS BY, PUNISHMENT AGAINST AND RECTIFICATION BY THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER**

1. As at the end of the Reporting Period, the Company did not have any controlling shareholder or de facto controller.
2. During the Reporting Period, none of the following circumstances happened to the Company, the Directors, Supervisors, senior management, or the largest shareholder: being investigated by competent authorities, imposed coercive measures by a judiciary authority or discipline inspection and supervision authority, transferred to a judicial authority and held criminally liable, investigated or imposed administrative penalties by the CSRC, banned from access to market, identified as an unsuitable person, imposed material administrative penalties by other administrative authorities, or publicly condemned by the Shanghai Stock Exchange. None of the Directors, Supervisors and senior management violated any rules or regulations with regard to trading of the shares of the Company.

## SECTION VI SIGNIFICANT EVENTS

3. During the Reporting Period, the Company were subject to the following administrative and regulatory measures imposed by the CSRC or its local branches:

In May 2023, the Company received the Decision on Taking Warning Letter Measures against Haitong Securities Co., Ltd. (Hu Zheng Jian Jue [2023] No. 95) (《關於對海通證券股份有限公司採取出具警示函措施的決定》(滬證監決[2023]95號)) issued by the CSRC Shanghai Bureau, which stated that it took warning letter as an administrative regulatory measures against the Company. The regulatory letter found that the Company failed to strictly regulate the practices of relevant practitioners. After receiving the regulatory letter, the Company attached great importance to it, made rectification in a timely manner, improved its system construction and internal control mechanism, made more efforts to strengthen compliance trainings and compliance inspection, and enhanced employees' compliance awareness and practice level.

In October 2023, the Lu'an Dabie Mountain Road Securities Business Branch of the Company received the Decision on Taking Warning Letter Measures against the Lu'an Dabie Mountain Road Securities Business Branch of Haitong Securities Co., Ltd. ([2023] No. 42) 《關於對海通證券股份有限公司六安大別山路證券營業部採取出具警示函措施的決定》([2023]42號) issued by the CSRC Anhui Bureau, which stated that it took warning letter as an administrative regulatory measures against the Lu'an Dabie Mountain Road Securities Business Branch of the Company. The regulatory letter found that the business branch of the Company had problems in the management of customers' capitals and the management of the use of seals. The Company and the business branch attached great importance to it, made rectification in a timely manner, strengthened the management of key personnel and the supervision on their daily acts, enhanced the management of seals, regularly conducted self-inspections and examinations and continuously standardized internal control management.

## SECTION VI SIGNIFICANT EVENTS

In November 2023, the Company received the Decision on Taking Warning Letter Regulatory Measures against Haitong Securities Co., Ltd. and Chen Cheng and Jing Yang ([2023] No. 36) 《關於對海通證券股份有限公司以及陳城、景煬採取出具警示函監管措施的決定》([2023]36號) issued by the CSRC, which stated that it took warning letter as an administrative regulatory measures against the Company and two sponsor representatives. The regulatory letter found that the Company failed to perform relevant duties as a sponsor in a diligent and responsible manner in the initial public offering of stocks and the listing of Jiangsu World Agricultural Machinery Co., Ltd. (江蘇沃得農業機械股份有限公司). The Company attached great importance to it, made rectification in a timely manner, strengthened the study of regulations and documents, improved the due diligence standards on projects and intensified the review of application materials and the tracking management of projects.

In November 2023, the Company received the Decision of the CSRC Hubei Bureau on Taking Warning Letter Measures against Haitong Securities Co., Ltd. and Zhu Jisai and Chen Bangyu ([2023] No. 47) 《湖北證監局關於對海通證券股份有限公司、朱濟賽、陳邦羽採取出具警示函措施的決定》([2023]47號) issued by the CSRC Hubei Bureau and the Decision on Issuing a Regulatory Warning to the Continuous Supervision Institute and the Sponsor Representatives of Hubei Chaozhuo Aviation Technology Co., Ltd. (湖北超卓航空科技股份有限公司) ([2023] No. 41) 《關於對湖北超卓航空科技股份有限公司持續督導機構及保薦代表人予以監管警示的決定》([2023]41號), issued by the SSE, which stated that the CSRC Hubei Bureau took warning letter administrative regulatory measures against and the SSE gave a regulatory warning to the Company and the sponsor representatives. The regulatory letters found that the Company, as one of the sponsors of Hubei Chaozhuo Aviation Technology Co., Ltd., failed to carry out effective investigations and supervision in a timely manner on the verification on proceeds and the documents issued failed to reflect relevant conditions truthfully and accurately. The Company attached great importance to it, made rectification in a timely manner, strengthened the study of relevant rules and cases of continuous supervision and practically urged the issuer to carry out operation as a listed company and improved internal control management.

### **XI. EXPLANATIONS ON THE CREDIT-WORTHINESS OF THE COMPANY, ITS CONTROLLING SHAREHOLDER, AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD**

As at the end of the Reporting Period, the Company did not have any controlling shareholder or de facto controller. During the Reporting Period, there was no failure to comply with any effective court judgement or settle any material debts that have fallen due of the Company or the largest shareholder.

## SECTION VI SIGNIFICANT EVENTS

### XII. MATERIAL RELATED PARTY TRANSACTIONS

#### (I) Related party transactions pertaining to daily operations

**1. *Matters that have been disclosed in interim announcements and have no developments or changes in subsequent implementation***

Applicable  Not applicable

**2. *Matters that have been disclosed in interim announcements and have developments or changes in subsequent implementation***

Applicable  Not applicable

**3. *Matters that have not been disclosed in interim announcements***

Applicable  Not applicable

**4. *Daily related party/connected transactions***

The Company has established a substantially comprehensive system and a scientific and sound organizational framework for the management of related party/connected transactions, ensuring effective overall internal control. The Company strictly complies with the review procedures and information disclosure requirements for related party/connected transactions under the relevant laws and regulatory rules, such as the Company Law, the Securities Law, the Guidelines No.5 of the Shanghai Stock Exchange for Self-regulation of Listed Companies – Transactions and Related Party Transactions (《上海證券交易所上市公司自律監管指引第5號—交易與關聯交易》), the Hong Kong Listing Rules, the Shanghai Stock Exchange Listing Rules, as well as the internal rules such as the Articles of Association, the Management Measures for Related Party Transactions (《關聯交易管理辦法》), and the Implementation Rules for the Management of Related Party (Connected) Transactions (Trial)(《關聯(連)交易管理實施細則(試行)》) of the Company, providing an appropriate control mechanism for related party/connected transactions in respect of various businesses.

During the Reporting Period, the Company conducted routine related party/connected transactions in strict compliance with the Resolution regarding Projected Routine Related Party/Connected Transactions of the Company in 2023 considered and approved at the annual general meeting of 2022.



## SECTION VI SIGNIFICANT EVENTS

Disclosure of related party/connected transactions set out in this section were determined in accordance with the Shanghai Stock Exchange Listing Rules and the Hong Kong Listing Rules, and may differ from the amounts of related party transactions (prepared in accordance with the Accounting Standards for Business Enterprises) in the notes to financial statements. The related party transactions set out in note 72 to the combined financial statements of the Report do not constitute non-exempt connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules, except that the related party transactions between the Company and Guosheng Group and its associates constituted connected transactions and continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules and the Company has complied with the requirements under Chapter 14A of the Hong Kong Listing Rules. For details of these connected transactions, please see the announcement of connected transaction – formation of partnership dated 21 June 2023 and the announcement on continuing connected transactions dated 30 December 2022 of the Company. Save for the above connected transactions, during the Reporting Period, the Company did not have any connected transaction which was disclosable in accordance with the requirements under Chapter 14A of the Hong Kong Listing Rules.

Details of such related party transactions are as follows:

- Continuing connected transactions under the Hong Kong Listing Rules

Reference is made to the announcement on continuing connected transactions of the Company dated 30 December 2022. As at the date of the Report, 10.38% of the Company's equity interest was directly and indirectly held by Guosheng Group. According to Rule 14A.07 of the Hong Kong Listing Rules, Guosheng Group and its associates constitute connected persons of the Company under the Hong Kong Listing Rules. On 30 December 2022, the Company and Shanghai Guosheng Group renewed the Continuing Connected Transactions Framework Agreement for a term commencing from 1 January 2023 and ending on 31 December 2025 (the "**Continuing Connected Transactions Framework Agreement**"). Pursuant to the Continuing Connected Transactions Framework Agreement, the Group and Shanghai Guosheng Group and its associates would conduct the securities and financial products transactions (the "**Securities and Financial Products Transactions**") and the securities and financial services (the "**Securities and Financial Services**") in the course of ordinary business.

The Securities and Financial Products Transactions and the Securities and Financial Services contemplated under the Continuing Connected Transactions Framework Agreement will be conducted in the ordinary course of business of the Group. Such transactions will continue to be negotiated on an arm's length basis on terms that are fair and reasonable to the Group. Given the historical and future long-term cooperation relationship between the Group and Guosheng Group, the Company believes that such transactions would improve the profitability and strengthen the leading position of the Group in the securities industry.

## SECTION VI SIGNIFICANT EVENTS

For the three years ended 31 December 2025, the annual caps for the Securities and Financial Products Transactions between the Group and Guosheng Group and its associates are as follows:

<b>Securities and Financial Products Transactions</b>	<b>Annual caps (RMB in million)</b>		
	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2024</b>	<b>For the year ended 31 December 2025</b>
	Inflow <sup>(1)</sup>	2,500	2,700
Outflow <sup>(2)</sup>	2,100	2,200	2,300

- (1) "Inflow" refers to the total amount of cash inflows of the Group arising from the Securities and Financial Products Transactions, including the sale of fixed income products and equity products, the interest to be received from derivatives related to fixed income products and borrowing/repurchase through financing transactions.
- (2) "Outflow" refers to the total amount of cash outflows of the Group arising from the Securities and Financial Products Transactions, including the purchase of fixed income products and equity products, the interest to be paid for derivatives related to fixed income products and lending/reverse repurchase through financing transactions.

For the three years ended 31 December 2025, the annual caps for the mutual provision of Securities and Financial Services by the Group and Guosheng Group and its associates are as follows:

<b>Securities and Financial Services</b>	<b>Annual caps (RMB in million)</b>		
	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2024</b>	<b>For the year ended 31 December 2025</b>

Total revenue derived from provision of Securities and Financial Services by the Group to Guosheng Group and its associates	100	120	140
Total expenses incurred for Securities and Financial Services provided by Guosheng Group and its associates to the Group	30	30	30

## SECTION VI SIGNIFICANT EVENTS

During the Reporting Period, the Group carried out continuing connected transactions in relation to the Securities and Financial Products Transactions and the Securities and Financial Services with Shanghai Guosheng Group and its associates, details of which are as follows:

*Unit: 0'000 Currency: RMB*

<b>Transaction</b>	<b>Estimated annual cap for 2023</b>	<b>Actual transaction amount for 2023</b>
<b>Securities and Financial Products Transactions</b>		
Inflow <sup>(1)</sup>	250,000.00	12,261.22
Outflow <sup>(2)</sup>	210,000.00	333.06
<b>Securities and Financial Services</b>		
Total revenue derived from provision of Securities and Financial Services by the Group to Guosheng Group and its associates	10,000.00	950.59
Total expenses incurred for Securities and Financial Services provided by Guosheng Group and its associates to the Group	3,000.00	147.22

(1) "Inflow" refers to the total amount of cash inflows of the Group arising from the Securities and Financial Products Transactions, including the sale of fixed income products and equity products, the interest to be received from derivatives related to fixed income products and borrowing/repurchase through financing transactions.

(2) "Outflow" refers to the total amount of cash outflows of the Group arising from the Securities and Financial Products Transactions, including the purchase of fixed income products and equity products, the interest to be paid for derivatives related to fixed income products and lending/reverse repurchase through financing transactions.

## SECTION VI SIGNIFICANT EVENTS

### Pricing basis of the continuing connected transactions

#### 1. Pricing Basis of the Securities and Financial Products Transactions

The Securities and Financial Products Transactions are mainly conducted in the national inter-bank bond market in China and the exchange bond market in China, the exchanges (including the stock exchanges, the futures exchanges, the Shanghai Gold Exchange and the China Foreign Exchange Trade System) or the open-end fund market. Such transactions are and will continue to be conducted frequently at prevailing market prices or market rates in the ordinary and usual course of business of the Group. In respect of the transactions conducted in the inter-bank bond market and the exchange bond market in China, the prices shall be determined at the prevailing market prices quoted in the inter-bank bond market and the exchange bond market in China. Such quotations are mainly determined by referring to the market data such as the valuation data, yield curve of underlying securities and financial products released by China Central Depository & Clearing Co., Ltd. (“**CCDC**”), and the trading condition released by China Foreign Exchange Trade System & National Interbank Funding Center (“**NIFC**”). In respect of the transactions conducted in the exchanges, as the exchanges mainly adopt centralized bidding mechanism, the prices shall be determined primarily based on the trading condition of certain securities and financial products in the market. The Company has access to the trading system of the relevant exchanges to obtain the real-time prices of the relevant securities and financial products quoted. In respect of the transactions conducted in the open-end fund market, the prices shall be determined based on the unit net value of the relevant fund products on the date of transaction.

In the ordinary and usual course of business of the Group, the Group may also conduct the Securities and Financial Products Transactions with Guosheng Group and its associates in the OTC market, such as OTC derivatives products. In respect of the securities and financial products subscribed by the Guosheng Group from the Group, the subscription prices and other terms shall be the same as the those in the subscriptions by other investors. Such subscription prices shall be determined by the financial institutions which launched the securities and financial products (or, by the Group where the securities and financial products were launched by the Company), after taking into account the basic information of the assets/business to be invested in. The Group is required to comply with the relevant PRC administrative regulations, rules and measures governing the issuance (including pricing) of securities and financial products. The pricing of OTC derivatives transactions is mainly determined based on (i) pricing models for derivatives, such as Monte Carlo simulation and the B-S model; or (ii) the expected price changes of the underlying assets.

In respect of financing transactions, for the subscription by the Group of the financing instruments issued by Guosheng Group and/or its associates, and for the subscription by Guosheng Group and/or its associates of the financing instruments issued by the Group, the subscription price shall be determined by the issuer of the financing instruments after referring to the valuation of financing instruments with the same credit rating and maturity published by CCDC, and will be the same as the subscription price for the other investors. The Group and Guosheng Group and/or its associates shall comply with and observe the relevant PRC administrative regulations, rules and measures governing the issuance of financial instruments (including pricing). In order to ensure that the above transactions with Guosheng Group and its associates will be entered into on normal commercial terms and to protect the interests of the shareholders as a whole, the Group has adopted internal approval and supervision procedures for the relevant connected transactions. Please refer to the announcement on continuing connected transactions of the Company dated 30 December 2022 for details.

## SECTION VI SIGNIFICANT EVENTS

### 2. *Pricing Basis of the Securities and Financial Services*

In addition to the above Securities and Financial Products provided by the Group to Guosheng Group and its associates, the Group and Guosheng Group and its associates also provide various securities and financial services to each other in the ordinary course of business. The Group charges fees including service fees and commissions for provision of securities and financial services (such as underwriting and sponsorship service and brokerage service). On the other hand, Guosheng Group and its associates also provide securities and financial services (such as entrusted assets management service) to the Group and charge service fees.

The pricing basis of the securities and financial services provided by the Group to Guosheng Group and its associates under the Continuing Connected Transactions Framework Agreement is as follows:

- 1) Underwriting and sponsorship service: The securities underwriting and sponsorship service market is highly competitive, and the commission rates and fees are generally transparent and standardized across the market. The commission and fee rate shall be determined through arm's length negotiation with reference to, among other things, the prevailing market rates or the proceeds from the offer and the rates charged to independent third parties by the Group for the provision of similar services.
- 2) Other investment banking services: The service fee shall be determined through arm's length negotiation between the parties after considering factors including the nature and size of transaction, prevailing market condition and the average fees for similar transactions applicable to independent third parties.
- 3) Brokerage service: The commission rate shall be determined through arm's length negotiation with reference to the prevailing market commission rates of securities (for A-shares on the SSE and B-shares on the SZE, the commission rate shall not exceed 0.3% of the transaction amount or be lower than the fees paid to the relevant stock exchange) or futures of similar type and trading volume.
- 4) Financial product distribution service: The commission charged for financial product distribution service shall be determined with reference to the prevailing market rates, the type of the products distributed and the number of transactions conducted by the investor. The distribution fee for product distribution service shall be determined with reference to the market rates charged by banks and other institutions in respect of the distribution of similar products.
- 5) Entrusted assets management service: The market rate of such service is generally transparent across the market. The service fee shall be determined through arm's length negotiation with reference to factors including the prevailing market rates, the amount of products distributed or size of entrusted assets as well as the complexity of the particular service provided.

## SECTION VI SIGNIFICANT EVENTS

- 6) Financial leasing financial service and factoring financial service: The rates of such services are generally transparent and standardized across the market. The lease interest rates the Group charged to Guosheng Group and its associates shall be determined through arm's length negotiation based on the prevailing funding and management costs plus reasonable profit with reference to factors including the risks of the financial leasing project and the market competition.
- 7) Investment and consultancy services: The fees for investment and consultancy services shall be determined through arm's length negotiation with reference to prevailing market rates of transactions of similar type and size.
- 8) Depository and custody services: Depository and custody service fees shall be determined through arm's length negotiation between the parties with reference to the prevailing market prices and fees charged to independent third parties for the provision of such services.
- 9) Other financial and securities advisory and consultancy services, commodity service, etc: The fees and commissions shall be determined based on applicable laws and regulations, with reference to the prevailing market prices and the nature of transactions.

The pricing basis of the Securities and Financial Services provided by the Guosheng Group and its associates to the Group under the Continuing Connected Transactions Framework Agreement is as follows: (i) in respect of the entrusted assets management service, given the market rate of such service is generally transparent across the market, the service fee shall be determined through arm's length negotiation with reference to factors including the prevailing market rates, the amount of products distributed or the size of entrusted assets; and (ii) in respect of the other Securities and Financial Services, the fees shall be determined based on applicable laws and regulations and with reference to the prevailing market prices and the nature of transactions. To ensure that the above transactions with Guosheng Group and its associates will be entered into on normal commercial terms and to protect the interests of the shareholders as a whole, the Group has adopted internal approval and supervision procedures for the relevant connected transactions. Please refer to the announcement on continuing connected transactions of the Company dated 30 December 2022 for details.

During the Reporting Period, the independent non-executive Directors have reviewed the aforementioned non-exempt continuing connected transactions and confirmed that such transactions have been: (1) entered into in the ordinary and usual course of business of the Group; (2) on normal commercial terms or better; and (3) conducted in accordance with relevant transactions agreements, the terms of which are fair and reasonable and in the interests of the shareholders as a whole.

## SECTION VI SIGNIFICANT EVENTS

The Company's auditor has been engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (amended) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules, details of which are as follows: (1) nothing has come to its attention that caused it to believe that the disclosed continuing connected transactions have not been approved by the Board; (2) for the transactions involving provision of goods or services by the Group, nothing has come to its attention that caused it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group; (3) nothing has come to its attention that caused it to believe that the transactions were not entered into, in all material respects, in accordance with the agreements governing such transactions; and (4) with respect to the aggregate amount of each of the continuing connected transactions set out in the above table, nothing has come to its attention that caused it to believe that the disclosed continuing connected transactions have exceeded the annual caps as set by the Company.

➤ *Routine related party transactions under the Shanghai Stock Exchange Listing Rules*

- (1) Related party transactions with Shanghai Guosheng (Group) Co., Ltd. and Shanghai Guosheng Group Assets Co., Ltd.

Unit: 0'000 Currency: RMB

Transaction	Transaction amount for 2023	Percentage of the amount of similar transactions	Remarks
Net fee and commission income	181.03	0.02%	Asset management fee and commission income received from related parties
Net fee and commission income	37.93	0.00%	Securities trading fee and commission income received from related parties
Net interest income	47.74	0.01%	Net interest income from margin deposits of related parties
Net gains or losses from trading of derivative financial instruments <i>(Note)</i>	120.09	0.34%	During the Reporting Period, the amount of notional principal was RMB109 million As at the end of the Reporting Period, the balance of notional principal was RMB52 million.

*Note:* The realized and unrealized investment income generated from trading of derivatives between the related parties as the counterparties and the Company, with losses shown as negative values.

## SECTION VI SIGNIFICANT EVENTS

Unit: 0'000 Currency: RMB

Item	Balance as at 31 December 2023	Percentage of the amount of similar transactions	Remarks
Accounts receivable	49.49	0.00%	Balance of service fees receivable from related parties
Accounts payable	5,161.44	0.34%	Balance of margin deposits payable to related parties on derivative financial instruments
Accounts payable to brokerage clients	0.02	0.00%	Balance of margin deposits from clients placed by related parties
Derivative financial assets	159.11	0.07%	Balance of derivative financial assets generated from trading of derivatives with related parties

- (2) Related party transactions with companies (other than the Company and its subsidiaries), where the Company's Directors, Supervisors and senior management served as directors or senior management, and other related corporate legal persons

Unit: 0'000 Currency: RMB

Transaction	Transaction amount for 2023	Percentage of the amount of similar transactions	Remarks
Fee and commission income	17,850.97	1.91%	Income from asset management business, income from sales service and income from investment consulting service received from related parties
Fee and commission income	13.21	0.00%	Securities trading fee and commission income received from related parties
Interest income from margin deposits	51.52	0.01%	Interest income from margin deposits of related parties
Interest income from bank deposits	3,553.55	0.90%	Interest income from bank deposits of related parties
Interest expenses on credit repo transactions	155.68	0.45%	During the Reporting Period, the amount of credit repo transactions was RMB8,000 million Period: 1-7 days



## SECTION VI SIGNIFICANT EVENTS

Transaction	Transaction amount for 2023	Percentage of the amount of similar transactions	Remarks
Interest expenses on securities lending transactions	94.13	0.08%	During the Reporting Period, the amount of securities lending transactions was RMB3,650 million Period: 1 day-11 months
Interest expenses on repurchase transactions	16.67	0.01%	During the Reporting Period, the amount of repurchase transactions was RMB1,300 million Period: 1-7 days
Interest expenses on gold leasing	3,073.71	2.58%	During the Reporting Period, the amount of gold leasing was RMB4,740 million Period: 356-365 days
Interest expenses on bank loans	3,010.66	0.76%	Interest expenses on bank loans paid to related parties
Business and management expenses	54.29	0.00%	Expenses such as fund sales service fees paid to related parties
Net gains or losses from trading of derivative financial instruments (Note)	-639.97	-1.82%	During the Reporting Period, the amount of notional principal was RMB77,132 million As at the end of the Reporting Period, the balance of notional principal was RMB10,719 million.

*Note:* The realized and unrealized investment income generated from trading of derivatives between the related parties as the counterparties and the Company, with losses shown as negative values.

## SECTION VI SIGNIFICANT EVENTS

Unit: 0'000 Currency: RMB

Item	Balance as at 31 December 2023	Percentage of the amount of similar transactions	Remarks
Bank deposits	362,119.50	2.64%	Balance of bank deposits placed by the Company with related parties
Accounts receivable	1,305.31	0.11%	Balance of performance fees and prepaid business margin receivable from related parties
Derivative financial assets	1,242.82	0.55%	Balance of derivative financial assets generated from trading of derivatives with related parties
Accounts payable to brokerage clients	4,561.76	0.04%	Balance of margin deposits from clients placed by related parties
Short-term borrowings	181,995.34	5.86%	Balance of short-term borrowings granted by related parties to the Company
Long-term borrowings	32,077.24	0.76%	Balance of long-term borrowings granted by related parties to the Company
Accounts payable	6.14	0.00%	Balance of service fees and unpaid business margin payable to related parties
Financial assets sold under repurchase agreements	483,528.24	4.30%	Balance of financial assets sold under repurchase agreements arising from gold leasing business with related parties
Derivative financial liabilities	1,336.14	1.12%	Balance of derivative financial liabilities generated from trading of derivatives with related parties
Financial liabilities held for trading	286.93	0.01%	Balance of financial liabilities held for trading generated from trading of derivatives with related parties

Certain related legal persons which are securities companies, carried out spot trading with the Company as qualified counterparties. During the Reporting Period, the total trading amount was RMB39,958 million.

## SECTION VI SIGNIFICANT EVENTS

(II) **Related party transactions in relation to the acquisition or disposal of assets or equity interests**

1. ***Matters that have been disclosed in interim announcements and have no developments or changes in subsequent implementation***

Applicable  Not applicable

2. ***Matters that have been disclosed in interim announcements and have developments or changes in subsequent implementation***

Applicable  Not applicable

3. ***Matters that have not been disclosed in interim announcements***

Applicable  Not applicable

4. ***If a performance agreement is involved, the achievement of performance targets during the Reporting Period shall be disclosed***

Applicable  Not applicable

## SECTION VI SIGNIFICANT EVENTS

### (III) Material related party transactions relating to common external investments

1. *Matters that have been disclosed in interim announcements and have no developments or changes in subsequent implementation*

Applicable  Not applicable

2. *Matters that have been disclosed in interim announcements and have developments or changes in subsequent implementation*

Applicable  Not applicable

3. *Matters that have not been disclosed in interim announcements*

Applicable  Not applicable

### (IV) Creditor's rights and debts pertaining to related party transactions

1. *Matters that have been disclosed in interim announcements and have no developments or changes in subsequent implementation*

Applicable  Not applicable

2. *Matters that have been disclosed in interim announcements and have developments or changes in subsequent implementation*

Applicable  Not applicable

3. *Matters that have not been disclosed in interim announcements*

Applicable  Not applicable

## SECTION VI SIGNIFICANT EVENTS

### (V) Financial businesses between the Company and affiliated financial companies, Company controlled financial companies and the related parties

Applicable  Not applicable

### (VI) Others

#### 1. *Connected transactions under the Hong Kong Listing Rules*

Reference is made to the announcement of the Company dated 21 June 2023 in relation to the connected transaction on the formation of the Partnership. Haitong Capital (a wholly-owned subsidiary of the Company) entered into the partnership agreement with Guosheng Group and other independent third parties to jointly set up Shanghai Haitong Leading Area Industry Guiding Fund of Funds Partnership (Limited Partnership) (上海海通引領區產業引導母基金合夥企業(有限合夥)) (tentative name, subject to the approval by the industry and commerce registration authority) (the “**Partnership**”). The Partnership would be established in the form of limited partnership. Pursuant to the partnership agreement, each of Haitong Capital (as a general partner), Guosheng Group (as a limited partner), and other independent third parties (as limited partners) shall make capital commitments of RMB1,300 million, RMB800 million and RMB1,900 million respectively. The Partnership will not be accounted for as a subsidiary of the Company and its financial results will not be consolidated into the Company. Pursuant to the partnership agreement, Haitong Capital serves as the fund manager, providing investment management and other services to the Partnership, and the Partnership shall pay the fund management fee to Haitong Capital.

The Partnership would be jointly promoted and set up by the Company, Shanghai Pudong New District Government and Guosheng Group. The Partnership mainly invests in the strategic emerging industries led by Pudong New Area, including integrated circuits, biopharmaceuticals, artificial intelligence, advanced manufacturing, fintech, and other sectors. On the one hand, the Partnership would facilitate the Company’s implementation of the important mission of the finance sector supporting technological innovation and the development of real economy, and actively serve the strategy of Pudong New Area as a leading area. On the other hand, the Partnership shall serve as a powerful tool for the Company to serve the corporate and institutional customer system, which can not only improve the financial return to investors, but also promote the synergy of various business lines of the Company and drive the development of various businesses of the Company in all respects, which is more conducive to improving the Company’s profit and boosting the long-term core competitiveness of the Company.

## SECTION VI SIGNIFICANT EVENTS

As at the date of the Report, Guosheng Group is a substantial shareholder of the Company, directly or indirectly holding approximately 10.38% of the entire issued share capital of the Company. Therefore, Guosheng Group and its associates are connected persons of the Company under the Chapter 14A of the Hong Kong Listing Rules. Accordingly, the transaction contemplated under the Partnership Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

Pursuant to Rule 14A.81 of the Hong Kong Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. References are made to the announcement dated 28 October 2022 and the supplemental announcement dated 23 November 2022, the Haitong Securities Asset Management No. 1 FOF Single Asset Management Plan of the Series Supporting Private Enterprises on behalf of the Securities Industry (in which the Company acts as a sole trustor) entered into a partnership agreement with Guosheng Group, Shanghai Guosheng Capital Management Co., Ltd. (a wholly-owned subsidiary of Guosheng Group) and other independent third parties to jointly set up a partnership. Therefore, the previous transaction and the partnership agreement shall be aggregated. As the highest applicable percentage ratio on an aggregated basis is more than 0.1% but less than 5%, the previous transaction and the transaction under the partnership agreement are subject to the reporting and announcement requirements, but exempted from the requirements of circular (including independent financial advice) and independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

### **2. *Special audit of related party transactions***

Pursuant to relevant regulations and the requirements of the CSRC Shanghai Bureau's Notice on Matters Concerning Further Strengthening the Supervision of Related Party Transactions of Securities Companies (Hu Zheng Jian Ji Gou Zi [2018] No. 198) 《關於進一步加強證券公司關聯交易監管有關事項的通知》(滬證監機構[2018]198號), the Company has conducted a special audit on related party transactions in 2023. This audit found no instances of non-compliance with the current laws, regulations, rules and systems in the construction of the related party transaction management system, decision-making procedures and information disclosure. The fourth meeting of the eighth session of the Board of Directors of the Company reviewed and approved the Special Audit Report on Related Party Transactions of Haitong Securities Co., Ltd. in 2023.

## SECTION VI SIGNIFICANT EVENTS

### XIII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

#### (I) Custody, contracting and leasing matters

##### 1. Custody

Applicable  Not applicable

##### 2. Contracting

Applicable  Not applicable

##### 3. Leasing

Applicable  Not applicable

#### (II) Guarantees

Unit: Yuan Currency: RMB

#### External guarantees provided by the Company (excluding the guarantees for subsidiaries)

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

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

Total amount of guarantees provided for subsidiaries during the Reporting Period	6,800,000,000
Total balance of guarantees provided for subsidiaries at the end of the Reporting Period (B)	21,417,393,899

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

Total amount of guarantees (A+B)	21,417,393,899
Percentage of total guarantee amount to the net assets of the Company (%)	12.25

Including:

Amount of guarantees provided to shareholders, de facto controller and their related parties (C)	–
Amount of debt guarantees directly or indirectly provided for the guaranteed parties with a gearing ratio exceeding 70% (D)	18,417,393,899
Amount of the portion of total guarantee exceeding 50% of net assets (E)	–
Total amount of the above three types of guarantees (C+D+E)	18,417,393,899

Explanations on outstanding guarantees which may undertake joint and several liability for repayment

## SECTION VI SIGNIFICANT EVENTS

### Information on guarantees

1. On 28 October 2022, the Company held the 33rd meeting of the seventh session of the Board, at which the Resolution on Providing Joint and Several Liability Guarantee for Offshore Debt Financing of an Offshore Wholly-owned Subsidiary was considered and approved, whereby the Company was approved to provide a joint and several liability guarantee for the offshore debt financing (including but not limited to issuance of overseas bonds, medium-and long-term commercial borrowings and other forms of financing in compliance with regulatory requirements) of Haitong International Holdings Limited (an offshore wholly-owned subsidiary of the Company) and its wholly-owned subsidiaries, with a guarantee amount of not more than USD1.0 billion covering debt financing principal (inclusive, or equivalent value in other currencies), interest and other fees to be borne by the borrower, and a guarantee period of not more than seven years (inclusive).

The Company signed the Deed of Guarantee on 20 April 2023, pursuant to which the Company provided a joint and several liability guarantee for the issue of a bond with an amount of RMB4.0 billion which will be due and repayable in 2026 by Haitong International Finance Holdings Limited, an offshore wholly-owned subsidiary of the Company.

The Company signed the Deed of Guarantee on 18 May 2023, pursuant to which the Company provided a joint and several liability guarantee for the issue of a bond with an amount of RMB2.8 billion which will be due and repayable in 2026 by Haitong International Finance Holdings Limited, an offshore wholly-owned subsidiary of the Company.



## SECTION VI SIGNIFICANT EVENTS

2. On 30 March 2021, the Company held the 15th meeting of the seventh session of the Board, at which the Resolution on Providing Joint and Several Liability Guarantee for Offshore Debt Financing of an Offshore Wholly-owned Subsidiary was considered and approved, whereby the Company was approved to provide a joint and several liability guarantee for the offshore bond financing of its offshore wholly-owned subsidiary Haitong Bank, S.A. or subsidiaries thereof, with a guarantee amount of not more than EUR750 million covering bond financing principal (inclusive, or equivalent value in other currencies), interest and other fees to be borne by the borrower, and a guarantee period of not more than 9 years (inclusive).

The Company signed the Letter of Guarantee on 8 February 2022, pursuant to which the Company provided a joint and several liability guarantee for the issue of an EUR bond with an amount of EUR230 million which will be due and repayable in 2025 by Haitong Bank, an offshore wholly-owned subsidiary of the Company.

The Company signed the Deed of Guarantee on 31 May 2022, pursuant to which the Company provided a joint and several liability guarantee for the issue of a bond with an amount of USD150 million which will be due and repayable in 2027 by Haitong Bank, an offshore wholly-owned subsidiary of the Company, and a guarantee period of 66 months.

## SECTION VI SIGNIFICANT EVENTS

3. On 28 August 2020, the Company held the 11th meeting of the seventh session of the Board, at which the Resolution on Providing Joint and Several Liability Guarantee for Offshore Debt Financing of an Offshore Wholly-owned Subsidiary was considered and approved, whereby the Company was approved to provide a joint and several liability guarantee for the offshore debt financing (including but not limited to issuance of overseas bond, medium-and long-term commercial borrowings and other forms of financing in compliance with regulatory requirements) of Haitong Bank (an offshore wholly-owned subsidiary of the Company) or subsidiaries thereof, with a guarantee amount of not more than EUR375 million covering debt financing principal (inclusive, or equivalent value in other currencies), interest and other fees to be borne by the borrower, and a guarantee period of not more than 6 years (inclusive).

On 17 May 2021, the Company signed the Loan Agreement as a guarantor to provide a joint and several liability guarantee of EUR375 million (inclusive, or equivalent value in other currencies) for the syndicated loan of Haitong Bank, an offshore wholly-owned subsidiary of the Company. As of 31 December 2023, the balance of the above guarantee provided by the Company was EUR225 million.

## SECTION VI SIGNIFICANT EVENTS

4. On 25 April 2019, the Company held the 37th meeting of the sixth session of the Board, at which the Resolution on Providing Joint and Several Liability Guarantee for Offshore Debt Financing of an Offshore Wholly-owned Subsidiary was considered and approved, whereby the Company was approved to provide a joint and several liability guarantee for the offshore debt financing (including but not limited to issuance of overseas bond, medium-and long-term commercial borrowings and other forms of financing in compliance with regulatory requirements) of Haitong International Holdings (an offshore wholly-owned subsidiary of the Company) and its wholly-owned subsidiaries, with a guarantee amount of not more than USD670 million covering debt financing principal (inclusive, or equivalent value in other currencies), interest and other fees to be borne by the borrower, and a guarantee period of not more than 10 years (inclusive).

The Company signed the Deed of Guarantee on 12 March 2020, pursuant to which the Company provided a joint and several liability guarantee for the issuance of USD bonds with an amount of USD670 million and an interest rate of 2.107% which will be due and repayable in 2025 by Haitong International Finance Holdings 2015 Limited, an offshore wholly-owned subsidiary of the Company.

## SECTION VI SIGNIFICANT EVENTS

5. The Resolution on Providing Guarantee for the Net Assets of Shanghai Haitong Securities Asset Management Co., Ltd. was considered and approved at the 12th meeting of the fifth session of the Board, whereby the Company was approved by the Board to provide, at any time, guarantees of no more than RMB1,500 million for the net capital of HT Asset Management, to ensure that it maintains adequate net capital. On 9 June 2013, the CSRC Shanghai Bureau issued the Letter on No-objection to the Issuance of Net Capital Guarantee Commitment Letter by Haitong Securities Co., Ltd. to Shanghai Haitong Securities Asset Management Co., Ltd. (Hu Zheng Jian Ji Gou Zi [2013] No. 145), consenting the Company's provision of guarantee commitment of RMB800 million to HT Asset Management. The Company has deducted net capital of RMB800 million and correspondingly increased net capital of HT Asset Management by RMB800 million.

On 29 August 2016, the Resolution on Providing Additional Guarantees for the Net Assets of HT Asset Management and Increasing Contribution to its Registered Capital was considered and approved at the 18th meeting of the sixth session of the Board, pursuant to which the Company was approved to provide additional guarantees of no more than RMB4,000 million for the net capital of HT Asset Management. The Company provided guarantees up to RMB4,000 million for the net capital of HT Asset Management and undertook to provide cash within the abovementioned limit unconditionally to HT Asset Management when it needs cash to carry out business. The guarantees for the net capital are effective from the date of approval by the Board. With regard to this net capital guarantee, HT Asset Management has obtained the No Objection Letter on Haitong Securities Co., Ltd. Issued a Net Capital Guarantee Commitment to Shanghai Haitong Securities Asset Management Co., Ltd. (Hu Zheng Jian Ji Gou Zi [2016] No. 325) from the CSRC Shanghai Bureau.

In December 2021, the Company decreased the amount of guarantee commitment provided for the net capital of HT Asset Management by RMB1,800 million. With regard to such decrease of guarantee amount, HT Asset Management has obtained the No Objection Letter on Haitong Securities Co., Ltd. Deducted the Provision of Part of Net Capital Guarantee Commitment to Shanghai Haitong Securities Asset Management Co., Ltd. (Hu Zheng Jian Ji Gou Zi [2021] No. 532) from the CSRC Shanghai Bureau. As at 31 December 2023, the amount of guarantee commitment provided by the Company for the net capital of HT Asset Management was RMB3,000 million.

## SECTION VI SIGNIFICANT EVENTS

Note: During the Reporting Period, the total amount of external guarantees (excluding guarantees provided for its subsidiaries) provided by Haitong Bank, a subsidiary of the Company, was EUR69,036,692 (equivalent to RMB542,573,168 calculated based on the RMB central parity rate of EUR1=RMB7.8592 in the Interbank Foreign Exchange Market as at 29 December 2023). As at the end of the Reporting Period, the balance of external guarantees (excluding guarantees provided for its subsidiaries) was EUR137,762,861, equivalent to RMB1,082,705,876 calculated based on the RMB central parity rate of EUR1=RMB7.8592 in the Interbank Foreign Exchange Market as at 29 December 2023.

During the Reporting Period, Haitong International, a subsidiary of the Company, provided internal debt financing guarantees. Calculated based on the RMB central parity rates published by China Foreign Exchange Trade System on 29 December 2023 of HK\$1=RMB0.90622, USD1=RMB7.0827 and S\$1=RMB5.3772, the total balance of internal guarantees provided by Haitong International was RMB8,933,384,280. As at the end of the Reporting Period, the total balance thereof was RMB141,654,000.

### (III) Other material contracts

Applicable  Not applicable

## XIV. DESCRIPTION ON THE PROGRESS OF THE USE OF PROCEEDS

Applicable  Not applicable

## XV. DESCRIPTION OF OTHER MATERIAL MATTERS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS

### 1. Capital increase in subsidiaries

#### (1) *Haitong International Holdings' participation in the rights issue of Haitong International*

On 28 March 2023, at the 35th meeting (extraordinary meeting) of the seventh session of the Board of Directors of the Company, the Resolution on Haitong International Holdings Limited's Participation in the Rights Issue of Haitong International Securities Group Limited was considered and approved and Haitong International Holdings was approved to participate in the rights issue of Haitong International Securities, on the basis of 3 shares for every 10 shares. The number of new shares issued under the rights issue of Haitong International Securities is 1,796,460,483, at the rights issue price of HK\$0.65 per share. The total number of issued shares of Haitong International Securities has increased from 6,641,563,594 before the rights issue to 8,438,024,077, with the gross proceed from the rights issue of approximately HK\$1,168 million and the expected net proceed from the rights issue (after deducting all expenses related to the rights issue) of approximately HK\$1,160 million. The number of shares subscribed by Haitong International Holdings under the rights issue is 1,683,199,833, with the subscription amount of approximately HK\$1,094 million. The number of shares held by Haitong International Holdings has increased from 4,510,666,113 before the rights issue to 6,193,865,946 shares, and the shareholding ratio has increased from 67.92% before the rights issue to 73.40%.

## SECTION VI SIGNIFICANT EVENTS

### **(2) Capital increase in Haitong International Holdings Limited**

On 30 August 2023, the 41st meeting of the seventh session of the Board of the Company considered and approved the Resolution on the Capital Contribution to Haitong International Holdings Limited by the Company, approving the Company to make capital contribution of US\$1.0 billion to Haitong International Holdings by using its own domestic funds.

## **2. Other matters on subsidiaries**

### **(1) Provision of the keepwell support for overseas debt financings of overseas subsidiaries**

On 30 March 2023, at the 36th meeting of the seventh session of the Board of Directors of the Company, the Resolution on Provision of the Keepwell Support for Overseas Debt Financings of Overseas Subsidiaries was considered and approved, and the Company was approved to provide the keepwell support of not more than HK\$16 billion (inclusive) (or equivalent currency) for overseas debt financings of Haitong International Holdings, an overseas wholly-owned subsidiary, and Haitong International, an overseas majority-owned subsidiary, and the wholly-owned subsidiaries of the above two subsidiaries, with a duration of not more than 5 years (inclusive).

### **(2) Provision of borrowings to Haitong Futures and its wholly-owned subsidiaries**

On 28 April 2023, at the 37th meeting of the seventh session of the Board of Directors of the Company, the Resolution on Provision of Borrowings to Subsidiaries was considered and approved, and the Company was approved to provide borrowings to Haitong Futures and its wholly-owned subsidiaries.

### **(3) Completion of adjustments to the shareholding structure of Haitong UT Capital**

On 30 November 2021, the Proposal on Adjusting the Shareholding Structure of Haitong UT Capital Group Co., Ltd. (《關於調整海通恒信金融集團有限公司股權架構的議案》) was considered and approved at the 21st meeting of the seventh session of the Board, which proposed to change Haitong UT Capital from an indirect wholly-owned subsidiary to a direct wholly-owned subsidiary of the Company. On 17 August 2023, the equity transfer duly came into effect after being reviewed and approved by the Inland Revenue Department of Hong Kong, and Haitong UT Capital completed the change of its register of members on the same date. Haitong UT Capital has been directly wholly owned by the Company.

### **(4) Completion of the privatization of Haitong International**

On 26 September 2023, the 42nd meeting (extraordinary meeting) of the seventh session of the Board of the Company considered and approved the Resolution on the Privatization of Haitong International Securities Group Limited by Haitong International Holdings Limited, and agreed to approve the plan for privatization of Haitong International by Haitong International Holdings. At 9 a.m. on 11 January 2024, the withdrawal of the listing status of Haitong International from the Hong Kong Stock Exchange took effect and Haitong International was officially delisted.

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### I. CHANGES IN SHARE CAPITAL

#### (I) Table of changes in shares

##### 1. *Table of changes in shares*

During the Reporting Period, there was no change in the total number of shares and share capital structure of the Company. The total number of Shares of the Company was 13,064,200,000, of which 9,654,631,180 were A Shares and 3,409,568,820 were H Shares.

##### 2. *Particulars about changes in shares*

There was no change in the Shares of the Company during the Reporting Period.

##### 3. *Effect of changes in shares on financial indicators such as earnings per share and net assets per share for the most recent year and most recent period (if any)*

Applicable  Not applicable

##### 4. *Other disclosures deemed necessary by the Company or required by securities regulatory authorities*

Applicable  Not applicable

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### (II) Changes in restricted shares

Applicable  Not applicable

As at the end of the Reporting Period, the shareholders of the Company's restricted shares remained unchanged as shown in the table below.

*Unit: Share*

Name of shareholders	Number of restricted shares at the beginning of the year	Number of restricted shares released in the year	Number of restricted shares increased in the year	Number of restricted shares at the end of the year	Reasons for restriction on sale	Date of release for sale
Shanghai Guosheng (Group) Co., Ltd.	781,250,000	0	0	781,250,000	Restriction on sale of non-publicly issued shares	5 August 2024
<b>Total</b>	<b>781,250,000</b>	<b>0</b>	<b>0</b>	<b>781,250,000</b>	/	/



## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

## II. SECURITIES ISSUANCE AND LISTING

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

Unit: Share Currency: RMB

Type of stocks and derivative securities	Date of issuance	Issue price (or rate)	Issue size	Date of listing	Amount approved for listing and trading	Date of termination of trading
<b>Bonds (including enterprise bonds, corporate bonds and debt financial instruments for non-financial enterprises)</b>						
Corporate bonds	25 November 2013	6.18%	RMB2.39 billion	16 December 2013	RMB2.39 billion	25 November 2023
Corporate bonds	14 July 2014	5.85%	RMB0.8 billion	13 August 2014	RMB0.8 billion	14 July 2024
Corporate bonds	22 September 2017	4.99%	RMB5.5 billion	10 October 2017	RMB5.5 billion	22 September 2027
Corporate bonds	27 February 2020	3.01%	RMB5.0 billion	6 March 2020	RMB5.0 billion	27 February 2023
Corporate bonds	19 March 2020	2.99%	RMB3.5 billion	27 March 2020	RMB3.5 billion	19 March 2023
Corporate bonds	30 April 2020	2.38%	RMB5.6 billion	12 May 2020	RMB5.6 billion	30 April 2023
Corporate bonds	30 April 2020	2.88%	RMB0.7 billion	12 May 2020	RMB0.7 billion	30 April 2025
Corporate bonds	25 May 2020	2.70%	RMB6.7 billion	29 May 2020	RMB6.7 billion	25 May 2023
Corporate bonds	11 August 2020	3.53%	RMB6.0 billion	18 August 2020	RMB6.0 billion	11 August 2023
Overseas bonds (U.S. dollar)	13 December 2018	4.50%	RMB0.3 billion	14 December 2018	RMB0.3 billion	13 December 2023
Overseas bonds (EUR)	13 December 2018	3M EURIBOR +1.65%	RMB0.23 billion	14 December 2018	RMB0.23 billion	13 December 2023
Corporate bonds	13 January 2021	3.58%	RMB6.0 billion	20 January 2021	RMB6.0 billion	13 January 2024
Corporate bonds	8 February 2021	3.79%	RMB5.4 billion	19 February 2021	RMB5.4 billion	8 February 2024
Corporate bonds	23 April 2021	3.45%	RMB5.0 billion	30 April 2021	RMB5.0 billion	23 April 2024
Corporate bonds	27 May 2021	3.35%	RMB2.8 billion	1 June 2021	RMB2.8 billion	27 May 2024
Corporate bonds	10 June 2021	3.40%	RMB2.1 billion	16 June 2021	RMB2.1 billion	10 June 2024
Corporate bonds	29 July 2021	3.14%	RMB2.0 billion	4 August 2021	RMB2.0 billion	29 July 2024
Corporate bonds	20 August 2021	3.04%	RMB3.0 billion	25 August 2021	RMB3.0 billion	20 August 2024
Corporate bonds	30 August 2021	3.10%	RMB2.0 billion	3 September 2021	RMB2.0 billion	30 August 2024
Corporate bonds	30 August 2021	3.43%	RMB2.0 billion	3 September 2021	RMB2.0 billion	30 August 2026
Corporate bonds	10 November 2021	3.10%	RMB5.0 billion	15 November 2021	RMB5.0 billion	10 November 2024
Corporate bonds	22 November 2021	3.09%	RMB5.0 billion	25 November 2021	RMB5.0 billion	22 November 2024
Subordinated bonds	12 January 2022	3.18%	RMB5.0 billion	17 January 2022	RMB5.0 billion	12 January 2025
Corporate bonds	20 January 2022	2.84%	RMB5.0 billion	25 January 2022	RMB5.0 billion	25 December 2024
Corporate bonds	21 February 2022	2.90%	RMB2.9 billion	24 February 2022	RMB2.9 billion	21 February 2025
Subordinated bonds	25 February 2022	3.15%	RMB2.0 billion	2 March 2022	RMB2.0 billion	25 February 2025
Corporate bonds	7 March 2022	3.03%	RMB0.5 billion	10 March 2022	RMB0.5 billion	7 March 2025
Subordinated bonds	9 March 2022	3.29%	RMB2.48 billion	14 March 2022	RMB2.48 billion	9 March 2025

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Type of stocks and derivative securities	Date of issuance	Issue price (or rate)	Issue size	Date of listing	Amount approved for listing and trading	Date of termination of trading
Short-term corporate bonds	9 June 2022	2.50%	RMB4.5 billion	14 June 2022	RMB4.5 billion	9 June 2023
Corporate bonds	26 July 2022	2.75%	RMB5.0 billion	29 July 2022	RMB5.0 billion	26 July 2025
Corporate bonds	9 September 2022	2.53%	RMB5.0 billion	15 September 2022	RMB5.0 billion	9 September 2025
Corporate bonds	14 October 2022	2.60%	RMB4.7 billion	19 October 2022	RMB4.7 billion	14 October 2025
Corporate bonds	10 November 2022	2.61%	RMB3.0 billion	15 November 2022	RMB3.0 billion	10 November 2025
Green corporate bonds	13 December 2022	2.90%	RMB2.7 billion	16 December 2022	RMB2.7 billion	20 December 2023
Corporate bonds	8 February 2023	2.95%	RMB2.5 billion	13 February 2023	RMB2.5 billion	8 February 2025
Corporate bonds	8 February 2023	3.23%	RMB3.0 billion	13 February 2023	RMB3.0 billion	8 February 2026
Corporate bonds	6 March 2023	3.11%	RMB2.5 billion	9 March 2023	RMB2.5 billion	6 March 2025
Corporate bonds	6 March 2023	3.26%	RMB1.7 billion	9 March 2023	RMB1.7 billion	6 March 2026
Corporate bonds	22 March 2023	2.97%	RMB3.3 billion	29 March 2023	RMB3.3 billion	22 March 2025
Corporate bonds	22 March 2023	3.10%	RMB2.7 billion	29 March 2023	RMB2.7 billion	22 March 2026
Corporate bonds	24 April 2023	2.89%	RMB2.0 billion	27 April 2023	RMB2.0 billion	24 April 2025
Corporate bonds	24 April 2023	3.05%	RMB4.0 billion	27 April 2023	RMB4.0 billion	24 April 2026
Corporate bonds	18 May 2023	2.94%	RMB3.6 billion	23 May 2023	RMB3.6 billion	18 May 2026
Corporate bonds	18 May 2023	3.10%	RMB1.4 billion	23 May 2023	RMB1.4 billion	18 May 2028
Corporate bonds	15 June 2023	2.73%	RMB3.0 billion	21 June 2023	RMB3.0 billion	15 June 2026
Corporate bonds	15 June 2023	3.07%	RMB2.0 billion	21 June 2023	RMB2.0 billion	15 June 2028
Corporate bonds	25 July 2023	2.72%	RMB2.0 billion	28 July 2023	RMB2.0 billion	25 July 2026
Corporate bonds	25 July 2023	3.05%	RMB2.7 billion	28 July 2023	RMB2.7 billion	25 July 2028
Corporate bonds	18 August 2023	2.67%	RMB3.2 billion	23 August 2023	RMB3.2 billion	18 August 2026
Short-term corporate bonds	15 November 2023	2.68%	RMB5.0 billion	20 November 2023	RMB5.0 billion	25 October 2024
Corporate bonds	24 November 2023	2.95%	RMB1.8 billion	29 November 2023	RMB1.8 billion	24 November 2026

Explanation of the securities issuance during the Reporting Period (for bonds with different interest rates during the lifetime, please explain separately):

For details of the Company's bond issuance, please refer to the section headed "Corporate Bonds".

For existing bonds of subsidiaries during the Reporting Period, please refer to "Financial Report – Bonds payable in the note to the combined financial statements".

## (II) Changes in total number of Shares of the Company and shareholding structure and assets and liabilities structure of the Company

During the Reporting Period, there was no change in the total number of Shares and shareholding structure of the Company as a result of bonus share issuance, transfer into share capital increase, share allotment, issuance of new shares, issuance of shares to specific objects (non-public offering), exercise of warrants, implementation of share award scheme, corporate merger, conversion of convertible corporate bonds into shares, capital reduction, listing of internal employee shares, bond issuance or other reasons.

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

For details of the changes in the assets and liabilities structure of the Company, please refer to “V. Operations during the Reporting Period – (I) Analysis of the consolidated statement of profit or loss” in “Section III. Report of the Board of Directors” in the Report.

### (III) Information on existing internal employee shares

Applicable  Not applicable

## III. INFORMATION ON SHAREHOLDERS AND DE FACTO CONTROLLERS

### (I) Total number of shareholders

Total number of shareholders of ordinary shares as at the end of the Reporting Period 243,367 (of which 243,222 were holders of A Shares and 145 were holders of H Shares)

Total number of shareholders of ordinary shares as at the end of the previous month prior to the date of disclosure of the annual report 241,924 (of which 241,777 were holders of A Shares and 147 were holders of H Shares)

### (II) Table of shareholdings of the top ten shareholders and the top ten shareholders of circulating shares (or shareholders not subject to trading moratorium) as at the end of the Reporting Period

Unit: Share

#### Shareholdings of the top ten shareholders (excluding shares lent through the margin and securities refinancing business)

Name of shareholders (Full name)	Changes in the number of shares during the Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Particulars of shares pledged, marked or frozen		Nature of shareholders
					Particulars of shares	Number of shares	
HKSCC Nominees Limited	-21,339	3,408,709,356	26.09	0	Unknown	-	Foreign legal person
Shanghai Guosheng (Group) Co., Ltd.	0	862,489,059	6.60	781,250,000	Nil	0	State-owned legal person
Shanghai Haiyan Investment Management Company Limited	0	635,084,623	4.86	0	Nil	0	State-owned legal person
Bright Food (Group) Co., Ltd.	5,560,000	480,275,000	3.68	0	Nil	0	State-owned legal person
Shanghai Electric Holding Group Co., Ltd.	-250,000	344,246,418	2.64	0	Nil	0	State
Shenergy Group Company Limited	0	322,162,086	2.47	0	Nil	0	State-owned legal person
China Securities Finance Corporation Limited	0	258,104,024	1.98	0	Nil	0	Others
Shanghai Guosheng Group Assets Co., Ltd.	0	238,382,008	1.82	0	Nil	0	State-owned legal person
Shanghai Jiushi (Group) Co., Ltd.	-5,162,900	230,084,380	1.76	0	Nil	0	State-owned legal person
Shanghai Bailian Group Co., Ltd.	0	214,471,652	1.64	0	Nil	0	State-owned legal person

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### Shareholdings of the top ten shareholders not subject to selling restrictions

Name of shareholders	Number of circulating shares held not subject to selling restrictions	Type and number of shares	
		Type	Number of shares
HKSCC Nominees Limited	3,408,709,356	Overseas listed foreign shares	3,408,709,356
Shanghai Haiyan Investment Management Company Limited	635,084,623	RMB denominated ordinary shares	635,084,623
Bright Food (Group) Co., Ltd.	480,275,000	RMB denominated ordinary shares	480,275,000
Shanghai Electric Holding Group Co., Ltd.	344,246,418	RMB denominated ordinary shares	344,246,418
Shenergy Group Company Limited	322,162,086	RMB denominated ordinary shares	322,162,086
China Securities Finance Corporation Limited	258,104,024	RMB denominated ordinary shares	258,104,024
Shanghai Guosheng Group Assets Co., Ltd.	238,382,008	RMB denominated ordinary shares	238,382,008
Shanghai Jiushi (Group) Co., Ltd.	230,084,380	RMB denominated ordinary shares	230,084,380
Shanghai Bailian Group Co., Ltd.	214,471,652	RMB denominated ordinary shares	214,471,652
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	208,194,248	RMB denominated ordinary shares	208,194,248
Particulars of the repurchase accounting for the top ten shareholders			–
Description of entrusting voting rights, entrusted voting rights, waving voting rights of the above shareholders			–
Explanations on the related relationship or concerted action among the above shareholders	Shanghai Guosheng Group Assets Co., Ltd. is a wholly-owned subsidiary of Shanghai Guosheng (Group) Co., Ltd. Moreover, the Company is not aware of any related relationship among other shareholders or whether they are parties acting in concert as stipulated in the Measures for the Administration of the Takeover of Listed Companies.		
Explanations on the shareholders of preference shares whose voting rights were resumed and their shareholdings			–

- Notes: 1 The nature of shareholders of RMB denominated ordinary shares (A Shares) represents that of accounts registered by such shareholders in Shanghai Branch of China Securities Depository and Clearing Corporation Limited.
- 2 In the table above, overseas listed foreign shares are H Shares. Among the H Shareholders of the Company, HKSCC Nominees Limited held the H Shares on behalf of the non-registered shareholders.
- 3 Shanghai Guosheng Group and its wholly-owned subsidiary, Shanghai Guosheng Group Assets Co., Ltd., hold a total of 1,356.3275 million A Shares and H Shares of the Company, representing 10.38% of the total share capital of the Company; Shanghai Electric Holding Group Co., Ltd. holds a total of 646.9088 million A Shares and H Shares of the Company, representing 4.95% of the total share capital of the Company.
- 4 As the shares of the Company are subject of margin financing and securities lending, the number of shares held by a shareholder is calculated based on the aggregated number of shares and interests held by such shareholder through ordinary securities accounts and credit securities accounts.

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Shares lent by the top ten shareholders through participating in the margin and securities refinancing business

Unit: Share

Name of shareholders (Full name)	Shares held in ordinary accounts and credit accounts at the beginning of the period		Shares lent that have not yet been returned through the margin and securities refinancing business at the beginning of the period		Shares held in ordinary accounts and credit accounts at the end of the period		Shares lent that have not yet been returned through the margin and securities refinancing business at the end of the period	
	Total	Percentage	Total	Percentage	Total	Percentage	Total	Percentage
	number	(%)	number	(%)	number	(%)	number	(%)
Bright Food (Group) Co., Ltd. (光明食品(集團)有限公司)	474,715,000	3.6337	5,560,000	0.0426	480,275,000	3.6763	0	0.0000
Shanghai Electric Holding Group Co., Ltd. (上海電氣控股集團有限公司)	344,496,418	2.6369	50,000	0.0004	344,246,418	2.6350	300,000	0.0023
Shanghai Jiushi (Group) Co., Ltd. (上海久事(集團)有限公司)	235,247,280	1.8007	0	0.0000	230,084,380	1.7612	5,162,900	0.0395
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	200,780,331	1.5369	792,000	0.0061	208,194,248	1.5936	1,468,400	0.0112

Changes in the top ten shareholders over the previous period

Applicable  Not applicable

There was no change in the top ten shareholders as compared to last period.

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Number of shares held by the top ten shareholders subject to trading moratorium and trading moratorium

Applicable  Not applicable

*Unit: Share*

No.	Name of shareholders subject to trading moratorium	Number of shares held subject to trading moratorium	Listing and trading of shares subject to trading moratorium		Trading moratorium
			Available listed trading hours	Number of newly listed trading shares	
1	Shanghai Guosheng (Group) Co., Ltd.	781,250,000	5 August 2024	-	Lock-up period of 48 months

On 5 August 2020, following the completion of non-public issuance of 1,562,500,000 RMB ordinary shares (A Shares) to 13 specific target subscribers (including Shanghai Guosheng Group) by the Company, the total number of Shares of the Company has increased from 11,501,700,000 to 13,064,200,000, of which, the number of H Shares remained at 3,409,568,820, and the number of A Shares has increased from 8,092,131,180 to 9,654,631,180. Following the completion of the issuance, the number of circulating shares not subject to trading moratorium of the Company was 11,501,700,000, and the number of circulating shares subject to trading moratorium was 1,562,500,000 (all are the A Shares of this non-public issuance). The restricted period for part of the restricted shares under the non-public issuance of the Company has expired and released on 5 February 2021 and 7 February 2022, respectively. For details, please refer to the overseas regulatory announcements disclosed by the Company on the Hong Kong Stock Exchange dated 29 January 2021 and 21 January 2022. As of the end of the Reporting Period, the number of circulating shares not subject to trading moratorium in the total number of shares of the Company was 12,282,950,000, and the number of circulating shares subject to trading moratorium was 781,250,000.

## 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 at 31 December 2023, to the best knowledge of the Directors of the Company having made all reasonable enquiries, the following parties (other than the Directors, Supervisors and 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	Type of share	Nature of interests	Number of shares held	Percentage	Percentage	Long position (Note 3)/short position (Note 4) interests in lending pool
					of total issued shares of the Company (%)	of total issued A Shares/H Shares of the Company (%)	
1.	Maunakai Capital Partners (Hong Kong) Limited	H Share	Investment manager	272,590,000	2.09	7.99	Long position
2.	BSA Strategic Fund I	H Share	Beneficial owner	272,590,000	2.09	7.99	Long position
3.	Shi Jing	H Share	Founder of discretionary trust	228,000,000	1.75	6.69	Long position
4.	Wickhams Cay Trust Company Limited	H Share	Trustee (Note 1)	228,000,000	1.75	6.69	Long position
5.	Abhaya Limited	H Share	Interests in controlled corporation (Note 1)	228,000,000	1.75	6.69	Long position
6.	Heyday Trend Limited	H Share	Beneficial owners (Note 1)	228,000,000	1.75	6.69	Long position
7.	Shanghai Guosheng (Group) Co., Ltd. (Note 5)	H Share	Beneficial owner	241,206,000	1.85	7.07	Long position
8.	Shanghai Electric Holding Group Co., Ltd.	A Share	Beneficial owner	1,100,871,067	8.43	11.40	Long position
		H Share	Beneficial owner and interests in controlled corporation (Note 2)	307,409,200	2.35	9.02	Long position
9.	China National Tobacco Corporation	A Share	Beneficial owner	635,084,623	4.86	6.58	Long position

*Note 1:* Heyday Trend Limited holds 228,000,000 H Shares of the Company. Abhaya Limited holds 228,000,000 H Shares of the Company through its wholly-owned Heyday Trend Limited. Abhaya Limited is wholly-owned by Wickhams Cay Trust Company Limited; Shi Yuzhu is a director of Abhaya Limited, and other directors in Abhaya Limited are used to taking orders from Shi Yuzhu. Therefore, Wickhams Cay Trust Company Limited and Shi Yuzhu are deemed to have interest in the 228,000,000 H Shares held by Abhaya Limited.

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

*Note 2:* Shanghai Electric Group Hong Kong Limited (上海電氣集團香港有限公司) holds 4,746,800 H Shares of the Company. Shanghai Electric Group Hong Kong Limited (上海電氣集團香港有限公司) is wholly owned by Shanghai Electric Holding Group Co., Ltd. and thus Shanghai Electric Holding Group Co., Ltd. is deemed to be interested in the 4,746,800 H Shares held by Shanghai Electric Group Hong Kong Limited (上海電氣集團香港有限公司).

*Note 3:* A shareholder has a “long position” if such shareholder has an interest in shares, including interests through holding, selling or issuing financial instruments (including derivatives) under which: (i) such shareholder has a right to purchase the underlying shares; (ii) such shareholder is under an obligation to purchase the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares increases; or (iv) such shareholder has a right to avoid or reduce loss if the price of the underlying shares increases.

*Note 4:* A shareholder has a “short position” if such shareholder borrows shares under a securities borrowing and lending agreement, or holds, sells or issues financial instruments (including derivatives) under which: (i) such shareholder has a right to require another person to subscribe the underlying shares; (ii) such shareholder is under an obligation to deliver the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares declines; or (iv) such shareholder has a right to avoid or reduce loss if the price of the underlying shares declines.

*Note 5:* For the avoidance of doubt, as the scope of the abovementioned interest disclosure is not limited to the actual shares held by the relevant shareholders, there may be differences between the number and percentage of shares held by the relevant shareholders shown in this table and the number and percentage of shares beneficially held by the relevant shareholders disclosed in other parts of the periodic report.

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

### ***Directors, Supervisors and chief executive’s interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations***

As at 31 December 2023, according to the information obtained by the Company and so far as the Directors are aware, none of the Director(s), Supervisor(s) and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporation (as defined under the 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 or short positions which are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or would be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

#### **(IV) Strategic investors or general legal person having become one of the top ten shareholders as a result of placing of new shares**

Applicable     Not applicable



## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### IV. CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

#### (I) Controlling shareholders

##### 1 Legal person

The Company did not have any controlling shareholder and the information about its largest shareholder is as follows:

Name	Shanghai Guosheng (Group) Co., Ltd.
Responsible person or legal representative of the entity	Shou Weiguang (壽偉光)
Date of establishment	26 September 2007
Principal business	Investments in non-financial fields, as the main, and financial field, as the ancillary, capital market operation and asset management, industry research, consultancy of social and economic affairs. Projects subject to approval as required by laws shall be conducted upon approvals by relevant authorities.

##### 2 Natural person

Applicable  Not applicable

##### 3 Special explanation on the absence of a controlling shareholder in the Company

Applicable  Not applicable

The shareholding of the Company is disperse. Shanghai Guosheng Group, the largest shareholder of the Company, and its wholly-owned subsidiary, Shanghai Guosheng Group Assets Co., Ltd., hold 10.38% of the Shares of the Company. HKSCC Nominees Limited held shares on behalf of the non-registered H shareholders.

##### 4 Explanation on changes in the controlling shareholders during the Reporting Period

Applicable  Not applicable

##### 5 Chart of the ownership and controlling relationship between the Company and the controlling shareholders

Applicable  Not applicable

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### (II) De facto controllers

#### 1 *Legal person*

Applicable  Not applicable

#### 2 *Natural person*

Applicable  Not applicable

#### 3 *Special explanation on the absence of a de facto controller in the Company*

Applicable  Not applicable

The shareholding of the Company is dispersed. Shanghai Guosheng Group, the largest shareholder of the Company, and its wholly-owned subsidiary, Shanghai Guosheng Group Assets Co., Ltd., hold 10.38% of the Shares of the Company. HKSCC Nominees Limited held shares on behalf of the non-registered H shareholders.

#### 4 *Explanation on changes in the control power of the Company during the Reporting Period*

Applicable  Not applicable

#### 5 *Chart of the ownership and controlling relationship between the Company and the de facto controllers*

Applicable  Not applicable

#### 6 *The Company controlled by the de facto controllers through a trust or other asset management means*

Applicable  Not applicable

### (III) Other information on controlling shareholders and de facto controllers

Applicable  Not applicable

## V. THE CUMULATIVE NUMBER OF SHARES PLEDGED BY THE CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER OF THE COMPANY AND PARTIES ACTING IN CONCERT WITH IT ACCOUNTED FOR MORE THAN 80% OF THE NUMBER OF SHARES HELD IN THE COMPANY

Applicable  Not applicable

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### VI. OTHER INSTITUTIONAL SHAREHOLDERS HOLDING MORE THAN 10% OF THE SHARES

Applicable  Not applicable

Shanghai Guosheng Group and its wholly-owned subsidiary, Shanghai Guosheng Group Assets Co., Ltd., hold a total of 1,356.3275 million A Shares and H Shares of the Company, representing 10.38% of the total share capital of the Company, of which, Shanghai Guosheng Group holds a total of 1,117.9455 million A Shares and H Shares of the Company, representing 8.56% of the total share capital of the Company; Shanghai Guosheng Group Assets Co., Ltd., holds a total of 238.3820 million A Shares of the Company, representing 1.82% of the total share capital of the Company.

### VII. EXPLANATION OF RESTRICTION OF SHAREHOLDING REDUCTION

Applicable  Not applicable

### VIII. SPECIFIC IMPLEMENTATION OF REPURCHASE, SALE OR REDEMPTION DURING THE REPORTING PERIOD

On 30 August 2023, the Company convened the 41st meeting of the seventh session of the Board, at which the Resolution on the Plan of Repurchase of A Shares of the Company through Centralized Bidding was considered and approved. On 4 September 2023, the Company implemented the initial repurchase of A Shares by way of Centralized Bidding through the trading system of the SSE. On 30 November 2023, the repurchase period of the Company expired, and the Company effectively repurchased 41,507,467 A Shares of the Company, accounting for 0.3177% of the total share capital of the Company, with the highest repurchase price of RMB10.45 per share, the lowest repurchase price of RMB9.69 per share and the average repurchase price of RMB9.98 per share. The total amount of funds used is RMB414,308,486.85 (excluding transaction costs). The monthly reports during the repurchase period are as follows:

<b>Month</b>	<b>Number of shares repurchased (shares)</b>	<b>Highest trading price (RMB/share)</b>	<b>Lowest trading price (RMB/share)</b>	<b>Total amount (RMB, excluding transaction costs)</b>
September 2023	30,267,648	10.45	9.78	303,558,289.35
October 2023	3,535,200	9.87	9.75	34,747,425.31
November 2023	7,704,619	10.03	9.69	76,002,772.19

Save as disclosed above, during the Reporting Period, neither of the Company nor any of its subsidiaries has repurchased, sold or redeemed any listing securities of the Company, other than trading of the securities by the Company or its subsidiaries on behalf of the clients.

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

On 30 January 2024, the Company convened the 3rd meeting of the eighth session of the Board (extraordinary meeting), at which the Resolution on the Plan of Repurchase of A Shares of the Company through Centralized Bidding was considered and approved. The repurchase is the second share repurchase implemented by the Company and is still in progress. Please refer to the following table for the implementation of the second share repurchase:

*Unit: Yuan Currency: RMB*

Name of share repurchase plan	Announcement of Haitong Securities Co., Ltd. on the plan to repurchase A Shares of the Company through Centralized Bidding (the second time)
Date of share repurchase plan disclosed	31 January 2024
Number of shares to be repurchased and percentage to the total share capital (%)	Based on the lower limit of the repurchase amount of RMB300 million and the upper limit of the repurchase price of RMB12.78 per share, the number of shares to be repurchased is approximately 23.47 million, accounting for approximately 0.18% of the total share capital of the Company; based on the upper limit of the repurchase amount of RMB600 million and the upper limit of the repurchase price of RMB12.78 per share, the number of shares to be repurchased is approximately 46.95 million, accounting for approximately 0.36% of the total share capital of the Company.
Amount to be repurchased	No less than RMB300 million (inclusive) and no more than RMB600 million (inclusive)
Period to be repurchased	No more than 3 months from the date when the Board of the Company considers and approves the repurchase plan of A Shares.
Purpose of repurchase	To maintain the Company's value and shareholders' equity
Number of shares repurchased (shares)	As at the date of the Report, the Company has repurchased a total of 18,150,900 A Shares, representing 0.1389% of the total share capital of the Company.
Number of shares repurchased as a percentage of the underlying shares under the stock incentive plan (%), if any	Not applicable
Progress of the Company to reduce shareholding of shares repurchased through centralized price bidding	Not applicable

## SECTION VIII PREFERENCE SHARES

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

## SECTION IX BONDS

### I. ENTERPRISE BONDS, CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

#### (I) Enterprise bonds

Applicable  Not applicable

#### (II) Corporate bonds

##### 1. Basic information of corporate bonds

Details of the existing publicly issued corporate bonds as at the approval date of issuance of the annual report are set out below.

Unit: 100 million Currency: RMB

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether it is exposed to termination of the listing and trading
2013 Corporate Bonds (Tranche 2) (10 Years) of Haitong Securities Co., Ltd.	13 Haitong 06	122313	14 July 2014	14 July 2014	14 July 2024	8	5.85	Simple annualized interest rate	SSE	Public investors, institutional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2017 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to qualified investors	17 Haitong 03	143301	20 September 2017	22 September 2017	22 September 2027	55	4.99	Simple annualized interest rate	SSE	Qualified investors	Bidding, price quotation, price enquiry and trading through agreement	No
2020 Corporate Bonds (Tranche 1) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional investors	20 Haitong 05	163508	29 April 2020	30 April 2020	30 April 2025	7	2.88	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2021 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 01	175630	12 January 2021	13 January 2021	13 January 2024	-	3.58	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2021 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 02	175741	5 February 2021	8 February 2021	8 February 2024	-	3.79	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No

## SECTION IX BONDS

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether it is exposed to termination of the listing and trading
2021 Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 03	175975	22 April 2021	23 April 2021	23 April 2024	50	3.45	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2021 Corporate Bonds (Tranche 4) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 04	188150	26 May 2021	27 May 2021	27 May 2024	28	3.35	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2021 Corporate Bonds (Tranche 5) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 05	188202	9 June 2021	10 June 2021	10 June 2024	21	3.40	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2021 Corporate Bonds (Tranche 6) (Type III) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 06	188458	28 July 2021	29 July 2021	29 July 2024	20	3.14	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2021 Corporate Bonds (Tranche 7) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 07	188571	19 August 2021	20 August 2021	20 August 2024	30	3.04	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2021 Corporate Bonds (Tranche 8) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 08	188663	27 August 2021	30 August 2021	30 August 2024	20	3.10	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2021 Corporate Bonds (Tranche 8) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 09	188664	27 August 2021	30 August 2021	30 August 2026	20	3.43	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2021 Corporate Bonds (Tranche 9) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 10	188962	9 November 2021	10 November 2021	10 November 2024	50	3.10	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No

## SECTION IX BONDS

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether it is exposed to termination of the listing and trading
2021 Corporate Bonds (Tranche 10) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 11	185010	19 November 2021	22 November 2021	22 November 2024	50	3.09	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2022 Subordinated Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional investors	22 Haitong C1	185219	11 January 2022	12 January 2022	12 January 2025	50	3.18	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2022 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional investors	22 Haitong 01	185285	19 January 2022	20 January 2022	25 December 2024	50	2.84	Simple annualized interest rate, and principal to be repaid upon maturity in one lump sum together with the interest	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2022 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	22 Haitong 02	185359	17 February 2022	21 February 2022	21 February 2025	29	2.90	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2022 Subordinated Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	22 Haitong C2	185400	24 February 2022	25 February 2022	25 February 2025	20	3.15	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2022 Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	22 Haitong 03	185448	4 March 2022	7 March 2022	7 March 2025	5	3.03	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2022 Subordinated Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	22 Haitong C3	185472	8 March 2022	9 March 2022	9 March 2025	24.8	3.29	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No



## SECTION IX BONDS

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors		Whether it is exposed to termination of the listing and trading
										Investors	Trading mechanism	
2022 Corporate Bonds (Tranche 4) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	22 Haitong 04	137555	25 July 2022	26 July 2022	26 July 2025	50	2.75	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2022 Corporate Bonds (Tranche 5) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	22 Haitong 05	137799	8 September 2022	9 September 2022	9 September 2025	50	2.53	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2022 Corporate Bonds (Tranche 6) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	22 Haitong 06	137904	13 October 2022	14 October 2022	14 October 2025	47	2.60	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2022 Corporate Bonds (Tranche 7) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	22 Haitong 07	138571	9 November 2022	10 November 2022	10 November 2025	30	2.61	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2023 Corporate Bonds (Tranche 1) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 01	138869	7 February 2023	8 February 2023	8 February 2025	25	2.95	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2023 Corporate Bonds (Tranche 1) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 02	138870	7 February 2023	8 February 2023	8 February 2026	30	3.23	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No

## SECTION IX BONDS

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether it is exposed to termination of the listing and trading
2023 Corporate Bonds (Tranche 2) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 03	115003	3 March 2023	6 March 2023	6 March 2025	25	3.11	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2023 Corporate Bonds (Tranche 2) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 04	115004	3 March 2023	6 March 2023	6 March 2026	17	3.26	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2023 Corporate Bonds (Tranche 3) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 05	115104	21 March 2023	22 March 2023	22 March 2025	33	2.97	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2023 Corporate Bonds (Tranche 3) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 06	115105	21 March 2023	22 March 2023	22 March 2026	27	3.10	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2023 Corporate Bonds (Tranche 4) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 07	115272	21 April 2023	24 April 2023	24 April 2025	20	2.89	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2023 Corporate Bonds (Tranche 4) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 08	115273	21 April 2023	24 April 2023	24 April 2026	40	3.05	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2023 Corporate Bonds (Tranche 5) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 09	115362	17 May 2023	18 May 2023	18 May 2026	36	2.94	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No

## SECTION IX BONDS

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors		Whether it is exposed to termination of the listing and trading
										Investors	Trading mechanism	
2023 Corporate Bonds (Tranche 5) (Type III) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 10	115363	17 May 2023	18 May 2023	18 May 2028	14	3.10	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2023 Corporate Bonds (Tranche 6) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 11	115487	14 June 2023	15 June 2023	15 June 2026	30	2.73	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2023 Corporate Bonds (Tranche 6) (Type III) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 12	115488	14 June 2023	15 June 2023	15 June 2028	20	3.07	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2023 Corporate Bonds (Tranche 7) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 13	115618	24 July 2023	25 July 2023	25 July 2026	20	2.72	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2023 Corporate Bonds (Tranche 7) (Type III) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 14	115619	24 July 2023	25 July 2023	25 July 2028	27	3.05	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2023 Corporate Bonds (Tranche 8) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 15	155828	17 August 2023	18 August 2023	18 August 2026	32	2.67	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2023 Short-term Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong S1	240048	14 November 2023	15 November 2023	25 October 2024	50	2.68	Principal to be repaid upon maturity in one lump sum together with the interest	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No

## SECTION IX BONDS

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether it is exposed to termination of the listing and trading
2023 Corporate Bonds (Tranche 9) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 16	240306	23 November 2023	24 November 2023	24 November 2026	18	2.95	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2024 Corporate Bonds (Tranche 1) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	24 Haitong 01	240454	21 February 2024	22 February 2024	22 February 2027	10	2.58	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2024 Corporate Bonds (Tranche 1) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	24 Haitong 02	240587	21 February 2024	22 February 2024	22 February 2029	50	2.75	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2024 Corporate Bonds (Tranche 2) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	24 Haitong 03	240643	4 March 2024	5 March 2024	5 March 2027	17	2.50	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2024 Corporate Bonds (Tranche 2) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	24 Haitong 04	240644	4 March 2024	5 March 2024	5 March 2029	33	2.70	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2024 Corporate Bonds (Tranche 3) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	24 Haitong 05	240748	19 March 2024	20 March 2024	20 March 2027	41	2.55	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No
2024 Corporate Bonds (Tranche 3) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	24 Haitong 06	240749	19 March 2024	20 March 2024	20 March 2029	30	2.69	Simple annualized interest rate	SSE	Professional investors	Bidding, price quotation, price enquiry and trading through agreement	No

As of the date of the annual report of the Company, 21 Haitong 01 and 21 Haitong 02 had been repaid and delisted.

## SECTION IX BONDS

*The Company's countermeasures to the risks of termination of listing and trading of bonds*

Applicable  Not applicable

*Outstanding obligation of overdue bonds*

Applicable  Not applicable

*Payment of interest and repayment of principal of bonds during the Reporting Period*

Applicable  Not applicable

<b>Name of Bonds</b>	<b>Description of payment of interest and repayment of principal</b>
2013 Corporate Bonds (Tranche 1) (10 Years) of Haitong Securities Co., Ltd.	Repayment and delisting completed on 25 November 2023
2020 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to qualified investors	Repayment and delisting completed on 27 February 2023
2020 Corporate Bonds (Tranche 2) (Type I) of Haitong Securities Co., Ltd. publicly issued to qualified investors	Repayment and delisting completed on 19 March 2023
2020 Corporate Bonds (Tranche 1) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional investors	Repayment and delisting completed on 30 April 2023
2020 Corporate Bonds (Tranche 2) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional investors	Repayment and delisting completed on 25 May 2023
2020 Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	Repayment and delisting completed on 11 August 2023
2022 Short-term Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. non-publicly issued to professional investors	Repayment and delisting completed on 9 June 2023
2022 Green Corporate Bonds (Specially Devoted to Carbon Neutrality) (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	Repayment and delisting completed on 20 December 2023
2013 Corporate Bonds (Tranche 2) (10 Years) of Haitong Securities Co., Ltd.	Annual payment of interest completed on 14 July 2023
2017 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to qualified investors	Annual payment of interest completed on 22 September 2023
2020 Corporate Bonds (Tranche 1) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 30 April 2023
2021 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 13 January 2023
2021 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 8 February 2023
2021 Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 23 April 2023
2021 Corporate Bonds (Tranche 4) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 27 May 2023

## SECTION IX BONDS

Name of Bonds	Description of payment of interest and repayment of principal
2021 Corporate Bonds (Tranche 5) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 10 June 2023
2021 Corporate Bonds (Tranche 6) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 29 July 2023
2021 Corporate Bonds (Tranche 7) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 20 August 2023
2021 Corporate Bonds (Tranche 8) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 30 August 2023
2021 Corporate Bonds (Tranche 8) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 30 August 2023
2021 Corporate Bonds (Tranche 9) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 10 November 2023
2021 Corporate Bonds (Tranche 10) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 22 November 2023
2022 Subordinated Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 12 January 2023
2022 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 20 January 2023
2022 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 21 February 2023
2022 Subordinated Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 25 February 2023
2022 Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 7 March 2023
2022 Subordinated Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 9 March 2023
2022 Corporate Bonds (Tranche 4) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	Annual payment of interest completed on 26 July 2023
2022 Corporate Bonds (Tranche 5) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	Annual payment of interest completed on 9 September 2023
2022 Corporate Bonds (Tranche 6) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	Annual payment of interest completed on 14 October 2023
2022 Corporate Bonds (Tranche 7) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	Annual payment of interest completed on 10 November 2023

### 2. *The triggering and performance of issuer or investor option terms, investor protection terms*

Applicable  Not applicable

None of the subsisting corporate bonds of the Company include any option terms, and the investor provisions provisions have not been triggered or performed.

## SECTION IX BONDS

3. *Intermediaries providing services for bond issuance and business over the duration*

Name of intermediary	Office address	Name of signatory accountants	Contact persons	Tel
CITIC Securities Company Limited	22nd and 23rd floor, CITIC Securities Mansion, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	-	Nie Lei, Qi Jihua, Kang Yaran	86-010-60838888 86-010-60833046
CSC Financial Co., Ltd.	2/F, Kaiheng Center B, No.2 Chaonei Dajie, Dongcheng District, Beijing	-	Geng Hua	86-010-65608396
Guosen Securities Company Limited	Floor 4, Guosen Securities Tower, No. 6 Xingsheng Street, Financial Street, Xicheng District, Beijing	-	Guo Rui, He Junxian	86-010-88005006
Shenwan Hongyuan Securities Co., Ltd.	45th Floor, 989 Changle Road, Xuhui District, Shanghai	-	Duan Yaping	86-021-33389437
GF Securities Co., Ltd.	37th Floor, Taikang Insurance Tower, No. 429 North Nanquan Road, Pudong New Area, Shanghai	-	Ma Qian, Zhang Yicheng	86-020-6633888
Caitong Securities Co., Ltd.	2002, East Building, Caitong Shuangguan Building, No. 198 Tianmushan Road, Xihu District, Hangzhou, Zhejiang	-	Zhao Meng	86-0571-87220821
BOC International (China) Co., Ltd.	7/F, No. 110 Xidan North Avenue, Xicheng District, Beijing	-	Guo Man	86-010-66229111
Huatai United Securities Co., Ltd.	20/F, Block E, Poly Plaza, No. 18 Dongfang Road, Pudong New Area, Shanghai	-	Yang Jinlin, Li Jing	86-021-20426486
PricewaterhouseCoopers Zhong Tian LLP	11/F, PricewaterhouseCoopers Center, Link Square 2, 202 Hu Bin Road, Huangpu District, Shanghai	Xu Kangwei, Liu Wei	Xu Kangwei	86-021-23238888
Deloitte Touche Tohmatsu Certified Public Accountants LLP	21st Floor, the Bund Center, No. 222, Yan'an East Road, Shanghai	Hu Xiaojun, Gong Mingliang	Hu Xiaojun	86-021-61412068
Shanghai AllBright Law Offices	11th and 12th Floor, Shanghai Tower, No. 501, Yincheng Middle Road, Pudong New Area, Shanghai	-	Pei Zhenyu, Xiao Wenyan	86-021-20511000
China Chengxin International Credit Rating Co., Ltd.	Room 60101, Building 1, No.2, Nanzhugan Hutong, Dongcheng District, Beijing	-	Qiao Shuang	86-010-66428877

## SECTION IX BONDS

Bond symbol			Lead underwriter	Trustee
13 Haitong 06	17 Haitong 03	20 Haitong 05	CITIC Securities Company Limited	CITIC Securities Company Limited
21 Haitong 01	21 Haitong 02	21 Haitong 03	CITIC Securities Company Limited	
21 Haitong 04	21 Haitong 05	21 Haitong 06	CSC Financial Co., Ltd.	
21 Haitong 07	21 Haitong 08	21 Haitong 09	Guosen Securities Company Limited	CITIC Securities Company Limited
21 Haitong 10	21 Haitong 11	22 Haitong 01	Shenwan Hongyuan Securities Co., Ltd.	
22 Haitong 02	22 Haitong 03			
22 Haitong C1	22 Haitong C2	22 Haitong C3	CITIC Securities Company Limited	CITIC Securities Company Limited
22 Haitong 04	22 Haitong 05	22 Haitong 06		
22 Haitong07	23 Haitong 01	23 Haitong 02		
23 Haitong 03	23 Haitong 04	23 Haitong 05	CITIC Securities Company Limited	
23 Haitong 06	23 Haitong 07	23 Haitong 08		CITIC Securities Company Limited
23 Haitong 09	23 Haitong 10	23 Haitong 11	Shenwan Hongyuan Securities Co., Ltd.	
23 Haitong 12	23 Haitong 13	23 Haitong 14		
23 Haitong 15				
23 Haitong S1			GF Securities Co., Ltd. Caitong Securities Co., Ltd. BOC International (China) Co., Ltd.	GF Securities Co., Ltd.
23 Haitong 16			CITIC Securities Company Limited GF Securities Co., Ltd. Guosen Securities Company Limited	CITIC Securities Company Limited



## SECTION IX BONDS

*Changes in the above intermediaries*

<b>Name of intermediary</b>	<b>Reason for change</b>	<b>Procedure completed</b>	<b>Effect on bond investors' interest</b>
Industrial Securities Co., Ltd.	Bonds underwritten due for repayment	–	Nil
Minsheng Securities Co., LTD.	Bonds underwritten due for repayment	–	Nil

**4. Use of proceeds at the end of the Reporting Period***Unit: 100 million Currency: RMB*

<b>Name of Bonds</b>	<b>Total amount of proceeds</b>	<b>Used amount</b>	<b>Unused amount</b>	<b>Operation of the special account for proceeds (if any)</b>	<b>Rectification on illegal use of proceeds (if any)</b>	<b>Whether it is consistent with the purpose, use plan and other agreements promised in the prospectus</b>
2023 Corporate Bonds (Tranche 1) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	25	25	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 1) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	30	30	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 2) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	25	25	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 2) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	17	17	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 3) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	33	33	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 3) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	27	27	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 4) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	20	20	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 4) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	40	40	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 5) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	36	36	0	Nil	Nil	Yes

## SECTION IX BONDS

Name of Bonds	Total amount of proceeds	Used amount	Unused amount	Operation of the special account for proceeds (if any)	Rectification on illegal use of proceeds (if any)	Whether it is consistent with the purpose, use plan and other agreements promised in the prospectus
2023 Corporate Bonds (Tranche 5) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	14	14	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 6) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	30	30	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 6) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	20	20	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 7) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	20	20	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 7) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	27	27	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 8) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	32	32	0	Nil	Nil	Yes
2023 Short-term Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	50	50	0	Nil	Nil	Yes
2023 Corporate Bonds (Tranche 9) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	18	18	0	Nil	Nil	Yes

*The solicitation of the proceeds for construction projects and operating benefits*

Applicable  Not applicable

*Explanations of changing the use of proceeds from above-mentioned bonds during the Reporting Period*

Applicable  Not applicable

*Other explanations*

Applicable  Not applicable

## SECTION IX BONDS

### 5. Adjustment of credit rating result

Applicable  Not applicable

#### Other explanations

Applicable  Not applicable

### 6. The implementation and change of the guarantees, repayment plan and other repayment supporting measures during the Reporting Period and its impact

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
The existing corporate bonds are unguaranteed bonds.	Normal	No	-	-	-	-
The redemption and interest payment of agreements on the repayment plan in the corporate bond prospectus is strictly performed.	Normal	No	-	-	-	-
The debt repayment supporting measures include formulating the Bondholder Meeting Rules, establishing special repayment work team, giving full play to the role of trustee and strictly performing information disclosure obligation, etc.	Normal	No	-	-	-	-

### 7. Further description of corporate bonds

Applicable  Not applicable

Please refer to “Financial Report – Bonds Payable in Notes to Consolidated Financial Statements” for more details on the consolidated subsidiaries’ corporate bonds subsisted as at the end of the Reporting Period.

## SECTION IX BONDS

### (III) Debt financial instruments of inter-bank bond market for non-financial enterprises

Applicable  Not applicable

### (IV) The Company's losses in the consolidated financial statements during the Reporting Period exceeded 10% of the net assets as at the end of the previous year

Applicable  Not applicable

### (V) Overdue interest-bearing debts as at the end of the Reporting Period, excluding the bonds

Applicable  Not applicable

### (VI) Impact of the violation of the requirements of laws and regulations, the Articles of Association, management system of information disclosure, and the agreements or commitments as described in the prospectus in connection with issuance of bonds on the bond investors during the Reporting Period

Applicable  Not applicable

### (VII) Accounting data and financial indicators of the Company for the recent two years as of the end of the Reporting Period

Unit: 100 million Currency: RMB

Key indicators	2023	2022	Movement for the period compared with the last corresponding period (%)	Reasons of change
Net profit attributable to the shareholders of the listed company after deducting non-recurring gains and losses	2.71	59.02	-95.40	Decrease of profit
Liquidity ratio	1.81	1.94	-6.70	
Quick ratio	1.81	1.94	-6.70	
Gearing ratio (%)	73.03	72.16	1.21	
EBITDA total debt ratio	0.04	0.06	-33.33	Decrease of profit
Interest coverage ratio	1.10	1.62	-32.10	Decrease of profit Decrease of net cash flow from
Cash interest coverage ratio	1.38	2.04	-32.35	operating activities
EBITDA interest coverage ratio	1.21	1.74	-30.46	Decrease of profit
Loan repayment ratio (%)	100	100	-	
Interest payment ratio (%)	100	100	-	

## II. CONVERTIBLE CORPORATE BONDS

Applicable  Not applicable

# Independent Auditor's Report

To the Shareholders of

**Haitong Securities Co., Ltd.**

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

## OPINION

### What we have audited

The consolidated financial statements of Haitong Securities Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 277 to 470, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of total comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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 International Standards on Auditing ("ISAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## Independent Auditor's Report

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matters identified in our audit are summarised as follows:

- Provision of expected credit loss for advances to customers on margin financing, financial assets held under resale agreements, finance lease receivables and receivables arising from sale and leaseback arrangements
- Consolidation of structured entities
- Valuation of financial assets at fair value through profit or loss classified as Level 3 Financial Instruments

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
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<p><b>(1) Provision of expected credit loss (“ECL”) for advances to customers on margin financing, financial assets held under resale agreements, finance lease receivables and receivables arising from sale and leaseback arrangements:</b></p>	
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Refer to Notes 40, 32, 26 and 27 to the consolidated financial statements.

As at 31 December 2023, advances to customers on margin financing, financial assets held under resale agreements, finance lease receivables and receivables arising from sale and leaseback arrangements are RMB71,880 million, RMB37,447 million, RMB20,809 million and RMB81,390 million respectively, with credit impairment loss allowance of RMB3,462 million, RMB663 million, RMB917 million, and RMB1,874 million provided accordingly. The credit impairment losses for the aforesaid financial assets recognized in the consolidated statement of profit or loss of the Group for the year ended 31 December 2023 is RMB2,725 million.

The credit loss allowances as at 31 December 2023 for the aforesaid financial assets represented Management's best estimates of the ECL in accordance with International Financial Reporting Standard 9: "Financial Instruments".

We obtained an understanding of Management's assessment process of ECL for advances to customers on margin financing, financial assets held under resale agreements, finance lease receivables and receivables arising from sale and leaseback arrangements. We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors such as complexity, subjectivity and sensitivity to potential material misstatement caused by management bias or fraud in the estimation.

We evaluated and tested the Group's internal controls relating to the measurement of ECL for the aforesaid financial assets, which included:

- |   |  |
|---|--|
| <p>(i) Governance over ECL models, including the selection and approval of methodologies and models; and the ongoing monitoring and fine tuning of such models;</p> |  |
|---|--|

## Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>(1) Provision of expected credit loss (“ECL”) for advances to customers on margin financing, financial assets held under resale agreements, finance lease receivables and receivables arising from sale and leaseback arrangements: (continued)</b></p> <p>Management applied a three-stage impairment model to calculate the ECL for the aforesaid financial assets. For financial assets classified under Stages 1 and 2, Management assessed credit loss allowances using the risk parameter modelling approach that incorporated key parameters, including exposure at default and probability of default or loss rate after taking into consideration forward looking factors. For credit-impaired financial assets classified under Stage 3, Management assessed the credit loss allowance by estimating the future cash flows after taking into consideration forward looking factors.</p> <p>Management assesses the credit allowances for the aforesaid financial assets at each reporting date. The measurement model for ECL involves significant management judgements and assumptions, primarily including:</p> <ul style="list-style-type: none"> <li>(i) Selection of the appropriate models and parameters;</li> <li>(ii) Determination of the criteria for significant increase in credit risk (“SICR”), credit defaults and credit impairment;</li> <li>(iii) Projection of macroeconomic variables for forward looking scenarios and probability weightings.</li> </ul> <p>The Group has established governance processes and controls over the measurement of ECL.</p>	<ul style="list-style-type: none"> <li>(ii) Review and approval of significant management judgements and assumptions, including the criteria for SICR, credit default and credit impairment; and the use of economic indicators for forward-looking measurement, and relative weighting for forward-looking scenarios;</li> <li>(iii) Internal controls over the completeness and accuracy of key data inputs used by the models.</li> </ul> <p>In addition, we also performed the following procedures:</p> <ul style="list-style-type: none"> <li>(i) We examined the ECL modelling methodologies and assessed their reasonableness. We also examined the calculation for model measurement on a sample basis, to test whether or not the models reflect the modelling methodologies documented by Management;</li> <li>(ii) We examined on a sample basis, the quantity, nature and fair value of the collateral under advances to customers on margin financing and financial assets held under resale agreements with further reviews on the collateral ratio and the backstop past due days defined by Management; examined on a sample basis finance lease receivables and receivables arising from sale and leaseback arrangements, with further reviews on the credit analysis performed by Management based on the operating and financial information of the debtors, type of collaterals or guarantors; evaluated the appropriateness of the determination of the criteria for the SICR, credit default and credit impairment for these financial assets;</li> </ul>

## Independent Auditor's Report

### Key Audit Matter

### How our audit addressed the Key Audit Matter

**(1) Provision of expected credit loss ("ECL") for advances to customers on margin financing, financial assets held under resale agreements, finance lease receivables and receivables arising from sale and leaseback arrangements: (continued)**

The Group applied significant management judgements in measuring the ECL and the amounts involved were significant to the Group's financial statements. This led to this matter being identified as a key audit matter.

(iii) We examined major data inputs to the ECL models on a sample basis, including exposure at default and probability of default or loss rate after taking into consideration forward looking factors. For forward-looking measurement, we used statistical methods to evaluate Management's selection of economic indicators and their correlation analysis with credit risk portfolios. We assessed the reasonableness of the predictive economic indicators and performed sensitivity analysis of economic indicators and weightings;

(iv) For credit-impaired assets under Stage 3, we examined, on a sample basis, forecasted future cash flows prepared by Management based on financial information of borrowers and guarantors, latest collateral valuations and other available information together with discount rates in supporting the computation of credit impairment loss allowance.

Based on the procedures performed, the models, key parameters, significant judgements and assumptions adopted by Management in the provision of ECL for these assets and the measurement results were considered acceptable.



## Independent Auditor's Report

### Key Audit Matter

#### (2) Consolidation of structured entities:

Refer to Note 68 Interest in Consolidated Structured Entities to the consolidated financial statements.

The Group acted as asset manager for, or invested in, a number of structured entities.

Management made significant judgements when concluding on whether the Group controlled, and therefore should consolidate these structured entities.

Management has determined that the Group had control of certain structured entities based on their assessment of the Group's power over the entities, its exposure to variable returns from its involvement with those entities and its ability to use its power to affect the amount of its returns from these structured entities. The aggregated assets of all consolidated structured entities directly held by the Group amounted to RMB57,960 million as at 31 December 2023.

The significant judgements exercised by Management in assessing whether the Group had control over the structured entities and the amount of such structured entities on the consolidated statement of financial position of the Group resulted in this matter being identified as a key audit matter.

### How our audit addressed the Key Audit Matter

Our procedures in relation to the assessment of the consolidation scope of structured entities included:

We evaluated and tested the effectiveness of key controls of Management related to the consolidation of structured entities.

We examined, on a sample basis, the contracts from the Group's asset management and investment portfolio to assess the extent of power the Group had over its structured entities; the Group's exposure or rights to variable returns from its involvement with those structured entities; and the relationship between the Group's power and returns with respect to the structured entities.

We traced, on a sample basis, the data used by Management in the quantitative assessment of the Group's variable return exposures back to the applicable contracts and other supporting financial information, and re-performed the mathematical computations to examine the accuracy of the Group's variable return exposures.

Based on the procedures performed above, the judgements made by Management when concluding the structured entities for consolidation were considered acceptable.

## Independent Auditor's Report

### Key Audit Matter

#### (3) Valuation of financial assets at fair value through profit or loss ("FVTPL") classified as Level 3 Financial Instruments:

Refer to Note 74 Financial Risk Management to the consolidated financial statements

As at 31 December 2023, the Group's FVTPL classified as Level 3 financial instrument in the fair value hierarchy ("Level 3 Financial Instruments"), was RMB42,776 million. The fair value of these Level 3 Financial Instruments was measured using valuation techniques that involve significant inputs that were not based on observable market data. These unobservable inputs included liquidity discounts, risk adjusted discount rates, adjusted volatility and market multipliers, etc.

Valuation of the FVTPL classified as Level 3 Financial Instruments was identified as a key audit matter given the size and the significant judgements required in the use of valuation models, critical assumptions and unobservable inputs in the valuation process of these Level 3 Financial Instruments.

### How our audit addressed the Key Audit Matter

We obtained an understanding of Management's process of valuation of Level 3 Financial Instruments and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors such as complexity, subjectivity involved and sensitivity to potential material misstatements caused by management bias or fraud in the estimation.

We evaluated and tested the design and the operating effectiveness of the Group's internal controls over the use, data input and ongoing fine-tuning of valuation models and critical estimates for the valuation of these Level 3 Financial Instruments.

We evaluated the appropriateness of the models used by Management for the valuation of Level 3 Financial Instruments based on our knowledge of current industry practice.

We also evaluated, on a sample basis, the reasonableness of the significant assumptions and the accuracy of the unobservable inputs used for measuring the fair value of Level 3 Financial Instruments with reference to relevant market data.

We performed, on a sample basis, an independent valuation of the Level 3 Financial Instruments and compared our results with the Group's valuation results.

Based on the procedures performed above, the valuation models and inputs used in the valuation of Level 3 Financial Instruments by Management were considered acceptable.

## Independent Auditor's Report

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 IFRS Accounting Standards 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible 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. We report our opinion 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 ISAs 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

As part of an audit in accordance with ISAs, we exercise professional judgment 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 those charged with governance 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 those charged with governance 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

From the matters communicated with those charged with governance, 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 Jack Li.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 28 March 2024

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

	<i>Notes</i>	<b>2023</b>	2022
<b>Revenue</b>			
– Commission and fee income	6	<b>12,497,095</b>	14,668,674
– Interest income	7	<b>18,319,806</b>	17,514,777
– Finance lease income	7	<b>1,722,243</b>	2,302,792
– Investment income and gains (net)	8	<b>481,234</b>	(1,034,439)
		<b>33,020,378</b>	33,451,804
Other income and gains	9	<b>8,744,745</b>	8,528,417
<b>Total revenue, gains and other income</b>		<b>41,765,123</b>	41,980,221
Commission and fee expenses	10	<b>(3,144,130)</b>	(3,083,635)
Interest expenses	11	<b>(15,953,502)</b>	(13,607,710)
Depreciation and amortisation	12	<b>(1,719,390)</b>	(1,581,428)
Staff costs	13	<b>(6,340,923)</b>	(5,785,269)
Impairment losses under expected credit loss model	14	<b>(3,188,708)</b>	(1,665,649)
Impairment losses on other assets	15	<b>(307,518)</b>	(65,121)
Other expenses	16	<b>(10,088,615)</b>	(8,978,954)
<b>Total expenses</b>		<b>(40,742,786)</b>	(34,767,766)
Share of results of associates and joint ventures		<b>543,538</b>	786,581
<b>Profit before income tax</b>		<b>1,565,875</b>	7,999,036
Income tax expense	17	<b>(1,876,918)</b>	(2,802,886)
<b>Profit for the year</b>		<b>(311,043)</b>	5,196,150
<b>Attributable to:</b>			
Shareholders of the Company		<b>1,008,406</b>	6,545,347
Non-controlling interests		<b>(1,319,449)</b>	(1,349,197)
		<b>(311,043)</b>	5,196,150
<b>Earnings per share (Expressed in RMB per share)</b>			
– Basic	18	<b>0.08</b>	0.50
– Diluted	18	<b>0.08</b>	0.50

## CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

	2023	2022
Profit for the year	<b>(311,043)</b>	5,196,150
<b>Other comprehensive (losses)/income:</b>		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains on defined benefit obligations	<b>(34,915)</b>	80,357
Fair value losses on equity instruments measured at fair value through other comprehensive income	<b>(447,908)</b>	(1,553,088)
Income tax impact	<b>82,004</b>	320,322
Subtotal	<b>(400,819)</b>	(1,152,409)
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<b>315,690</b>	563,156
Fair value gains on hedging instrument designated in cash flow hedges	<b>29,871</b>	45,520
Fair value (losses)/gains on hedges of net investments in foreign operations	<b>(122,001)</b>	611,247
Fair value gains/(losses) on debt instruments measured at fair value through other comprehensive income		
– Net fair value changes during the year	<b>606,753</b>	(110,934)
– Reclassification adjustment to profit or loss on disposal	<b>(127,474)</b>	(83,883)
– Reclassification adjustment to profit or loss for expected credit loss	<b>(72,156)</b>	(63,908)
– Income tax relating to components of other comprehensive income	<b>(103,740)</b>	43,913
Share of other comprehensive income of associates and joint ventures, net of related income tax	<b>1,362</b>	8,336
Subtotal	<b>528,305</b>	1,013,447
Other comprehensive income/(losses) for the year (net of tax)	<b>127,486</b>	(138,962)
<b>Total comprehensive income for the year</b>	<b>(183,557)</b>	5,057,188
<b>Attributable to:</b>		
Shareholders of the Company	<b>1,056,543</b>	5,285,587
Non-controlling interests	<b>(1,240,100)</b>	(228,399)
	<b>(183,557)</b>	5,057,188
<b>Total comprehensive income for the period attributable to shareholders of the company arises from:</b>		
Continuing operations	<b>(183,557)</b>	5,052,909
Discontinued operations	–	4,279
	<b>(183,557)</b>	5,057,188

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

	Notes	31 December 2023	31 December 2022
<b>Non-current assets</b>			
Property and equipment	19	16,643,326	17,016,634
Right-of-use assets	20	1,763,167	1,710,529
Investment properties	21	2,635,841	2,641,590
Goodwill	22	3,468,589	3,676,231
Other intangible assets	23	691,445	570,006
Investments accounted for using equity method	25	8,115,626	7,013,714
Finance lease receivables	26	11,248,040	7,102,583
Receivables arising from sale and leaseback arrangements	27	40,593,188	47,847,820
Equity instruments at fair value through other comprehensive income	28	8,010,844	6,096,319
Debt instruments at fair value through other comprehensive income	29	52,676,210	45,975,346
Debt instruments measured at amortised cost	30	5,035,193	5,437,086
Financial assets at fair value through profit or loss	31	24,766,774	25,043,377
Financial assets held under resale agreements	32	2,013,400	50,071
Other loans and receivables	33	548,019	2,518,564
Loans and advances	34	5,155,382	5,031,733
Deferred tax assets	35	4,187,114	4,711,680
Deposits with exchanges	36	163,344	199,937
Restricted bank balances and cash	37	1,980,005	1,769,482
Other non-current assets	39	2,422,443	3,101,022
<b>Total non-current assets</b>		<b>192,117,950</b>	<b>187,513,724</b>
<b>Current assets</b>			
Advances to customers on margin financing	40	68,418,208	67,843,871
Accounts receivable	41	12,167,275	10,394,515
Finance lease receivables	26	8,644,405	12,355,870
Receivables arising from sale and leaseback arrangements	27	38,923,317	36,702,132
Debt instruments at fair value through other comprehensive income	29	8,634,537	6,876,553
Debt instruments measured at amortised cost	30	1,762,587	369,071
Financial assets at fair value through profit or loss	31	196,506,316	184,555,352
Derivative financial assets	42	2,278,555	1,477,167
Financial assets held under resale agreements	32	34,769,832	32,595,078
Other loans and receivables	33	4,742,213	4,209,604
Loans and advances	34	460,278	837,281
Other current assets	43	5,015,395	6,748,623
Placements to banks and other financial institutions	44	330,295	274,445
Deposits with exchanges	36	23,480,478	22,664,637
Clearing settlement funds	45	15,584,378	21,380,695
Deposits with central banks	46	4,252,200	3,245,096
Deposits with other banks	46	111,445	172,872
Bank balances and cash	37	136,387,128	153,392,719
<b>Total current assets</b>		<b>562,468,842</b>	<b>566,095,581</b>
<b>Total assets</b>		<b>754,586,792</b>	<b>753,609,305</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

	<i>Notes</i>	<b>31 December 2023</b>	31 December 2022
<b>Current liabilities</b>			
Borrowings	47	<b>48,942,398</b>	56,864,912
Short-term financing bills payables	48	<b>18,853,059</b>	16,159,094
Bonds payable	49	<b>78,301,231</b>	60,153,220
Accounts payable to brokerage clients	50	<b>106,538,717</b>	115,513,463
Customer accounts	51	<b>4,828,712</b>	3,784,565
Contract liabilities		<b>19,174</b>	25,969
Other payables and accruals	52	<b>22,538,352</b>	21,262,810
Lease liabilities	20	<b>319,896</b>	279,881
Provisions	53	<b>193,964</b>	201,705
Income tax liabilities		<b>851,562</b>	1,729,485
Financial liabilities at fair value through profit or loss	54	<b>13,130,414</b>	5,478,358
Derivative financial liabilities	42	<b>1,190,945</b>	898,419
Financial assets sold under repurchase agreements	55	<b>111,617,827</b>	101,694,357
Placements from banks and other financial institutions	56	<b>12,740,366</b>	3,218,363
Deposits from central banks		<b>89,568</b>	2,133,219
<b>Total current liabilities</b>		<b>420,156,185</b>	389,397,820
<b>Net current assets</b>		<b>142,312,657</b>	176,697,761
<b>Total assets less current liabilities</b>		<b>334,430,607</b>	364,211,485
<b>Non-current liabilities</b>			
Long-term payables	62	<b>4,923,274</b>	5,508,164
Deferred tax liabilities	35	<b>835,048</b>	909,459
Customer accounts	51	<b>1,581,203</b>	1,533,910
Long-term borrowings	47	<b>24,410,822</b>	33,951,333
Bonds payable	49	<b>115,619,049</b>	121,677,698
Deposits from central banks		–	81,911
Other payables and accruals	52	<b>1,242,428</b>	1,723,273
Financial liabilities at fair value through profit or loss	54	<b>7,322,991</b>	17,410,122
Financial assets sold under repurchase agreements	55	<b>946,966</b>	–
Lease liabilities	20	<b>777,269</b>	735,819
Placements from banks and other financial institutions	56	<b>1,971,998</b>	3,057,738
<b>Total non-current liabilities</b>		<b>159,631,048</b>	186,589,427
<b>Total liabilities</b>		<b>579,787,233</b>	575,987,247

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

	<i>Notes</i>	<b>31 December 2023</b>	31 December 2022
<b>Equity</b>			
Share capital	57	<b>13,064,200</b>	13,064,200
Capital reserve		<b>75,764,593</b>	75,007,559
Treasury shares	58	<b>(414,335)</b>	–
Revaluation reserve	59	<b>(401,324)</b>	(624,143)
Translation reserve		<b>(903,252)</b>	(993,170)
General reserves	60	<b>33,798,461</b>	31,438,374
Retained earnings	60	<b>42,335,647</b>	46,699,137
<b>Equity attributable to shareholders the company</b>		<b>163,243,990</b>	164,591,957
Non-controlling interests		<b>11,555,569</b>	13,030,101
<b>Total equity</b>		<b>174,799,559</b>	177,622,058
<b>Total equity and liabilities</b>		<b>754,586,792</b>	753,609,305

The consolidated financial statements on pages 277 to 470 were approved and authorised for issue by the Board of Directors on 28 March 2024 and signed on its behalf by:

**Zhou Jie**  
*Chairman of Board*

**Li Jun**  
*Executive Director and  
General Manager*

**Zhang Xinjun**  
*Chief Financial Officer*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

	Attributable to shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Capital Reserve (Note)	Treasury shares	Revaluation reserves	Translation reserve	General reserve	Retained earnings	Total		
<b>As at 1 January 2023</b>	13,064,200	75,007,559	-	(624,143)	(993,170)	31,438,374	46,699,137	164,591,957	13,030,101	177,622,058
Profit for the year	-	-	-	-	-	-	1,008,406	1,008,406	(1,319,449)	(311,043)
Other comprehensive income for the year	-	-	-	(41,781)	89,918	-	-	48,137	79,349	127,486
<b>Total comprehensive income for the year</b>	-	-	-	(41,781)	89,918	-	1,008,406	1,056,543	(1,240,100)	(183,557)
Shares issued by a subsidiary under rights issue	-	803,151	-	-	-	-	-	803,151	(740,415)	62,736
Other equity instruments issued by a subsidiary (Note 61)	-	-	-	-	-	-	-	-	950,000	950,000
Appropriation to general reserve	-	-	-	-	-	2,360,087	(2,360,087)	-	-	-
Cash dividend recognised as distribution (Note 66)	-	-	-	-	-	-	(2,743,482)	(2,743,482)	-	(2,743,482)
Acquisition of treasury shares	-	-	(414,335)	-	-	-	-	(414,335)	-	(414,335)
Distribution to non-controlling interests and other equity instruments holders	-	-	-	-	-	-	-	-	(473,968)	(473,968)
Share-based payments of a subsidiary	-	543	-	-	-	-	-	543	4,755	5,298
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	264,600	-	-	(264,600)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	3,197	3,197
Others	-	(46,660)	-	-	-	-	(3,727)	(50,387)	21,999	(28,388)
<b>As at 31 December 2023</b>	13,064,200	75,764,593	(414,335)	(401,324)	(903,252)	33,798,461	42,335,647	163,243,990	11,555,569	174,799,559

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

	Attributable to shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Capital Reserve <i>(Note)</i>	Revaluation reserves	Translation reserve	General reserve	Retained earnings	Total		
<b>As at 1 January 2022</b>	13,064,200	74,913,916	305,179	(962,857)	28,313,210	47,504,316	163,137,964	14,616,822	177,754,786
Profit for the year	-	-	-	-	-	6,545,347	6,545,347	(1,349,197)	5,196,150
Other comprehensive income for the year	-	-	(1,229,447)	(30,313)	-	-	(1,259,760)	1,120,798	(138,962)
<b>Total comprehensive income for the year</b>	-	-	(1,229,447)	(30,313)	-	6,545,347	5,285,587	(228,399)	5,057,188
Shares issued by a subsidiary under rights issue	-	-	-	-	-	-	-	-	-
Other equity instruments issued by a subsidiary <i>(Note 61)</i>	-	-	-	-	-	-	-	202,009	202,009
Appropriation to general reserve	-	-	-	-	3,125,164	(3,125,164)	-	-	-
Cash dividend recognised as distribution <i>(Note 66)</i>	-	-	-	-	-	(3,919,260)	(3,919,260)	-	(3,919,260)
Distribution to non-controlling interests and other equity instruments holders	-	-	-	-	-	-	-	(368,138)	(368,138)
Share-based payments of a subsidiary	-	23,914	-	-	-	-	23,914	11,297	35,211
Disposal of equity instruments at fair value through other comprehensive income	-	-	300,125	-	-	(300,125)	-	-	-
Changes in non-controlling interests	-	69,729	-	-	-	-	69,729	(1,198,171)	(1,128,442)
Others	-	-	-	-	-	(5,977)	(5,977)	(5,319)	(11,296)
<b>As at 31 December 2022</b>	13,064,200	75,007,559	(624,143)	(993,170)	31,438,374	46,699,137	164,591,957	13,030,101	177,622,058

*Note:* Capital reserve of the Group represents primarily (i) the share premium arisen from the issuance of the Company's shares, and (ii) the difference between the considerations paid over the proportionate share of net assets attributable to the acquisition of additional interests in subsidiaries.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Profit before income tax	<b>1,565,875</b>	7,999,036
Adjustments for		
Interest expenses	<b>15,953,502</b>	13,607,710
Share of results of associates and joint ventures	<b>(543,536)</b>	(786,581)
Depreciation and amortisation	<b>1,719,390</b>	1,581,428
Impairment losses under expected credit loss model	<b>3,188,708</b>	1,665,649
Impairment losses of other assets	<b>307,518</b>	65,121
Share-based payment of a subsidiary	<b>5,298</b>	23,914
(Gains)/Losses on disposal of property and equipment and other intangible assets	<b>(17,280)</b>	10,715
Foreign exchange gains, net	<b>343,959</b>	425,400
Interest income from debt instruments at fair value through other comprehensive income	<b>(1,662,715)</b>	(1,415,566)
Interest income from debt instruments measured at amortised cost	<b>(277,807)</b>	(119,188)
Dividend income arising from equity instruments at fair value through other comprehensive income	<b>(208,511)</b>	(156,024)
Net gains arising from debt instruments at fair value through other comprehensive income	<b>(174,819)</b>	(193,643)
Net realised gains arising from financial assets at fair value through profit or loss	<b>(348,291)</b>	(1,427,239)
Fair value change of financial instruments at fair value through profit or loss	<b>5,451,806</b>	3,056,495
<b>Operating cash flows before movements in working capital</b>	<b>25,303,097</b>	24,337,227

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

	2023	2022
Decrease/(Increase) in finance lease receivables and receivables arising from sale and leaseback arrangements	<b>3,266,472</b>	(17,079,642)
(Increase)/Decrease in financial assets at fair value through profit or loss and derivative financial assets	<b>(17,257,136)</b>	7,817,801
(Increase)/Decrease in financial assets held under resale agreements	<b>(4,271,792)</b>	6,850,350
Decrease in other loans and receivables	<b>1,042,613</b>	7,825,066
Decrease/(Increase) in loans and advances	<b>279,309</b>	(1,170,068)
(Increase)/Decrease in advances to customers on margin financing	<b>(1,853,725)</b>	6,870,676
Increase in accounts receivables and other current assets	<b>(350,421)</b>	(1,323,711)
(Increase)/Decrease in placements to banks and other financial institutions	<b>(55,827)</b>	84,949
Increase in deposits with exchanges	<b>(779,247)</b>	(5,209,406)
(Increase)/Decrease in deposit with central banks	<b>(664)</b>	6,277
Increase in restricted bank deposits	<b>(244,979)</b>	(352,305)
Decrease in cash held on behalf of clients	<b>11,849,003</b>	8,737,205
Decrease in accounts payable to brokerage clients and other payables and accruals	<b>(9,866,856)</b>	(15,619,488)
Increase/(Decrease) in customer accounts	<b>1,091,440</b>	(626,016)
Decrease in contract liabilities	<b>(6,794)</b>	(130,777)
Decrease in provisions	<b>(5,261)</b>	(7,042)
(Decrease)/Increase in financial liabilities at fair value through profit or loss and derivative financial liabilities	<b>(3,200,574)</b>	6,976,906
Increase in financial assets sold under repurchase agreements	<b>10,870,436</b>	9,782,404
Increase/(Decrease) in placements from banks and other financial institutions	<b>8,436,263</b>	(9,388,557)
Decrease in deposit from central banks	<b>(2,125,561)</b>	(90,483)
Increase/(Decrease) in deposit from other banks	<b>94,065</b>	(72,787)
<b>Cash from operations</b>	<b>22,213,861</b>	28,218,579
Income taxes paid	<b>(2,363,741)</b>	(6,493,838)
Interest paid	<b>(4,948,077)</b>	(3,931,718)
<b>Net cash inflow from operating activities</b>	<b>14,902,043</b>	17,793,023

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

	2023	2022
<b>INVESTING ACTIVITIES</b>		
Dividends received from associates and other investments	<b>334,087</b>	465,822
Dividends received from equity instruments at fair value through other comprehensive income	<b>208,511</b>	156,024
Interest from the debt instruments at fair value through other comprehensive income and amortised cost	<b>1,732,034</b>	1,449,928
Purchases of property and equipment and other intangible assets	<b>(801,677)</b>	(4,657,435)
Disposal of a subsidiary	–	132,053
Proceeds on disposal of property and equipment	<b>137,442</b>	3,101
Cash paid for investments accounted for using equity method	<b>(1,083,500)</b>	(889,182)
Proceeds from partial disposal of associates and joint ventures	<b>192,401</b>	658,983
Purchases of		
Debt instruments at fair value through other comprehensive income	<b>(37,063,660)</b>	(43,590,974)
Financial assets at fair value through profit or loss	<b>(2,241,385)</b>	(2,478,800)
Equity instruments at fair value through other comprehensive income	<b>(4,112,603)</b>	(2,000,033)
Debt instruments measured at amortised cost	<b>(2,000,804)</b>	(2,085,308)
Proceeds from disposal of		
Equity instruments at fair value through other comprehensive income	<b>2,074,932</b>	4,992,803
Debt instruments at fair value through other comprehensive income	<b>29,649,425</b>	27,903,195
Debt instruments measured at amortised cost	<b>1,145,345</b>	1,024,768
Financial assets at fair value through profit or loss	<b>3,026,451</b>	3,631,547
<b>Net cash outflow from investing activities</b>	<b>(8,803,001)</b>	(15,283,508)

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

	2023	2022
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(2,913,604)	(4,178,845)
Proceeds from issuance of subsidiaries' shares	64,302	3,915
Payments on capital returned to non-controlling shareholders	(46,659)	(1,073,544)
Borrowings raised	54,141,336	71,594,305
Interest paid for borrowings and bonds	(10,411,489)	(9,110,155)
Interest paid for perpetual notes	(105,197)	(108,553)
Issuance cost paid for short-term bonds, non-convertible bonds and others	(166,442)	(144,235)
Repayment of lease liabilities	(435,684)	(415,180)
Repayment of borrowings, short-term bonds, non-convertible bonds and others	(170,287,955)	(155,278,389)
Proceeds from non-convertible bonds and short-term financing bills payables	114,035,437	104,859,198
Acquisition of treasury shares	(414,335)	–
Purchase of shares held under the share award scheme	–	(15,231)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(16,540,290)</b>	<b>6,133,286</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(10,441,248)</b>	<b>8,642,801</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>452,774</b>	<b>1,182,232</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>67,530,100</b>	<b>57,705,067</b>
<b>Cash and cash equivalents at the end of period (Note 38)</b>	<b>57,541,626</b>	<b>67,530,100</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 1. GENERAL INFORMATION

Haitong Securities Co., Ltd. (the “Company”) was transformed from Shanghai Haitong Securities Company (上海海通證券公司), which was established in 1988, to a limited liability company upon the authorisation by the People’s Bank of China in September 1994 and changed its name to (海通證券有限公司). Upon approval by the CSRC with the Reply concerning the Overall Change of Haitong Securities Company Limited (海通證券有限公司) into a Joint-stock Limited Liability Company (Zheng Jian Ji Gou Zi [2001] No. 278), on 28 January 2002, Haitong Securities Company Limited (海通證券有限公司) was converted into a joint-stock limited liability company and was renamed as “Haitong Securities Co., Ltd. (海通證券股份有限公司)” with a registered share capital of RMB4,006,093,000. In June 2007, the Company’s merger with former Shanghai Urban Agro-Business Co., Ltd. (上海市都市農商社股份有限公司) was approved by the CSRC, and was listed on the Shanghai Stock Exchange in July in the same year. After its listing, its name was changed to “Haitong Securities”. On 27 April 2012, the Company issued H shares which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

The address of the Company’s registered office is Haitong Securities Building, No. 689 Guangdong Road, Shanghai, China, while the address of the Company’s headquarter is Haitong Bund Finance Plaza, No. 888 South Zhongshan Road, Shanghai, China.

The Company are principally engaged in securities brokerage; proprietary securities activities; securities underwriting and sponsorship; securities investment advisory; financial consultancy related to securities trading and investment activities; direct equity investments; securities investment fund distribution; introducing brokerage business for futures companies; margin financing and securities lending; agency sale of financial products; stock option market-making. The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the consolidated financial statements, the Group has applied the following new and amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”) which are relevant to the Group for the first time in the current year:

### 2.1. New and amended standards adopted by the Group

The Group has adopted the new and amended standards from 1 January 2023 in their first interim financial statements:

- (a) IFRS 17: Insurance Contracts
- (b) Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- (c) Amendments to IAS 8: Definition of Accounting Estimates
- (d) Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- (e) Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

### 2.1. New and amended standards adopted by the Group (Continued)

#### (a) *IFRS 17: Insurance Contracts*

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of discounted probability-weighted cash flows, an explicit risk adjustment, and a contractual service margin (“CSM”) representing the unearned profit of the contract which is recognised as revenue over the coverage period. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The adoption of the amendments does not have a significant impact on the Group’s consolidated financial statements.

#### (b) *Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies*

The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ (being information that, when considered together with other information included in an entity’s financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The adoption of the amendments does not have a significant impact on the Group’s consolidated financial statements.

#### (c) *Amendments to IAS 8: Definition of Accounting Estimates*

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The adoption of the amendments does not have a significant impact on the Group’s consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

#### 2.1. New and amended standards adopted by the Group (Continued)

##### **(d) Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate. The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

##### **(e) Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules**

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules (the Global Anti-Base Erosion Proposal, or 'GloBE') to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate.

In May 2023, the IASB made narrow-scope amendments to IAS 12 which provide a temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

#### 2.1. New and amended standards adopted by the Group (Continued)

##### (e) Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules (Continued)

The amendments also require affected companies to disclose: the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes; their current tax expense (if any) related to the Pillar Two income taxes; and during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity's exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12.

#### 2.2. Impact of standards issued but not yet applied by the Group

The Group has not adopted the following new and amended standards that have been issued but are not yet effective.

			<b>Effective for annual periods beginning on or after</b>
(a)	Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
(b)	Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
(c)	Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
(d)	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

#### 2.2. Impact of standards issued but not yet applied by the Group (Continued)

##### (a) *Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*

Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

### 2.2. Impact of standards issued but not yet applied by the Group (Continued)

#### (b) *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback*

In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

#### (c) *Amendments to IAS 7 and IFRS 7: Supplier finance arrangements*

The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:

The terms and conditions of SFAs.

1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.
2. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.
3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
4. Non-cash changes in the carrying amounts of financial liabilities in (b).
5. Access to SFA facilities and concentration of liquidity risk with finance providers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

#### 2.2. Impact of standards issued but not yet applied by the Group (Continued)

##### (c) *Amendments to IAS 7 and IFRS 7: Supplier finance arrangements (Continued)*

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

##### (d) *Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture*

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committee

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Share-based Payment* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments, which are transacted at fair value and a valuation technique that unobservable input is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### **Basis of consolidation (Continued)**

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

### ***Changes in the Group's ownership interests in existing subsidiaries***

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interest.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Basis of consolidation (Continued)

#### *Changes in the Group's ownership interests in existing subsidiaries (Continued)*

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to shareholder of the company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former shareholders of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed as at the acquisition date. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates of fair value, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less any accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising from an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit, or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

#### Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Investments in associates and joint ventures (Continued)

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Investments in associates and joint ventures (Continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

#### Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Revenue from contracts with customers (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

### *Contract with multiple performance obligations (including allocation of transaction pricing)*

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Revenue from contracts with customers (Continued)

##### *Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation*

###### *Output method*

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

###### *Variable consideration*

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

###### *Principal versus agent*

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified goods or service before that goods or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified goods or service provided by another party before that goods or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Revenue from contracts with customers (Continued)

#### *Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Continued)*

##### *Costs to fulfil a contract*

The Group incurs costs to fulfil a contract in its business activities, e.g. sponsorship services. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- (i) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- (ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (iii) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

### Leases

#### *Definition of 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.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### *The Group as a lessee*

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Leases (Continued)

##### *The Group as a lessee (Continued)*

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of buildings/motor vehicles/machinery and equipment 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 lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

##### *Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

##### *Refundable rental deposits*

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Leases (Continued)

#### *The Group as a lessee (Continued)*

##### *Lease liabilities*

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of assessment.
- the lease payments change due to changes in market rental rates following a market rent review or expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Leases (Continued)

##### *The Group as a lessee (Continued)*

##### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

##### *The Group as a lessor*

##### *Classification and measurement of leases*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term. Upon application of IFRS 16 on 1 January 2019, variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Leases (Continued)

#### *The Group as a lessor (Continued)*

##### *Allocation of consideration to components of a contract*

When a contract includes both leases and non-lease components, the Group applies IFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

##### *Refundable rental deposits*

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

##### *Lease modification*

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

##### *Sale and leaseback transactions*

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

##### *The Group as a buyer-lessor*

For a transfer of asset that does not satisfy the requirements of IFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor does not recognise the transferred asset and recognises a receivable arising from sale and leaseback arrangements equal to the transfer proceeds within the scope of IFRS 9.

For a transfer of asset that satisfies the requirements of IFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor accounts for the purchase of the asset applying applicable standards, and for the lease applying the lessor accounting requirements in accordance with IFRS 16.

### **Leasehold land and building**

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Foreign currencies

In preparing the financial statements of each individual group entities, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in other comprehensive income.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### **Government grants (Continued)**

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

#### **Employee benefits**

##### *Social welfare*

Social welfare expenditure refers to payments for employees' social welfare system established by the Government of the PRC, including social insurance, housing funds and other social welfare contributions. The Group contributes on a monthly basis to these funds based on certain percentage of the salaries of the employees and the contributions are recognised in profit or loss for the period when employees have rendered service entitling them to the contribution. The Group's liabilities in respect of these funds are limited to the contribution payable in the reporting period.

##### *Contributions to pension schemes and annuity plans*

Payments to defined contribution retirement benefits plan are charged as expenses when employees have rendered service entitling them to the contributions. The employees of the Group participate in various defined contribution pension schemes principally organised by municipal and provincial governments (the "Social Security Plans"). The Group contributes for employees based on a certain percentage of their salary and within the limit prescribed by the government to the pension scheme on a monthly basis. The contribution shall be managed and paid to retired employees through labor and social welfare authorities in accordance with the provisions. There are no forfeited contributions in the Social Security Plans. In addition to the above-mentioned Social Security Plans, certain employees participate in the employer-sponsored enterprise annuity plans (the "annuity plans") as well. The Group shall contribute to the annuity plans in accordance with agreed bases and percentages. Forfeited contributions by those employees who leave the annuity plans prior to the full vesting of their contributions are not used to reduce the existing level of contributions and are recorded in the public account of the annuity plans to be attributed to the members of the annuity plans after fulfilling the approval procedures.

##### *Retirement benefit costs and termination benefits*

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Employee benefits (Continued)

##### *Retirement benefit costs and termination benefits (Continued)*

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Employee benefits (Continued)

#### *Retirement benefit costs and termination benefits (Continued)*

- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 for the gross benefits.

#### *Short-term and other long-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in the profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

The liability related to the above supplementary benefit obligations existing at the end of each reporting period, is calculated by independent actuaries using the Projected Unit Credit Method and is recorded as a liability in the consolidated statement of financial position. The liability is determined through discounting the amount of future benefits that the employees are entitled for their services in the current and prior periods. The discount rates are based on the yields of RMB treasury bonds which have terms to maturity approximating the terms of the related liability. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

### Share-based payment transactions

#### *Share options granted to employees*

The Company's subsidiary Haitong International Securities Group Limited ("HISGL") operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity settled transactions").

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Share-based payment transactions (Continued)

##### *Share options granted to employees (Continued)*

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to capital reserve. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to capital reserve.

#### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before income tax as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and the deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### Property and equipment

Property and equipment including leasehold land (classified as finance lease) and building held for use in the production or supply of goods or services, or for administrative purpose (other than construction in progress), are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property and equipment (other than construction in progress) less their residual values over their estimated useful lives, using straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Property and equipment (Continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated residual value rates and useful lives of each class of property and equipment are as follows:

Classes	Estimated residual value rates	Useful lives
Land and buildings	3 – 5%	30 – 40 years
Furniture, fixtures and equipment	3 – 10%	5 – 11 years
Transportation equipment	3 – 10%	5 – 8 years
Electronic equipment	3 – 10%	3 – 5 years
Assets held for operating lease businesses	15%	18 – 25 years
Leasehold improvements	nil	Over the shorter of useful life or the lease term

#### Buildings under development for future shareholder-occupied purpose

When buildings are in the course of development for production or administrative purposes, the amortisation of prepaid lease payment provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management.)

#### Investment properties

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

The above investment properties are depreciated over their estimated useful lives of 30 years and after taking into account their estimated residual value of 3%-5%, using the straight-line method. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### **Investment properties (Continued)**

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

### **Intangible assets**

#### ***Intangible assets acquired separately***

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

#### ***Intangible assets acquired in a business combination***

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

#### ***Derecognition of Intangible assets***

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

#### ***Impairment on property and equipment, right-of-use assets, contract costs and intangible assets other than goodwill***

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Intangible assets (Continued)

#### *Impairment on property and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (Continued)*

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Intangible assets (Continued)

#### *Impairment on property and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) or in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and the amount of the obligation can be reliably estimated.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Financial instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest which are derived from the Group's ordinary course of business are presented as revenue.

#### Financial assets

##### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS 9 initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### *Classification and subsequent measurement of financial assets (Continued)*

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### (i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit – impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

#### (ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of investment revaluation reserve of financial assets at FVTOCI. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in OCI are reclassified to profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Financial instruments (Continued)

#### Financial assets (Continued)

#### *Classification and subsequent measurement of financial assets (Continued)*

#### (iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Investment income and gains (net)" line item in profit or loss.

#### (iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Investment income and gains (net)" line item.

#### *Impairment of financial assets and other items subject to impairment assessment under IFRS 9*

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including loans and advances, other loans and receivables, financial assets held under resale agreements, advances to customers on margin financing, accounts receivable, placements to banks and other financial institutions, deposits with other banks, debt instruments measured at FVTOCI, and other items (lease receivables, contract assets, loan commitments and financial guarantee contracts) which are subject to impairment under IFRS 9. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Financial instruments (Continued)

#### Financial assets (Continued)

#### *Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)*

The Group always recognises lifetime ECL for accounts receivable recognised in accordance with IFRS 15. To measure the ECL, account receivables have been grouped based on shared credit risk characteristics. The Group collectively uses a provision matrix with appropriate aging groupings to assess level of provision rate.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

#### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- Significant degradation of the obligor's actual or expected internal credit risk level or significant decrease of behaviour scores for assessing credit risks;
- Actual or expected significant changes in external credit rating on the obligor or the debts;
- Significant changes in values of collaterals pledged for the debt, which may reduce obligor's economic incentive to make repayments within the term specified in the contract or affect probability of default incurred; for example, the obligor's performance guarantee ability is weakened due to decline in values of pledged securities, the obligor fails to provide supplement collaterals as specified in the contract within a reasonable time or the obligor may have stronger incentive to be in arrears with the debt.
- Actual or expected adverse changes in the obligor's business, financial or economic status, which may result in significant changes in the obligor's debt solvency;
- Overdue information of interests or principals;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Financial instruments (Continued)

#### Financial assets (Continued)

*Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)*

#### (i) Significant increase in credit risk (Continued)

- Significant changes in external market index for credit risks of specific financial instrument or alike financial instrument with the same expected life; for example, the obligor's credit spread, credit default swap price for the obligor or other market information related to the obligor;
- Actual or expected significant changes in quality of credit supports provided by the guarantor, which may reduce obligor's economic incentive to make repayments within the term specified in the contract; for example, if the guarantor will no longer provide financial support for the obligor, that may result in bankruptcy or receivership of the obligor, or increase in probability of these liabilities default when the obligor makes limited payment of operating funds (such as salaries or payments to key suppliers) so as to arrange the payment obligations of financial liabilities at a lower priority.
- Actual or expected significant changes in quality of credit enhancement or support for creditor's rights issued in securitization, which may result in ability decrease of relevant subordinated interest to absorb ECL.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Financial instruments (Continued)

#### Financial assets (Continued)

*Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)*

#### (i) Significant increase in credit risk (Continued)

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for loan commitments and financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when the instrument is more than 90 days past due.

#### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, 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;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Financial instruments (Continued)

#### Financial assets (Continued)

*Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)*

#### (iii) Credit-impaired financial assets (Continued)

- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

#### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

#### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 *Leases*.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Financial instruments (Continued)

#### Financial assets (Continued)

*Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)*

#### (v) Measurement and recognition of ECL (Continued)

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

For ECL on financial guarantee contracts or on loan commitments for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts and loan commitments, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Financial instruments (Continued)

##### *Financial assets (Continued)*

*Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)*

##### (v) Measurement and recognition of ECL (Continued)

For loss on undrawn loan commitments, the loss allowances are the present value of the difference between:

- (a) the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan; and
- (b) the cash flows that the Group expects to receive if the loan is drawn down.

Except for investments in debt instruments that are measured at FVTOCI, loan commitments and financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of account receivables, finance lease receivables, other receivables and prepayments, loans and advances, other loans and receivables, financial assets held under resale agreements, advance to customers on margin financing, placements to banks and other financial institutions, and deposits with other banks, where the corresponding adjustments is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amounts of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Derecognition of financial assets (Continued)*

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### *Financial liabilities and equity instruments*

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

##### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Financial instruments (Continued)

#### *Financial liabilities and equity instruments (Continued)*

#### *Financial liabilities at FVTPL (Continued)*

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivative, and IFRS 9 permits the entire combined contract (assets or liability) to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible loan notes, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

#### *Financial liabilities at amortised cost*

Financial liabilities including deposits from central banks, deposits from other banks, customer accounts, borrowings, short-term financing bills payables, placements from other financial institutions, accounts payable to brokerage clients, bond payables, financial assets sold under repurchase agreements, other payables and amount due to a subsidiary are subsequently measured at amortised cost, using the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Financial instruments (Continued)

#### *Derecognition/non-substantial modification of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

#### *Compound financial instruments*

The component parts of the convertible loan notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, both the debt component and derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible loan notes is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium and share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Financial instruments (Continued)

##### *Derivative financial instruments*

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

All derivatives are recognised as assets when the fair value is positive and as liabilities when the fair value is negative.

##### *Embedded Derivative*

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

##### *Offsetting a financial asset and a financial liability*

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### *Financial assets sold under repurchase agreements and financial assets held under resale agreements*

Financial assets sold under repurchase agreements continue to be recognised, which do not result in derecognition of the financial assets, and are recorded as "FVTOCI" or "FVTPL" as appropriate. The corresponding liability is included in "financial assets sold under repurchase agreements". Financial assets held under resale agreements to resell are recorded as "financial assets held under resale agreements". Financial assets sold under repurchase agreements and financial assets held under resale agreements are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Financial instruments (Continued)

#### *Financial assets sold under repurchase agreements and financial assets held under resale agreements (Continued)*

##### *Financial assets held under resale agreements*

Financial assets that have been purchased under agreements with a commitment to resell at a specific future date are not recognised in the statement of financial position. The cost of purchasing such assets is presented under “financial assets held under resale agreements” in the consolidated statement of financial position.

##### *Financial assets sold under repurchase agreements*

Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognised in the statement of financial position. The proceeds from selling such assets are presented under “financial assets sold under repurchase agreements” in the consolidated statement of financial position.

### *Hedge accounting*

The Group designates certain derivatives and bank loans for cash flow hedges, or hedges of net investments in foreign operations.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

#### *Assessment of hedging relationship and effectiveness*

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Financial instruments (Continued)

##### *Hedge accounting (Continued)*

##### *Assessment of hedging relationship and effectiveness (Continued)*

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

##### *Cash flow hedges*

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the other income and gains line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

##### *Hedges of net investments in foreign operations*

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains or losses" line item.

Gains or losses on the hedging instrument relating to the effective portion of hedge accumulated in the translation reserve are reclassified to profit or loss on disposal of foreign operation.

##### *Discontinuation of hedge accounting*

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

### Financial instruments (Continued)

#### Hedge accounting (Continued)

##### *Discontinuation of hedge accounting (Continued)*

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

#### *Securities lending*

The Group lends investment securities to clients and the cash collaterals balance required under the securities lending agreements and the interest arisen from these are classified as “accounts payable to brokerage clients”. For those securities held by the Group lent to clients that do not result in the derecognition of financial assets, they are included in related financial assets.

#### *Financial guarantee contracts*

Financial guarantee contract is contract that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument, namely the payment of principal and/or interests. Acceptance includes the honour commitment made by the note sent to customers by the Group. Acceptance is listed as a financial guarantee and credit commitment transaction and is disclosed as contingent liabilities and commitments.

The financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designed as at FVTPL, are subsequently measured at the higher of:

- According to the amount of contractual obligations according to IAS 37; And
- The amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

The financial guarantee contracts issued by Haitong Bank normally have a stated maturity date and a periodic fee, usually paid in advance on a quarterly basis. This fee varies depending on the counterparty risk, the amount and the term of the contract. Therefore, the fair value of the financial guarantee contracts issued by Haitong Bank, at the inception date, equal the initial fee received, which is recognised in the income statement over the period to which it relates. The subsequent periodic fees are recognised in the income statement in period to which they relate.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

#### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENT

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Measurement of ECL

The Group regularly reviews its finance leases receivable, financial assets measurement at amortised cost and debt instruments at fair value through other comprehensive income to assess ECL on a periodic basis.

The Group estimates the amount of loss allowance for ECL on the above mentioned financial assets and finance lease receivables, measuring as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of these financial assets and finance lease receivables. The assessment of the credit risk involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENT (CONTINUED)

### Measurement of ECL (Continued)

The following significant judgements are required in applying the accounting requirements for measuring the ECL:

#### *Significant increase of credit risk*

An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information, which are detailed in note 74.

#### *Models and assumptions used*

The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. Details are set out in note 74.

#### *Forward-looking information*

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Details are set out in note 74.

#### *Probability of default (PD)*

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Details are set out in note 74.

#### *Loss given default (LGD)*

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Details are set out in note 74.

#### **Fair value measurement of financial instruments**

If the market for a financial instrument is not active, the Group estimates fair value by using a valuation technique. Valuation techniques include using recent prices in arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, or discounted cash flow analyses and option pricing models. To the extent practicable, valuation technique makes the maximum use of observable market inputs. However, where observable market inputs are not available, management needs to make estimates and use alternatives on such unobservable market inputs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENT (CONTINUED)

#### Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and an appropriate discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Details of the recoverable amount calculation are set out in Note 24.

#### Principal versus agent consideration (principal)

The Group engages in commodity trading. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods, and the Group has inventory risk.

#### Income taxes

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the period during which such a determination is made.

#### Determination on classification of financial assets

Classification and measurement of financial assets depends on the result of whether the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the business model test.

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of assets is evaluated and their performance measured, the risks that affect the performance of assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or FVTOCI that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the assets was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

When the Group assesses whether the contractual cash flows of the financial assets are consistent with basic lending arrangements, the main judgements are described as below: whether the principal amount may change over the life of the financial asset (for example, if there are prepayments); whether the interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin and cost, associated with holding the financial asset for a particular period of time.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENT (CONTINUED)

### Consolidation of structured entities

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns. 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 listed above.

For structured entities where the Group acts as manager or invests in, the Group considers the scope of its decision-making authority and assesses whether the combination of investments it holds together with its remuneration, credit enhancements and other interests creates exposure to variability of returns from the activities of the structured entities that is of such significance that it indicates that the Group is a principal. The structured entities are consolidated if the Group acts in the role of principal. Details of consolidated structured entities and unconsolidated structured entities are set out in Notes 68 and 69 to the consolidated financial statements respectively.

## 5. SEGMENT REPORTING

Information reported to the chief operating decision maker (the "CODM"), being the board of directors of the Company, for the purposes of resource allocation and assessment of segment performance focuses on the nature of products sold and services provided by the Group, which is also consistent with the Group's basis of organization, whereby the businesses are organized and managed separately as individual strategic business units that offers different products and serves different markets. With changes in environment of security market and constant development of various business activities, the Group will make adjustments to business segments in order to facilitate implementation of the Group's strategic planning and satisfy internal management in the meantime. The Group's business segments are classified in accordance with the requirements of IFRS Accounting Standards, and are based on the internal organization structure, management requirements and internal reporting system. The reporting segments are determined based on business segments. A business segment is a component of the Group with all the following conditions satisfied: (1) such component is able to generate revenue and expenses in the ordinary course of the Group, (2) management of the Group periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance; (3) the Group has access to such component's accounting information including financial position, operating results and cash flows. If two or more business segments have similar economic characteristics or a similar business model, they may be combined as one business segment. Based on its strategic planning and internal management requirements, the Group determines six business segments: wealth management, investment banking, asset management, trading and institution, finance lease and others. Classification of reporting segments is consistent with that of business segments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 5. SEGMENT REPORTING (CONTINUED)

Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management, which are consistent with the accounting and measurement criteria in the preparation of the consolidated financial statements.

Specifically, the Group's operating segments are as follows:

- (1) Wealth Management Segment engages in provision of a full range of financial services and investment solutions to retail and high net-worth clients. Services provided include brokering and dealing in securities and futures, investment consulting, wealth management as well as financial services such as margin financing, security lending, stock pledge, etc.;
- (2) Investment Banking Segment engages in provision of sponsoring and underwriting services to enterprises and government clients for their fund raising activities in equity and debt capital markets, and also engages in provision financial consulting services for enterprises for their corporate actions such as merger and assets restructuring services as well as provision of services related to the National Equities Exchange and Quotations;
- (3) Asset Management Segment engages in provision of investment management services on diversified and comprehensive investment products including asset management, fund management, and private equity management to individual, corporate and institutional clients;
- (4) Trading and Institution Segment engages in provision of stock sales and trading, prime brokerage, stock lending, and stock research in financial markets across the world to global institutional clients, and also engages in provision of market – making services for fixed income, currency and commodity products, futures and options, and derivatives on major exchanges around the world. At the same time, through investment funds and private equity projects, we enhance the synergistic advantages of all business divisions of the group, and focus on exploring investment opportunities with reasonable capital returns, so as to expand customer relations and promote the overall growth of the group's business;
- (5) Finance Lease Segment engages in provision of innovative financial solutions, including finance lease, operating lease, factoring, entrustment loans and relevant consulting to individuals, enterprises and government clients;
- (6) Others Segment engages in provision of other comprehensive financial and information services to institutions clients, including warehouse receipts pledge service, etc.

Segment profit/loss represents the profit earned by/loss measured by each segment without allocation of income tax expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Share of results of associates and joint ventures are allocated to segment profit/loss while the corresponding investments in associates and joint ventures are not allocated to each segment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 5. SEGMENT REPORTING (CONTINUED)

The segment information provided to the CODM for the operating and reportable segments for the years ended 31 December 2023 and 2022 is as follows:

### Operating and Reportable segment

#### For the year ended 31 December 2023

	Wealth management	Investment banking	Asset management	Trading and institution	Finance lease	Others	Consolidated total
<b>Segment revenue and results</b>							
Revenue	14,223,195	4,202,762	2,327,988	5,048,314	7,339,465	(121,346)	33,020,378
Other income and gains	145,172	141,979	147,835	267,445	1,758,103	6,284,211	8,744,745
Segment revenue	14,368,367	4,444,741	2,475,823	5,315,759	9,097,568	6,162,865	41,765,123
Segment expenses	12,032,446	2,791,159	1,544,381	10,718,986	7,185,690	6,470,124	40,742,786
Segment results	2,335,921	1,553,582	931,442	(5,403,227)	1,911,878	(307,259)	1,022,337
Share of results of associates and joint ventures	-	-	503,811	39,727	-	-	543,538
Segment profit before income tax	2,335,921	1,553,582	1,435,253	(5,363,500)	1,911,878	(307,259)	1,565,875
<b>Segment assets and liabilities</b>							
Segment assets	212,754,874	10,826,870	13,432,440	377,284,003	125,071,640	2,914,225	742,284,052
Investments accounted for using equity method	-	-	2,367,565	5,748,061	-	-	8,115,626
Deferred tax assets							4,187,114
Group's total assets							754,586,792
Segment liabilities	171,369,688	4,600,060	5,993,742	290,485,537	105,565,765	937,393	578,952,185
Deferred tax liabilities							835,048
Group's total liabilities							579,787,233
<b>Other segment information</b> (Amounts included in the measure of segment profit or loss)							
Depreciation and amortization	545,479	220,467	173,074	345,413	388,301	46,656	1,719,390
Capital expenditure	353,078	4,538	53,813	206,511	128,295	55,442	801,677
Impairment losses under expected credit loss model	1,303,671	26,540	87,610	210,743	1,529,310	30,834	3,188,708
Impairment losses on other assets	5,746	-	-	273,865	24,487	3,420	307,518

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 5. SEGMENT REPORTING (CONTINUED)

#### Operating and Reportable segment (Continued)

For the year ended 31 December 2022

	Wealth management	Investment banking	Asset management	Trading and institution	Finance lease	Others	Consolidated total
<b>Segment revenue and results</b>							
Revenue	15,073,950	4,532,650	2,729,749	4,202,741	6,898,278	14,436	33,451,804
Other income and gains	179,389	118,528	128,362	262,161	2,075,351	5,764,626	8,528,417
Segment revenue	15,253,339	4,651,178	2,858,111	4,464,902	8,973,629	5,779,062	41,980,221
Segment expenses	8,842,013	2,469,615	1,661,387	8,687,516	7,222,429	5,884,806	34,767,766
Segment results	6,411,326	2,181,563	1,196,724	(4,222,614)	1,751,200	(105,744)	7,212,455
Share of results of associates and joint ventures	-	-	573,871	212,710	-	-	786,581
Segment profit before income tax	6,411,326	2,181,563	1,770,595	(4,009,904)	1,751,200	(105,744)	7,999,036
<b>Segment assets and liabilities</b>							
Segment assets	240,892,803	12,623,014	19,228,728	338,812,314	127,115,674	3,211,378	741,883,911
Investments accounted for using equity method	-	-	2,151,252	4,862,462	-	-	7,013,714
Deferred tax assets							4,711,680
Group's total assets							753,609,305
Segment liabilities	174,524,635	11,665,090	14,673,609	260,136,584	113,871,144	206,726	575,077,788
Deferred tax liabilities							909,459
Group's total liabilities							575,987,247
Other segment information (Amounts included in the measure of segment profit or loss)							
Depreciation and amortization	463,304	195,329	191,127	312,948	371,903	46,817	1,581,428
Capital expenditure	452,065	233,589	90,848	2,172,316	1,689,095	19,522	4,657,435
Impairment losses under expected credit loss model	(462,311)	115,361	(45,391)	469,910	1,578,563	9,517	1,665,649
Impairment losses on other assets	-	-	-	6,551	58,570	-	65,121

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 5. SEGMENT REPORTING (CONTINUED)

### Operating and Reportable segment (Continued)

The Group operates mainly in three principal geographical areas, the mainland China (representing the location of majority of the income from external customers and non-current assets of the Group), Hong Kong and Europe (the operation area of Group's subsidiary). No single customers contribute more than 10% of income to the Group's income for the years ended 31 December 2023 and 2022.

## 6. COMMISSION AND FEE INCOME

	2023	2022
Securities and futures broking fee income	<b>6,815,148</b>	7,645,318
Underwriting and sponsors fee	<b>3,183,399</b>	3,952,650
Asset management fee income (including fund management fee income)	<b>2,004,330</b>	2,305,142
Financial advisory and consultancy fee income	<b>389,264</b>	632,859
Others	<b>104,954</b>	132,705
	<b>12,497,095</b>	14,668,674

The major business types of commission and fee income from customers are as follows:

### (1) Brokerage

The Group provides broking, dealing and handling services for securities, futures and options contracts. Commission income is recognized at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed.

### (2) Investment Banking

The Group provides placing, underwriting or sub-underwriting services to customers for their fund raising activities in equity and debt capital markets, and also structured products arrangement services. Revenue is recognized at a point in time when the relevant placing, underwriting, sub-underwriting or structured products arrangement activities are completed. The Group also provides sponsoring services to clients for their fund raising activities and corporate advisory services to corporate clients for their corporate actions. The Group considers that all the services promised in a particular contract of being a sponsor or corporate advisor are interdependent and interrelated and should therefore be accounted for as a single performance obligation.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 6. COMMISSION AND FEE INCOME (CONTINUED)

#### (3) Asset management

The Group provides asset management and investment advisory services on diversified and comprehensive investment products to customers. The customers simultaneously receive and consumes the benefit provided by the Group, hence the revenue is recognized as a performance obligation satisfied over time. Asset management fee income is charged at a fixed percentage per month of the net asset value of the managed accounts under management of the Group. The Group is also entitled to a performance fee when there is a positive performance for the relevant performance period and it is recognized at the end of the relevant performance period, when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved.

As at 31 December 2023, the Group's most contracts with customers have original expected duration of less than one year.

### 7. INTEREST INCOME

	2023	2022
Bank interest income	<b>3,947,397</b>	3,658,856
Interest income from advances to customers on margin financing	<b>4,178,559</b>	4,644,128
Interest income from loans and receivable	<b>828,016</b>	1,179,067
Interest income from financial assets held under resale agreements	<b>1,776,996</b>	2,061,244
Interest income from debt instruments at fair value through other comprehensive income and amortised cost	<b>1,940,522</b>	1,534,754
Interest income from receivables arising from sale and leaseback arrangements	<b>5,541,080</b>	4,408,262
Other interest income	<b>107,236</b>	28,466
	<b>18,319,806</b>	17,514,777
Finance lease income	<b>1,722,243</b>	2,302,792

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 8. INVESTMENT INCOME AND GAINS (NET)

	2023	2022
Net realised gains arising from financial assets/liabilities at fair value through profit or loss	<b>5,545,854</b>	1,655,595
Fair value change of financial instruments at fair value through profit or loss	<b>(5,451,806)</b>	(3,056,495)
Dividend income from equity instruments at fair value through other comprehensive income	<b>208,511</b>	156,024
Net gains arising from debt instruments at fair value through other comprehensive income	<b>174,819</b>	193,643
Others	<b>3,856</b>	16,794
	<b>481,234</b>	(1,034,439)

### 9. OTHER INCOME AND GAINS

	2023	2022
Income from commodity trading	<b>6,276,777</b>	5,742,280
Government grants	<b>867,556</b>	767,823
Rental income from operating lease	<b>590,328</b>	540,145
Service fee income from finance lease	<b>541,736</b>	1,142,427
Foreign exchange losses	<b>(343,959)</b>	(425,400)
Rental income from investment properties	<b>45,336</b>	13,330
Others	<b>766,971</b>	747,812
	<b>8,744,745</b>	8,528,417

### 10. COMMISSION AND FEE EXPENSES

	2023	2022
Securities and futures dealing and broking expenses	<b>2,811,522</b>	2,733,794
Commission expenses	<b>174,000</b>	238,036
Services expenses for underwriting, financial advisory and others	<b>158,608</b>	111,805
	<b>3,144,130</b>	3,083,635

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 11. INTEREST EXPENSES

	2023	2022
Interest expenses for:		
– Borrowings and overdrafts	3,965,048	2,950,843
– Deposit taken from banks and other financial institutes	169,753	162,550
– Financial assets sold under repurchase agreements	2,753,005	1,951,565
– Accounts payable to brokerage clients	662,843	733,336
– Advances from China Securities Finance Corporation Ltd. (“CSFC”)	401,616	350,117
– Bonds payables and short-term financing bills payable	6,995,860	6,684,671
– Lease liabilities	44,517	40,479
– Others	960,860	734,149
	<b>15,953,502</b>	<b>13,607,710</b>

### 12. DEPRECIATION AND AMORTISATION

	2023	2022
Depreciation of property and equipment	999,568	906,392
Depreciation for right-of-use assets	430,335	444,470
Depreciation of investment properties	59,802	40,709
Amortisation of other intangible assets	229,685	189,857
	<b>1,719,390</b>	<b>1,581,428</b>

### 13. STAFF COSTS

	2023	2022
Staff costs (including directors’ remuneration ( <i>Note 70</i> ))		
Salaries, bonus and allowances	4,545,777	4,157,505
Contributions to annuity plans and retirement schemes ( <i>i</i> )	1,305,678	1,163,325
Other social welfare	489,468	464,439
	<b>6,340,923</b>	<b>5,785,269</b>

- (i) The domestic employees of the Group in the PRC participate in a state-managed retirement benefit scheme operated by the respective local government in the PRC. Apart from the state-managed retirement benefit scheme, the Group also makes monthly contributions to annuity plans at fixed rates of the employees’ salaries and bonuses for the period. The Group operates a post-retirement scheme for its qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The Group’s contributions to these post-retirement plans are charged to profit or loss in the period to which they relate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 13. STAFF COSTS (CONTINUED)

The Group's subsidiary in Portugal operates a defined benefit scheme. The retirement pension liabilities are calculated semi-annually, in 31 December and 30 June of each year, for each plan individually, using the Projected Unit Credit Method, being annually reviewed by qualified independent actuaries of Mercer (Portugal) Lda. The discount rate used in this calculation is determined with reference to market rates associated with high-quality corporate bonds, denominated in the currency in which the benefits will be paid out and with a maturity similar to the expiry date of the plan's liabilities. As at 31 December 2023, the actuarial valuations indicate that the fair value of plan assets of the Group's subsidiary in Portugal represents a liability financing level of 131.81 per cent (31 December 2022: 151.25 per cent). As at 31 December 2023, the present value of defined benefit obligations and fair value of plan assets in respect of this scheme amounted to EUR 40,050 thousand equivalent to RMB314,761 thousand (31 December 2022: EUR 32,916 thousand equivalent to RMB244,332 thousand) and EUR 52,788 thousand equivalent to RMB414,871 thousand (31 December 2022: EUR 49,786 thousand equivalent to RMB369,557 thousand) respectively.

### 14. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

	2023	2022
ECL in respect of:		
– Finance lease receivables	<b>389,658</b>	1,195,233
– Receivables arising from sale and leaseback arrangements	<b>943,300</b>	503,013
– Advances to customers on margin financing	<b>1,257,923</b>	439,044
– Financial assets held under resale agreements	<b>133,709</b>	(953,836)
– Other loans and receivables	<b>368,113</b>	342,906
– Debt instruments at amortised cost	<b>15,391</b>	(1,915)
– Debt instruments at fair value through other comprehensive income	<b>(72,156)</b>	(63,908)
– Loans and advances	<b>(33,918)</b>	6,599
– Other financial assets and other items	<b>186,688</b>	198,513
	<b>3,188,708</b>	1,665,649

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 15. IMPAIRMENT LOSSES ON OTHER ASSETS

	2023	2022
Property and equipment	–	4,945
Goodwill	<b>279,610</b>	–
Investment properties	<b>5,153</b>	–
Other assets	<b>22,755</b>	60,176
	<b>307,518</b>	65,121

### 16. OTHER EXPENSES

	2023	2022
Cost of commodity trading	<b>6,253,786</b>	5,728,277
Administrative expenses	<b>3,366,247</b>	2,877,454
Taxes and surcharges	<b>237,039</b>	241,045
Others	<b>231,543</b>	132,178
	<b>10,088,615</b>	8,978,954

### 17. INCOME TAX EXPENSE

	2023	2022
Current tax	<b>1,475,174</b>	2,346,264
Deferred tax	<b>401,744</b>	456,622
	<b>1,876,918</b>	2,802,886

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate is 25% from 1 January 2008.

The subsidiaries of the Group operated in Hong Kong are subject to Hong Kong Profits Tax, which is calculated at 16.5% on the estimated assessable profits arising in Hong Kong.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 17. INCOME TAX EXPENSE (CONTINUED)

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules (the Global Anti-Base Erosion Proposal, or “GloBE”) to reform international corporate taxation. The Group is conducting a comprehensive evaluation of the impact of the legislation.

A reconciliation of the tax expense applicable to profit before income tax using the applicable rate to the tax expense at the effective tax rate is as follows:

	2023	2022
Profit before income tax	<b>1,565,875</b>	7,999,036
Tax at the statutory tax rate of 25%	<b>391,469</b>	1,999,759
Effect of share of results of associates and joint ventures	<b>(122,653)</b>	(191,638)
Tax effect of expenses not deductible for tax purpose	<b>487,473</b>	975,169
Tax effect of income not taxable for tax purpose	<b>(1,025,893)</b>	(1,142,877)
(Under)/Over provision in prior years	<b>(28,728)</b>	62,412
Utilisation of tax losses previously not recognised	<b>(15,473)</b>	(209,473)
Tax effect of tax losses and deductible temporary differences not recognised	<b>1,328,236</b>	734,709
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>862,487</b>	574,825
<b>Tax charge</b>	<b>1,876,918</b>	2,802,886

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 18. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to shareholders of the Company is as follows:

	2023	2022
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to shareholders of the Company	<b>1,008,406</b>	6,545,347
Effect of dilutive potential ordinary shares:		
Adjustment to the share of profit of subsidiaries based on dilution of their earnings per share ( <i>Note</i> )	–	–
Earnings for the purpose of diluted earnings per share	<b>1,008,406</b>	6,545,347
Number of shares for basic and diluted earnings per share:		
Number of shares in issue (in thousand)	<b>13,055,322</b>	13,064,200
Basic earnings per share (expressed in RMB per share)	<b>0.08</b>	0.50
Diluted earnings per share (expressed in RMB per share)	<b>0.08</b>	0.50

*Note:* The calculation of diluted earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent. The diluted profits of the Group takes into account the potential impact of both convertible bonds issued by a subsidiary of the Company and various share option or share awards schemes operated by a subsidiary of the Company, assuming outstanding convertible bonds were fully converted to ordinary shares and additional shares were issued to relevant employees of each subsidiary on the first day of the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 19. PROPERTY AND EQUIPMENT

	Land and buildings	Leasehold improvements	Electronic equipment	Transportation equipment	Furniture, fixtures and equipment	Construction in progress	Total
<b>Cost</b>							
As at 1 January 2023	11,313,385	992,179	1,976,527	6,768,471	343,873	440,564	21,834,999
Additions during the year	77,090	124,915	338,583	7,296	21,057	117,923	686,864
Disposals during the year	(93,760)	(101,719)	(236,932)	(13,841)	(49,060)	-	(495,312)
Transfer during the year	260,888	74,263	4,235	-	7,317	(346,703)	-
Exchange difference	7,880	7,015	8,989	112,148	4,475	-	140,507
As at 31 December 2023	11,565,483	1,096,653	2,091,402	6,874,074	327,662	211,784	22,167,058
<b>Accumulated depreciation</b>							
As at 1 January 2023	1,234,106	724,374	1,365,632	1,192,413	215,800	-	4,732,325
Provided for the year	312,389	119,397	260,490	275,851	31,441	-	999,568
Eliminated on disposals	-	(49,816)	(225,643)	(12,613)	(40,600)	-	(328,672)
Exchange difference	981	6,394	7,215	19,001	(51)	-	33,540
As at 31 December 2023	1,547,476	800,349	1,407,694	1,474,652	206,590	-	5,436,761
<b>Allowance for impairment losses</b>							
As at 1 January 2023	30,382	-	4,426	50,534	698	-	86,040
Provided for the year	-	-	-	-	-	-	-
Exchange differences	-	-	64	857	10	-	931
As at 31 December 2023	30,382	-	4,490	51,391	708	-	86,971
<b>Carrying amount</b>							
As at 31 December 2023	9,987,625	296,304	679,218	5,348,031	120,364	211,784	16,643,326
As at 31 December 2022	10,048,897	267,805	606,469	5,525,524	127,375	440,564	17,016,634



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 19. PROPERTY AND EQUIPMENT (CONTINUED)

Transportation equipment of the Group includes aircraft held for operating lease businesses, as at 31 December 2023, the cost of aircraft amounts to RMB6,278,279 thousand (31 December 2022: RMB6,173,592 thousand), accumulated depreciation amounts to RMB1,070,329 thousand (31 December 2022: RMB829,587 thousand), allowance for impairment losses amounts to RMB51,391 thousand (31 December 2022: RMB50,534 thousand), and the carrying amounts of aircraft amounts to RMB5,156,559 thousand (31 December 2022: RMB5,293,471 thousand).

As at 31 December 2023, buildings amounted to RMB27,059 thousand were yet to obtain the relevant land and building certificates (31 December 2022: RMB28,259 thousand).

### 20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

#### Right-of-use assets

	Leasehold land and buildings	Electronic equipment	Transportation equipment	Others	Total
<b>Cost</b>					
As at 1 January 2023	2,695,504	626	2,617	2,357	2,701,104
Additions during the year	488,671	–	299	504	489,474
Decreases during the year	(308,660)	–	(619)	(674)	(309,953)
Exchange difference	19,174	178	(117)	–	19,235
As at 31 December 2023	2,894,689	804	2,180	2,187	2,899,860
<b>Accumulated amortisation</b>					
As at 1 January 2023	987,094	295	1,473	1,713	990,575
Provided for the year	429,027	181	527	600	430,335
Decreases during the year	(291,833)	–	(604)	(674)	(293,111)
Exchange difference	9,013	97	(216)	–	8,894
As at 31 December 2023	1,133,301	573	1,180	1,639	1,136,693
<b>Carrying amount</b>					
As at 31 December 2023	1,761,388	231	1,000	548	1,763,167
As at 31 December 2022	1,708,410	331	1,144	644	1,710,529

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

#### Lease liabilities

	2023/12/31	2022/12/31
Within 1 year	<b>319,896</b>	279,881
1 to 2 years	<b>220,130</b>	204,320
2 to 5 years	<b>355,289</b>	300,301
More than 5 years	<b>201,850</b>	231,198
	<b>1,097,165</b>	1,015,700
Amount due for settlement with 12 months shown under current liabilities	<b>319,896</b>	279,881
Amount due for settlement after 12 months shown under non-current liabilities	<b>777,269</b>	735,819

The Group leases various land and buildings, electronic equipment, transportation equipment and others for its operations. Most lease contracts are entered into for terms from 1 year to 40 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract, relevant facts and circumstances and determines the period for which the contract is enforceable.

For the year ended 31 December 2023, total cash outflow for leases amounts to RMB498,543 thousand (for the year ended 31 December 2022: RMB478,620 thousand).

For the year ended 31 December 2023, interest expenses for lease liabilities amounts to RMB44,517 thousand (for the year ended 31 December 2022: RMB40,479 thousand).

As at 31 December 2023, the lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As at 31 December 2023, the Group did not enter into any significant lease that is not yet commenced.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 21. INVESTMENT PROPERTIES

	2023/12/31	2022/12/31
<b>Cost</b>		
At beginning of the year	2,710,766	86,062
Addition during the year	18,915	2,518,099
Exchange difference	43,647	106,605
At end of the year	2,773,328	2,710,766
<b>Accumulated depreciation</b>		
At beginning of the year	69,176	28,467
Provided for the year	59,802	40,709
Exchange difference	3,356	-
At end of the year	132,334	69,176
<b>Allowance for impairment losses</b>		
At beginning of the year	-	-
Additions during the year	5,153	-
At end of the year	5,153	-
<b>Carrying amount</b>		
At end of the year	2,635,841	2,641,590

The fair values of the Group's investment properties as at 31 December 2023 were RMB3,315,687 thousand (31 December 2022: RMB3,385,023 thousand). The fair values have been determined by the directors of the Company by reference to recent market prices for similar properties in the same or similar locations and conditions. Fair values disclosed above are categorized as Level 3.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 22. GOODWILL

#### Cost and carrying values

Name	31 December 2022	Additions during the year	Decreases during the year	Exchange adjustments	31 December 2023
Goodwill—					
Haitong Futures Co., Ltd.	5,896	—	—	—	<b>5,896</b>
Haitong International Securities Group Limited	701,200	—	—	10,165	<b>711,365</b>
Haitong UT Capital Group Co., Ltd.	2,236,907	—	—	52,839	<b>2,289,746</b>
Haitong International Holdings (UK) Limited	132,064	—	—	1,915	<b>133,979</b>
Haitong Bank, S.A.	1,041,864	—	—	15,104	<b>1,056,968</b>
Haitong International Financial Services (Singapore) Pte. Ltd.	4,936	—	—	70	<b>5,006</b>
	4,122,867	—	—	80,093	<b>4,202,960</b>
Less: impairment losses					
Haitong Bank, S.A.	(446,636)	—	—	(6,474)	<b>(453,110)</b>
Haitong International Securities Group Limited	—	(141,441)	—	(835)	<b>(142,276)</b>
Haitong International Holdings (UK) Limited	—	(133,192)	—	(787)	<b>(133,979)</b>
Haitong International Financial Services (Singapore) Pte. Ltd.	—	(4,977)	—	(29)	<b>(5,006)</b>
	3,676,231	(279,610)	—	71,968	<b>3,468,589</b>

Particulars regarding impairment testing on goodwill are disclosed in Note 24.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 23. OTHER INTANGIBLE ASSETS

	Trading rights	Computer software	Others	Construction in progress	Total
<b>Cost</b>					
As at 1 January 2023	224,619	2,007,925	110,849	25,141	2,368,534
Additions during the year	600	314,015	30	37,744	352,389
Disposals during the year	(2,600)	(167,858)	(6,710)	(66)	(177,234)
Transfer during the year	–	34,892	–	(34,892)	–
Exchange difference	98	23,022	1,069	264	24,453
As at 31 December 2023	222,717	2,211,996	105,238	28,191	2,568,142
<b>Accumulated amortisation</b>					
As at 1 January 2023	116,601	1,592,711	89,216	–	1,798,528
Provided for the year	–	224,618	5,067	–	229,685
Eliminated on disposals	(1,200)	(163,995)	(6,548)	–	(171,743)
Exchange difference	–	19,399	828	–	20,227
As at 31 December 2023	115,401	1,672,733	88,563	–	1,876,697
<b>Carrying amount</b>					
As at 31 December 2023	107,316	539,263	16,675	28,191	691,445

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 23. OTHER INTANGIBLE ASSETS (CONTINUED)

	Trading rights	Computer software	Others	Construction in progress	Total
<b>Cost</b>					
As at 1 January 2022	224,043	1,745,004	107,023	29,403	2,105,473
Additions during the year	–	214,425	100	8,876	223,401
Disposals during the year	–	(11,778)	–	–	(11,778)
Transfer during the year	–	13,488	–	(13,488)	–
Exchange difference	576	46,786	3,726	350	51,438
As at 31 December 2022	224,619	2,007,925	110,849	25,141	2,368,534
<b>Accumulated amortisation</b>					
As at 1 January 2022	116,601	1,377,802	79,679	–	1,574,082
Provided for the year	–	183,421	6,436	–	189,857
Eliminated on disposals	–	(11,400)	–	–	(11,400)
Exchange difference	–	42,888	3,101	–	45,989
As at 31 December 2022	116,601	1,592,711	89,216	–	1,798,528
<b>Carrying amount</b>					
As at 31 December 2022	108,018	415,214	21,633	25,141	570,006

Trading rights mainly comprise the trading rights in the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Hong Kong Exchanges and Clearing Limited and the Hong Kong Futures Exchange Limited which allow the Group to trade securities and futures contracts on or through these exchanges. The Group treats trading rights as intangible assets with infinite useful lives.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 24. IMPAIRMENT TESTING ON GOODWILL AND TRADING RIGHTS WITH INDEFINITE USEFUL LIVES

#### Impairment testing on goodwill

For the purpose of impairment testing, goodwill set out in Note 22 has been allocated into six individual cash generating units (CGUs), including one subsidiary in Shanghai ("Unit A"), one subsidiary in Hong Kong ("Unit B"), one subsidiary with headquarters in Hong Kong and operation mainly in Shanghai ("Unit C"), one subsidiary with headquarters in Portugal ("Unit D"), one subsidiary with headquarters in Japan ("Unit E") and one subsidiary in Singapore ("Unit F"). The carrying amounts of goodwill as at 31 December 2023 and 31 December 2022 allocated to these units are as follows:

	2023/12/31	2022/12/31
Unit A – Haitong Futures	5,896	5,896
Unit B – Haitong International Securities	569,089	701,200
Unit C – Haitong UT Capital	2,289,746	2,236,907
Unit D – Haitong Bank	603,858	595,228
Unit E – Haitong UK	–	132,064
Unit F – Haitong Singapore	–	4,936
	<b>3,468,589</b>	<b>3,676,231</b>

During the year ended 31 December 2023, management of the Group determined that there were no impairments of Unit A, Unit C and Unit D as the recoverable amounts of these CGUs exceed their respective carrying amounts containing goodwill. In view of the underperformance of Unit B, Unit E and Unit F, the Group recognised an impairment provision of approximately RMB279,610 thousand against the carrying amount of goodwill in relation to Unit B, Unit E and Unit F for the year of 2023 (2022: no impairment loss on the goodwill).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 24. IMPAIRMENT TESTING ON GOODWILL AND TRADING RIGHTS WITH INDEFINITE USEFUL LIVES (CONTINUED)

### Impairment testing on goodwill (Continued)

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarized below:

The recoverable amounts have been determined mainly on the basis of value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management and at a pre-tax discount rate of 14.34% to 24.36%, as at 31 December 2023. The discount rates used reflect specific risks relating to the relevant CGUs.

Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted income, gross margin and perpetual growth rate, such estimation is based on the units' past performance and management's expectations for the market development. The growth rates for the forecast period of 2024 to 2028 ranged from -8.20% to 18.90%. The terminal growth rates are 2.00%.

Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amounts of Unit A, Unit C, or Unit D to exceed their respective aggregate recoverable amounts.

### Impairment testing on trading rights with indefinite useful lives

The trading rights held by the Group are considered by the directors of the Company as having indefinite useful lives because they are expected to contribute net cash inflows indefinitely. The trading rights will not be amortised until their useful lives are determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that they may be impaired. The respective recoverable amounts of the three cash generating units relating to brokerage business whereby these trading rights are allocated to, using a value in use calculation, exceed the carrying amounts. Accordingly, there is no impairment of the trading rights as at 31 December 2023 and 2022.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 25. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	2023/12/31	2022/12/31
Cost of unlisted investments in associates	5,203,865	4,312,766
Share of post-acquisition profits and other comprehensive income, net of dividends received	2,911,761	2,700,948
<b>Total</b>	<b>8,115,626</b>	<b>7,013,714</b>

Details of investments accounted for using equity method:

Name of entity	Place of establishment	Principal activities	Proportion of ownership interest	
			2023/12/31	2022/12/31
富國基金管理有限公司 Fullgoal Fund Management Co. Ltd.*	PRC	Fund management	27.78%	27.78%
遼寧中德產業股權投資基金合夥 企業(有限合夥) Liaoning China-Germany Industrial Equity Investment Fund (Limited Partnership)*	PRC	Equity investment	20.00%	20.00%
吉林省現代農業和新興產業投資 基金有限公司 Jilin Modern Agricultural and Emerging Markets Investment Fund Limited*	PRC	Equity investment	35.71%	35.71%
西安航天新能源產業基金投資 有限公司 Xi'an Aerospace and New Energy Industry Fund*	PRC	Equity investment	37.06%	37.06%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 25. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (CONTINUED)

Name of entity	Place of establishment	Principal activities	Proportion of ownership interest	
			2023/12/31	2022/12/31
上海文化產業股權投資基金合夥企業(有限合夥) Shanghai Cultural Industries Investment Fund (Limited Partnership)*	PRC	Equity investment	<b>45.49%</b>	45.49%
上海併購股權投資基金合夥企業(有限合夥) Shanghai Equity Investment Fund (Limited Partnership)*	PRC	Equity investment	<b>35.33%</b>	35.33%
海通(吉林)現代服務業創業投資基金合夥企業(有限合夥) Haitong (Jilin) Modern Service Industry Investment Fund (Limited Partnership)*	PRC	Equity investment	<b>35.37%</b>	35.37%
海通興泰(安徽)新興產業投資基金(有限合夥) Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)*	PRC	Equity investment	<b>28.63%</b>	28.63%
海通齊東(威海)股權投資基金合夥企業(有限合夥) Haitong Qidong (Weihai) Equity Investment Fund (Limited Partnership)*	PRC	Equity investment	<b>39.95%</b>	39.95%
廣東南方媒體融合發展投資基金(有限合夥) Guangdong South Media Integration Fund (Limited Partnership)*	PRC	Equity investment	<b>28.18%</b>	28.18%
海通(吉林)股權投資基金合夥企業(有限合夥) Haitong (Jilin) Equity Investment Fund (Limited Partnership)*	PRC	Equity investment	<b>22.46%</b>	22.46%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 25. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (CONTINUED)

Name of entity	Place of establishment	Principal activities	Proportion of ownership interest	
			2023/12/31	2022/12/31
西安軍融電子衛星基金投資有限公司 Xi'an Civil-Military Integration Satellite Investment Fund Co., Ltd.*	PRC	Equity investment	24.24%	24.24%
嘉興海通旭初股權投資基金合夥企業(有限合夥) Jiaxing Haitong Xuchu Equity Investment Fund (Limited Partnership)*	PRC	Equity investment	19.39%	19.39%
上海併購股權投資基金二期合夥企業(有限合夥) Shanghai Equity Investment Fund II (Limited Partnership)*	PRC	Equity investment	20.00%	20.00%
遼寧海通新動能股權投資基金合夥企業(有限合夥) Liaoning Haitong New Drivers Equity Investment Fund (Limited Partnership)*	PRC	Equity investment	20.00%	20.00%
許昌海通創新股權投資基金合夥企業(有限合夥) Xuchang Haitong Innovation Equity Investment Fund (Limited Partnership)*	PRC	Equity investment	20.00%	20.00%
吉林海通創新衛星投資中心(有限合夥) Jilin Haitong Innovation Satellite Investment Center (Limited Partnership)*	PRC	Equity investment	20.00%	20.00%
合肥市海通徽銀股權投資合夥企業(有限合夥) Hefei Haitong Huiyin Equity Investment Partnership (Limited Partnership)*	PRC	Equity investment	20.00%	20.00%

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For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 25. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (CONTINUED)

Name of entity	Place of establishment	Principal activities	Proportion of ownership interest	
			2023/12/31	2022/12/31
中小企業發展基金海通(合肥)合夥企業(有限合夥) SME Development Fund Haitong (Hefei) Partnership (Limited Partnership)*	PRC	Equity investment	<b>40.00%</b>	40.00%
西安航天海通創新新材料股權投資合夥企業(有限合夥) Xi'an Aerospace Haitong Innovative New Materials Equity Investment Partnership (Limited Partnership)*	PRC	Equity investment	<b>19.61%</b>	19.61%
海通(臨沂)股權投資基金合夥企業(有限合夥) Haitong (Linyi) Equity Investment Fund partnership (Limited Partnership)*	PRC	Equity investment	<b>20.00%</b>	20.00%
央視融媒體產業投資基金(有限合夥) CCTV Financial Media Industry Investment Fund (Limited Partnership)*	PRC	Equity investment	<b>18.19%</b>	18.19%
安徽省皖能海通雙碳產業併購投資基金合夥企業(有限合夥) Anhui Province Wanneng Haitong dual-carbon Industry M & A Investment Fund Partnership (Limited Partnership)*	PRC	Equity investment	<b>20.00%</b>	20.00%
鹽城中韓產業園二期投資基金(有限合夥) Yancheng Sino Korean Industrial Park Phase II Investment Fund (Limited Partnership)*	PRC	Equity investment	<b>30.00%</b>	30.00%

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For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 25. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (CONTINUED)

Name of entity	Place of establishment	Principal activities	Proportion of ownership interest	
			2023/12/31	2022/12/31
吉林海創長新投資中心(有限合夥) Jilin Haichuang Changxin Investment Center (Limited Partnership)*	PRC	Equity investment	19.02%	19.02%
金華市海通重點產業發展招商併購 投資合夥企業(有限合夥) Jinhua Haitong Key Industry Development Investment Promotion M & A Investment Partnership (Limited Partnership)*	PRC	Equity investment	19.51%	19.51%
上海海通智達私募投資基金合夥 企業(有限合夥) Shanghai Haitong Zhida Private Investment Fund Partnership (Limited Partnership)*	PRC	Equity investment	19.51%	19.51%
上海海通煥新私募投資基金合夥 企業(有限合夥) Shanghai Haitong Huanxin Private Investment Fund Partnership (Limited Partnership)*	PRC	Equity investment	22.56%	22.56%
遼寧海通新能源低碳產業股權 投資基金有限公司 Liaoning Haitong New Energy Low-carbon Industry Equity Investment Co., Ltd.*	PRC	Equity investment	49.90%	49.90%
上海海通伊泰一期私募基金合夥 企業(有限合夥) Shanghai Haitong Yitai Phase I Private Fund Partnership (Limited Partnership)*	PRC	Equity investment	29.94%	—

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 25. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (CONTINUED)

Name of entity	Place of establishment	Principal activities	Proportion of ownership interest	
			2023/12/31	2022/12/31
安徽海螺海通工業互聯網母基金 合夥企業(有限合夥) Anhui Hailuo Haitong Industrial Internet Master Fund Partnership (Limited Partnership)*	PRC	Equity investment	38.00%	—
上海浦東引領區海通私募投資基金 合夥企業(有限合夥) Shanghai Pudong Leading Zone Haitong Private Equity Investment Fund Partnership (Limited Partnership)*	PRC	Equity investment	32.50%	—
山東省新舊動能轉換海通奧詒達 健康產業投資合夥企業(有限合夥) Shandong Province New and Old Kinetic Energy Conversion Haitong Aozida Health Industry Investment Partnership (Limited Partnership)*	PRC	Equity investment	20.00%	—
南昌政通股權投資基金合夥企業 (有限合夥) Nanchang Zhengtong Equity Investment Fund Partnership Enterprise (Limited Partnership)*	PRC	Equity investment	26.52%	—

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

Name of entity	Place of establishment	Principal activities	Proportion of ownership interest	
			2023/12/31	2022/12/31
湖北省海通高品質轉型升級併購 投資基金合夥企業(有限合夥) Hubei Haitong High Quality Transformation and Upgrading M&A Investment Fund Partnership Enterprise (Limited Partnership)*	PRC	Equity investment	<b>29.51%</b>	–
陝西空天創新投資合夥企業 (有限合夥) Shaanxi Aerospace Innovation Investment Partnership Enterprise (Limited Partnership)*	PRC	Equity investment	<b>18.40%</b>	–
廣州海科新創業投資基金合夥企業 (有限合夥) Guangzhou Haike New Venture Capital Fund Partnership Enterprise (Limited Partnership)*	PRC	Equity investment	<b>38.00%</b>	–

*Notes:*

- (i) \*The English translated name are for identification only.
- (ii) All of these associates are unlisted entities without quoted market price available.
- (iii) All of these associates are accounted for using the equity method in these consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 25. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (CONTINUED)

Fullgoal Fund Management Co., Ltd., as a major associate of the Group, is primarily engaged in provision of fund management and fund trading distribution services, and is accounted for using the equity method. The Group holds 27.775% of the shares in Fullgoal Fund Management Co., Ltd. The financial information for the year ended 31 December 2023 is as follows:

#### Fullgoal Fund Management Co., Ltd.

	2023/12/31	2022/12/31
Total assets	<b>13,770,413</b>	13,070,529
Total liabilities	<b>5,246,417</b>	5,325,337
Net assets	<b>8,523,996</b>	7,745,192
Revenue for the year	<b>6,715,328</b>	7,358,870
Profit for the year	<b>1,813,900</b>	2,066,140
Total comprehensive income	<b>1,818,805</b>	2,096,153

Aggregate information of associates that are not individually material:

	2023/12/31	2022/12/31
The Group's share of gain	<b>39,727</b>	212,710
The Group's share of other comprehensive income	–	–
The Group's share of total comprehensive income	<b>39,727</b>	212,710
Aggregate carrying amount of the Group's interests in these associates	<b>5,748,061</b>	4,862,462



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 26. FINANCE LEASE RECEIVABLES

	2023/12/31	2022/12/31
Minimum finance lease receivables		
– Within one year	<b>10,513,721</b>	14,822,054
– In the second year	<b>5,835,744</b>	4,761,042
– In the third year	<b>3,275,980</b>	1,324,033
– In the fourth year	<b>1,513,911</b>	565,995
– In the fifth year	<b>779,672</b>	446,252
– After five years	<b>1,967,554</b>	1,586,042
Gross amount of finance lease receivables	<b>23,886,582</b>	23,505,418
Less: Unearned finance lease income	<b>(3,077,166)</b>	(2,457,073)
Present value of minimum finance lease receivables	<b>20,809,416</b>	21,048,345
Less: Allowance for ECL	<b>(916,971)</b>	(1,589,892)
Carrying amount of finance lease receivables	<b>19,892,445</b>	19,458,453
Present value of minimum finance lease receivables		
– Within one year	<b>9,131,659</b>	13,305,964
– In the second year	<b>5,037,427</b>	4,249,047
– In the third year	<b>2,844,894</b>	1,167,355
– In the fourth year	<b>1,325,698</b>	501,794
– In the fifth year	<b>694,776</b>	398,372
– After five years	<b>1,774,962</b>	1,425,813
Total	<b>20,809,416</b>	21,048,345
Analysed as:		
Current assets	<b>8,644,405</b>	12,355,870
Non-current assets	<b>11,248,040</b>	7,102,583
Total	<b>19,892,445</b>	19,458,453

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 26. FINANCE LEASE RECEIVABLES (CONTINUED)

The Group entered into finance lease arrangements with leased assets being machinery equipment for infrastructure, transportation and logistics, etc. Substantially all finance leases of the Group are denominated in RMB. The terms of finance leases entered into range from one to ten years.

As at 31 December 2023, the Group's finance lease receivables pledged as collateral for the Group's bank borrowings amounted to RMB618,676 thousand (as at 31 December 2022: RMB426,016 thousand).

The floating interest rates of finance lease receivables were with reference to the benchmark interest rate of the market. The floating interest rates of finance lease receivables were adjusted periodically with reference to the benchmark interest rate of the market.

#### Movement of allowance for ECL

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2023</b>	<b>439,314</b>	<b>531,299</b>	<b>619,279</b>	<b>1,589,892</b>
Changes in the loss allowance:				
– ECL (reversed)/recognised	(63,053)	156,430	296,281	389,658
– Write-offs	–	–	(680,809)	(680,809)
– Transfer between stages	(17,474)	(307,509)	324,983	–
– Recovery of finance lease receivables previously written off	–	–	132,514	132,514
– Other derecognition	–	–	(514,284)	(514,284)
<b>As at 31 December 2023</b>	<b>358,787</b>	<b>380,220</b>	<b>177,964</b>	<b>916,971</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 26. FINANCE LEASE RECEIVABLES (CONTINUED)

#### Movement of allowance for ECL (Continued)

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2022</b>	523,852	496,926	543,431	1,564,209
Changes in the loss allowance:				
– ECL (reversed)/recognised	(6,717)	342,811	859,139	1,195,233
– Write-offs	–	–	(653,516)	(653,516)
– Transfer between stages	(77,821)	(308,438)	386,259	–
– Recovery of finance lease receivables previously written off	–	–	83,099	83,099
– Other derecognition	–	–	(599,133)	(599,133)
<b>As at 31 December 2022</b>	<b>439,314</b>	<b>531,299</b>	<b>619,279</b>	<b>1,589,892</b>

Analysis of present value of minimum finance lease receivables

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 31 December 2023</b>	<b>19,138,399</b>	<b>1,394,427</b>	<b>276,590</b>	<b>20,809,416</b>
<b>As at 31 December 2022</b>	<b>18,404,093</b>	<b>1,623,102</b>	<b>1,021,150</b>	<b>21,048,345</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 27. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS

The table below illustrates the gross and net amounts of receivables arising from sale and leaseback arrangements.

	2023/12/31	2022/12/31
– Within one year	<b>43,518,245</b>	41,038,253
– In the second year	<b>26,126,129</b>	27,141,407
– In the third year	<b>12,174,279</b>	15,714,479
– In the fourth year	<b>4,641,182</b>	6,709,395
– In the fifth year	<b>1,329,793</b>	3,069,131
– Over fifth year	<b>1,076,326</b>	837,855
Gross amount of receivables arising from sale and leaseback arrangements	<b>88,865,954</b>	94,510,520
Less: Interest adjustment	<b>(7,475,895)</b>	(8,775,539)
Present value of receivables arising from sale and leaseback arrangements	<b>81,390,059</b>	85,734,981
Less: Allowance for ECL	<b>(1,873,554)</b>	(1,185,029)
Carrying amount of receivables arising from sale and leaseback arrangements	<b>79,516,505</b>	84,549,952
Present value of receivables arising from sale and leaseback arrangements:		
– Within one year	<b>39,882,354</b>	37,226,971
– In the second year	<b>23,924,378</b>	24,655,189
– In the third year	<b>11,143,670</b>	14,237,955
– In the fourth year	<b>4,245,686</b>	6,076,049
– In the fifth year	<b>1,214,360</b>	2,779,039
– Over fifth year	<b>979,611</b>	759,778
Total	<b>81,390,059</b>	85,734,981
Analysed as:		
Current assets	<b>38,923,317</b>	36,702,132
Non-current assets	<b>40,593,188</b>	47,847,820
Total	<b>79,516,505</b>	84,549,952

As at 31 December 2023, the Group's receivables arising from sale and leaseback arrangements pledged as collateral for the Group's bank borrowings amounted to RMB1,420,613 thousand (31 December 2022: RMB5,005,702 thousand).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 27. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS (CONTINUED)

#### Movement of allowance for ECL

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2023</b>	<b>952,361</b>	<b>159,715</b>	<b>72,953</b>	<b>1,185,029</b>
Changes in the loss allowance:				
– ECL recognised	132,473	501,949	308,878	943,300
– Write-offs	–	–	(23,723)	(23,723)
– Transfer between stages	(80,914)	(3,595)	84,509	–
– Recovery of receivable arising from sale and leaseback arrangements previously written off	–	–	1,021	1,021
– Other derecognition	–	–	(232,098)	(232,098)
– Exchange difference and others	25	–	–	25
<b>As at 31 December 2023</b>	<b>1,003,945</b>	<b>658,069</b>	<b>211,540</b>	<b>1,873,554</b>

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2022</b>	699,717	41,974	28,345	770,036
Changes in the loss allowance:				
– ECL recognised	290,622	111,416	100,975	503,013
– Write-offs	–	–	(23,738)	(23,738)
– Transfer between stages	(37,978)	6,325	31,653	–
– Recovery of receivable arising from sale and leaseback arrangements previously written off	–	–	3,591	3,591
– Other derecognition	–	–	(67,873)	(67,873)
<b>As at 31 December 2022</b>	<b>952,361</b>	<b>159,715</b>	<b>72,953</b>	<b>1,185,029</b>

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For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 27. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS (CONTINUED)

#### Movement of allowance for ECL (Continued)

Analysis of present value of receivables arising from sale and leaseback arrangements

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 31 December 2023</b>	<b>77,943,627</b>	<b>2,953,792</b>	<b>492,640</b>	<b>81,390,059</b>
<b>As at 31 December 2022</b>	84,955,975	634,235	144,771	85,734,981

### 28. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023/12/31	2022/12/31
Equity securities	<b>8,010,844</b>	6,096,319
Analysed as:		
– Listed	<b>7,107,446</b>	5,102,310
– Unlisted	<b>903,398</b>	994,009
	<b>8,010,844</b>	6,096,319

#### Notes:

- (i) As at 31 December 2023, equity instruments at fair value through other comprehensive income (“FVTOCI”) include non-traded shares and shares held by the Group. As the equity instruments are not held for trading purpose, the Group has designated these investments as equity instruments at FVTOCI.

As a result of the change of investment strategies, the Group disposed certain equity instrument at FVTOCI, and the corresponding losses of RMB264,600 thousand was reclassified from revaluation reserve to retained earnings.

- (ii) As at 31 December 2023, equity instruments at FVTOCI of RMB1,204,014 thousand (31 December 2022: RMB1,866,595 thousand) were collateralized for securities lending and refinancing.

The dividend income from equity instrument at FVTOCI was disclosed in Note 8.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 29. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023/12/31	2022/12/31
Unlisted debt securities	28,389,099	23,497,708
Listed debt securities	32,921,648	29,354,191
	<b>61,310,747</b>	52,851,899
Analysed for reporting purpose as:		
Current assets	8,634,537	6,876,553
Non-current assets	52,676,210	45,975,346
	<b>61,310,747</b>	52,851,899
ECL	<b>(134,660)</b>	(204,409)

As at 31 December 2023, debt instruments at fair value through other comprehensive income of RMB48,325 million (31 December 2022: RMB35,447 million) were collateralized for repurchase arrangements, securities lending, refinancing and derivatives compensation contracts.

#### Movement of allowance for ECL

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2023</b>	86,989	117,420	–	204,409
Changes in the loss allowance:				
– ECL (reversed)/recognised	(42,589)	(44,692)	15,125	(72,156)
– Transfer between stages	24,869	(25,017)	148	–
– Exchange difference and others	101	(1)	2,307	2,407
<b>As at 31 December 2023</b>	69,370	47,710	17,580	134,660

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For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 29. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

#### Movement of allowance for ECL (Continued)

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2022</b>	100,389	159,003	266	259,658
Changes in the loss allowance:				
– ECL reversed	(57,000)	(6,642)	(266)	(63,908)
– Transfer between stages	34,941	(34,941)	–	–
– Exchange difference and others	8,659	–	–	8,659
<b>As at 31 December 2022</b>	86,989	117,420	–	204,409

#### Credit exposure

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 31 December 2023</b>	<b>58,922,530</b>	<b>1,983,749</b>	<b>42,567</b>	<b>60,948,846</b>
<b>As at 31 December 2022</b>	48,696,364	4,265,842	–	52,962,206

### 30. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	2023/12/31	2022/12/31
Analysed by type:		
Debt instruments	<b>6,832,530</b>	5,825,147
Less: Allowance for ECL	<b>(34,750)</b>	(18,990)
	<b>6,797,780</b>	5,806,157
Analysed for reporting purpose as:		
Current assets	<b>1,762,587</b>	369,071
Non-current assets	<b>5,035,193</b>	5,437,086
	<b>6,797,780</b>	5,806,157



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For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 30. DEBT INSTRUMENTS MEASURED AT AMORTISED COST (CONTINUED)

#### Movement of allowance for ECL

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2023</b>	<b>18,990</b>	–	–	<b>18,990</b>
Changes in the loss allowance:				
– ECL recognised/(reversed)	5,612	(446)	10,225	15,391
– Transfer between stages	(1,145)	733	412	–
– Exchange difference and others	(81)	(32)	482	369
<b>As at 31 December 2023</b>	<b>23,376</b>	<b>255</b>	<b>11,119</b>	<b>34,750</b>

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2022</b>	20,489	–	–	20,489
Changes in the loss allowance:				
– ECL reversed	(1,915)	–	–	(1,915)
– Exchange difference and others	416	–	–	416
<b>As at 31 December 2022</b>	<b>18,990</b>	–	–	<b>18,990</b>

#### Credit exposure

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 31 December 2023</b>	<b>6,745,086</b>	<b>66,139</b>	<b>21,305</b>	<b>6,832,530</b>
<b>As at 31 December 2022</b>	<b>5,825,147</b>	–	–	<b>5,825,147</b>

As at 31 December 2023, debt instruments measured at amortised cost of RMB4,954 million were collateralized for repurchase arrangements and refinancing with Bank of Portugal (31 December 2022, RMB4,004 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 31. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023/12/31	2022/12/31
Debt securities	<b>124,194,489</b>	101,634,305
Equity securities	<b>35,718,418</b>	30,343,977
Funds	<b>49,115,360</b>	58,853,951
Others	<b>12,244,823</b>	18,766,496
	<b>221,273,090</b>	209,598,729
Analysed for reporting purpose as:		
Current assets	<b>196,506,316</b>	184,555,352
Non-current assets	<b>24,766,774</b>	25,043,377
	<b>221,273,090</b>	209,598,729

*Notes:*

- (i) As at 31 December 2023, financial assets at fair value through profit or loss of RMB64,197 million (31 December 2022: RMB63,261 million) were collateralized for repurchase arrangements, securities lending, refinancing and derivatives compensation contracts.
- (ii) The restricted financial assets at fair value through profit or loss with a legally enforceable restriction that prevents the Group to dispose of within a specified period amounted to approximately RMB3,494 million as at 31 December 2023 (31 December 2022: RMB4,257 million). The fair value of these financial assets has considered the relevant features such including selling restrictions.
- (iii) For financial assets in connection with structured products with remaining maturities over one year, they are classified as non-current assets as they are not expected to be settled within one year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 32. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	2023/12/31	2022/12/31
Analysed by collateral type:		
Stock ( <i>Note</i> )	<b>26,409,870</b>	27,795,962
Bonds	<b>11,036,664</b>	5,413,745
Less: Allowance for ECL	<b>(663,302)</b>	(564,558)
	<b>36,783,232</b>	32,645,149
Analysed by market:		
Stock Exchange	<b>33,210,608</b>	32,015,828
Inter-bank market	<b>4,235,926</b>	1,193,879
Less: Allowance for ECL	<b>(663,302)</b>	(564,558)
	<b>36,783,232</b>	32,645,149
Analysed for reporting purpose as:		
Current assets	<b>34,769,832</b>	32,595,078
Non-current assets	<b>2,013,400</b>	50,071
	<b>36,783,232</b>	32,645,149

*Note:* The financial assets (pledged by stock) held under resale agreements are those resale agreements which qualified investors entered into with the Group with a commitment to purchasing the specified securities at a future date with an agreed price. As at 31 December 2023, for the Group, the gross carrying amount of these agreements within one year was RMB24,384,883 thousand (31 December 2022: RMB27,745,853 thousand), the gross carrying amount of these agreements over one year was RMB2,024,987 thousand (31 December 2022: RMB50,109 thousand);

As at 31 December 2023, the fair value of the collateral was RMB83,560,426 thousand (31 December 2022: RMB89,186,204 thousand).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 32. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (CONTINUED)

#### Movement of allowance for ECL

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2023</b>	<b>13,572</b>	<b>1,693</b>	<b>549,293</b>	<b>564,558</b>
Changes in the loss allowance:				
– ECL (reversed)/recognised	(1,394)	19,874	115,229	133,709
– Write-offs	–	–	(34,965)	(34,965)
– Transfer between stages	(760)	415	345	–
<b>As at 31 December 2023</b>	<b>11,418</b>	<b>21,982</b>	<b>629,902</b>	<b>663,302</b>

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2022</b>	13,905	1,180	1,776,544	1,791,629
Changes in the loss allowance:				
– ECL (reversed)/recognised	(1,174)	1,353	(954,015)	(953,836)
– Transfer between stages	837	(840)	3	–
– Other derecognition	–	–	(273,239)	(273,239)
– Exchange difference and others	4	–	–	4
<b>As at 31 December 2022</b>	<b>13,572</b>	<b>1,693</b>	<b>549,293</b>	<b>564,558</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 32. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (CONTINUED)

#### Movement of allowance for ECL (Continued)

The following table details the credit risk exposures to financial assets held under resale agreements, which require an expected credit loss assessment:

#### Credit exposure

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 31 December 2023</b>	<b>31,431,856</b>	<b>4,109,439</b>	<b>1,905,239</b>	<b>37,446,534</b>
<b>As at 31 December 2022</b>	31,146,703	330,638	1,732,366	33,209,707

### 33. OTHER LOANS AND RECEIVABLES

	2023/12/31	2022/12/31
Entrusted loans and others	<b>425,919</b>	514,159
Other loans and receivables	<b>6,100,873</b>	7,055,246
Gross carrying amount	<b>6,526,792</b>	7,569,405
Less: Allowance for ECL	<b>(1,236,560)</b>	(841,237)
	<b>5,290,232</b>	6,728,168
Analysed for reporting purpose as:		
Current assets	<b>4,742,213</b>	4,209,604
Non-current assets	<b>548,019</b>	2,518,564
	<b>5,290,232</b>	6,728,168

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### 33. OTHER LOANS AND RECEIVABLES (CONTINUED)

#### Movement of allowance for ECL

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2023</b>	<b>26,939</b>	<b>160,167</b>	<b>654,131</b>	<b>841,237</b>
Changes in the loss allowance:				
– ECL (reversed)/recognised	(24,942)	–	393,055	368,113
– Transfer between stages	(492)	(160,167)	160,659	–
– Exchange difference and others	165	–	27,045	27,210
<b>As at 31 December 2023</b>	<b>1,670</b>	<b>–</b>	<b>1,234,890</b>	<b>1,236,560</b>

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2022</b>	<b>130,639</b>	<b>249,589</b>	<b>358,347</b>	<b>738,575</b>
Changes in the loss allowance:				
– ECL (reversed)/recognised	(103,989)	12,445	434,450	342,906
– Write-offs	–	–	(191,855)	(191,855)
– Transfer between stages	(2,097)	–	2,097	–
– Recovery of other loans and receivables previously written off	–	–	9,044	9,044
– Other derecognition	–	(101,867)	–	(101,867)
– Exchange difference and others	2,386	–	42,048	44,434
<b>As at 31 December 2022</b>	<b>26,939</b>	<b>160,167</b>	<b>654,131</b>	<b>841,237</b>

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For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 33. OTHER LOANS AND RECEIVABLES (CONTINUED)

#### Movement of allowance for ECL (Continued)

The following table details the credit risk exposures of other loans and receivables, which are subject to expected credit loss assessment:

#### Credit exposure

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 31 December 2023</b>	<b>1,015,897</b>	<b>–</b>	<b>5,510,895</b>	<b>6,526,792</b>
<b>As at 31 December 2022</b>	<b>2,460,819</b>	<b>378,612</b>	<b>4,729,974</b>	<b>7,569,405</b>

### 34. LOANS AND ADVANCES

	2023/12/31	2022/12/31
loans and advances	5,675,516	5,978,815
Less: Allowance for ECL	(59,856)	(109,801)
	<b>5,615,660</b>	5,869,014
Analysed for reporting purpose as:		
Current assets	460,278	837,281
Non-current assets	5,155,382	5,031,733
	<b>5,615,660</b>	5,869,014

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### 34. LOANS AND ADVANCES (CONTINUED)

#### Movement of ECL for loans and advances:

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2023</b>	22,711	40,253	46,837	109,801
Changes in the loss allowance:				
– ECL (reversed)/recognised	(6,651)	(31,769)	4,502	(33,918)
– Write-offs	–	–	(7,715)	(7,715)
– Transfer between stages	5,511	(5,511)	–	–
– Exchange difference and others	1,118	2,953	(12,383)	8,312
<b>As at 31 December 2023</b>	22,689	5,926	31,241	59,856

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2022</b>	18,529	37,737	39,831	96,097
Changes in the loss allowance:				
– ECL recognised/(reversed)	2,506	(785)	4,878	6,599
– Transfer between stages	664	(664)	–	–
– Exchange difference and others	1,012	3,965	2,128	7,105
<b>As at 31 December 2022</b>	22,711	40,253	46,837	109,801



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### 34. LOANS AND ADVANCES (CONTINUED)

#### Credit exposure

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 31 December 2023</b>	<b>5,205,801</b>	<b>405,303</b>	<b>64,412</b>	<b>5,675,516</b>
<b>As at 31 December 2022</b>	<b>5,153,647</b>	<b>752,825</b>	<b>72,343</b>	<b>5,978,815</b>

### 35. DEFERRED TAXATION

For the purpose of presentation in the Group's statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2023/12/31	2022/12/31
Deferred tax assets	<b>4,187,114</b>	4,711,680
Deferred tax liabilities	<b>(835,048)</b>	(909,459)
	<b>3,352,066</b>	3,802,221

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For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 35. DEFERRED TAXATION (CONTINUED)

The following are the major deferred tax (liabilities) assets recognised and movements thereon:

	Financial assets/ liabilities at fair value through profit or loss	Accelerated depreciation	Derivative financial instruments	Accrued but not paid expenses	Debt instrument at fair value through other comprehensive income	Equity instrument at fair value through other comprehensive income	Impairment losses	Tax losses and others	Total
<b>As at 1 January 2022</b>	(1,205,852)	(68,090)	82,219	1,373,613	(28,497)	(32,587)	3,216,707	510,926	3,848,439
Credit/(charge) to profit or loss	165,406	(16,879)	95,753	(310,391)	(14,647)	-	(187,676)	(188,189)	(456,623)
Credit to other comprehensive income	-	-	29,780	-	43,913	320,322	-	-	394,015
Effects of exchange rate and other change	-	(1,678)	3,337	3,223	29,554	(100,042)	23,462	58,534	16,390
<b>As at 31 December 2022</b>	(1,040,446)	(86,647)	211,089	1,066,445	30,323	187,693	3,052,493	381,271	3,802,221
Credit/(charge) to profit or loss	(18,485)	(506)	(233,865)	(493,362)	-	-	123,660	241,719	(380,839)
Credit to other comprehensive income	-	-	(19,299)	-	(124,646)	82,004	-	-	(61,941)
Effects of exchange rate and other change	(18)	(1,397)	352	592	1,884	(78,127)	3,056	66,283	(7,375)
<b>As at 31 December 2023</b>	(1,058,949)	(88,550)	(41,723)	573,675	(92,439)	191,570	3,179,209	689,273	3,352,066

At the end of the reporting period, no deferred tax liabilities have been recognised in respect of the temporary differences associated with undistributed earnings of overseas subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 36. DEPOSITS WITH EXCHANGES

	2023/12/31	2022/12/31
Deposits with stock exchanges		
– Shanghai Stock Exchange	440,626	458,959
– Shenzhen Stock Exchange	236,397	234,925
– National Equities Exchange and Quotations	2,345	2,672
– Stock Exchange of Hong Kong Limited	1,713	1,340
Subtotal	681,081	697,896
Deposits with futures and commodity exchanges		
– China Financial Futures Exchange	15,713,179	12,743,745
– Shanghai Futures Exchange	2,596,292	3,230,204
– Dalian Commodity Exchange	2,107,484	2,580,037
– Zhengzhou Commodity Exchange	1,200,790	1,342,274
– HKFE Clearing Corporation Limited	12,989	2,250
– Shanghai Gold Exchange	7,074	63,451
– Collateral deposits placed with overseas stock exchange and brokers	551,383	415,849
Subtotal	22,189,191	20,377,810
Trading rights and other deposits		
– Deposit with CSFC	358,195	1,415,591
– Deposit with Shanghai Clearing House	145,014	131,853
– Guarantee fund paid to Shanghai Stock Exchange	99,181	21,046
– Guarantee fund paid to Hong Kong Securities Clearing Company Ltd.	94,630	182,324
– Guarantee fund paid to Shenzhen Stock Exchange	21,795	23,832
– Guarantee fund paid to the Stock Exchange of Hong Kong Options Clearing House Ltd.	4,492	3,228
– Guarantee fund paid to Beijing Stock Exchange	200	–
– Others	50,043	10,994
Subtotal	773,550	1,788,868
Total	23,643,822	22,864,574
Analysed for reporting purpose as:		
Current assets	23,480,478	22,664,637
Non-current assets	163,344	199,937
	23,643,822	22,864,574

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### 37. BANK BALANCES AND CASH

	2023/12/31	2022/12/31
General accounts	<b>50,960,039</b>	56,191,722
Cash held on behalf of clients <i>(Note i)</i>	<b>87,407,094</b>	98,970,479
	<b>138,367,133</b>	155,162,201
Less: non-current restricted bank deposits <i>(Note ii)</i>	<b>(1,980,005)</b>	(1,769,482)
	<b>136,387,128</b>	153,392,719

Bank balances and cash comprise of cash on hand and deposits which bear interest at the prevailing market rates.

*Notes:*

- (i) The Group received and held cash deposited by clients in the course of the conduct of the regulated activities. The Group has recognised the corresponding amount in accounts payable to brokerage clients (Note 50). The Group did not have a legally enforceable right to offset these payables and clients' deposits.
- (ii) The non-current restricted bank deposits include risk reserves and margin deposits over one year.

### 38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	2023/12/31	2022/12/31
Bank balances and cash – general accounts (excluding accrued interest)	<b>50,870,676</b>	56,102,251
Less: Restricted bank deposits <i>(i)</i>	<b>(3,132,033)</b>	(2,887,055)
Deposits with other banks (excluding accrued interest)	<b>126,069</b>	179,809
Deposits with central banks other than legal reserve	<b>4,236,630</b>	3,231,241
Clearing settlement funds – House accounts	<b>5,440,284</b>	10,903,854
	<b>57,541,626</b>	67,530,100

- (i)* The restrictive deposits are special account deposits for risk reserves, margin deposits of notes payable and aircraft maintenance funds.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 39. OTHER NON-CURRENT ASSETS

	2023/12/31	2022/12/31
Long-term receivables from government cooperation projects	1,460,794	1,174,762
Repossession of finance lease assets	57,374	85,385
Foreclosed assets	42,563	86,701
Others	861,712	1,754,174
	<b>2,422,443</b>	<b>3,101,022</b>

### 40. ADVANCES TO CUSTOMERS ON MARGIN FINANCING

	2023/12/31	2022/12/31
Loans to margin clients ( <i>Note</i> )	71,880,338	70,026,612
Less: Allowance for ECL	<b>(3,462,130)</b>	<b>(2,182,741)</b>
	<b>68,418,208</b>	<b>67,843,871</b>
Analysed for reporting purpose as:		
Current assets	<b>68,418,208</b>	<b>67,843,871</b>

*Note:*

The credit facility limits for margin clients are determined by the discounted market value of the collateral securities accepted by the Group.

The majority of the loans to margin clients, which are secured by the underlying pledged securities, are interest bearing. The Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call which the customers have to make up the shortfall.

Loans to margin clients as at 31 December 2023 were secured by the customers' securities to the Group as collateral with undiscounted market value of approximately RMB211,658,319 thousand (31 December 2022: RMB208,287,447 thousand).

As at 31 December 2023, cash collateral received from clients for securities lending and margin financing arrangement, included in the Group's accounts payable to brokerage clients amounted to approximately RMB6,816,255 thousand (31 December 2022: RMB7,634,836 thousand).

The directors of the Company are of the opinion that the aging analysis does not give additional value in view of the nature of the business. As a result, no aging analysis is disclosed. The Group determines the allowance for impaired debts based on the evaluation of collectability and management's judgment including the assessment of change in credit quality, collateral and the past collection history of each client. The concentration of credit risk is limited due to the customer base being large and unrelated.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 40. ADVANCES TO CUSTOMERS ON MARGIN FINANCING (CONTINUED)

Movements of ECL for advances to customers on margin financing.

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2023</b>	52,121	31,984	2,098,636	2,182,741
Changes in the loss allowance:				
– ECL (reversed)/recognised	(22,602)	(18,646)	1,299,171	1,257,923
– Transfer between stages	4,911	3,132	(8,043)	–
– Exchange difference and others	190	10	21,266	21,466
<b>As at 31 December 2023</b>	<b>34,620</b>	<b>16,480</b>	<b>3,411,030</b>	<b>3,462,130</b>

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2022</b>	55,087	11,811	1,646,787	1,713,685
Changes in the loss allowance:				
– ECL recognised	923	26,682	411,439	439,044
– Write-offs	–	–	(39,802)	(39,802)
– Transfer between stages	(5,670)	(8,077)	13,747	–
– Exchange difference and others	1,781	1,568	66,465	69,814
<b>As at 31 December 2022</b>	<b>52,121</b>	<b>31,984</b>	<b>2,098,636</b>	<b>2,182,741</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 40. ADVANCES TO CUSTOMERS ON MARGIN FINANCING (CONTINUED)

#### Credit exposure

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 31 December 2023</b>	<b>58,562,128</b>	<b>6,935,009</b>	<b>6,383,201</b>	<b>71,880,338</b>
<b>As at 31 December 2022</b>	<b>60,787,569</b>	<b>2,212,707</b>	<b>7,026,336</b>	<b>70,026,612</b>

### 41. ACCOUNTS RECEIVABLE

	2023/12/31	2022/12/31
Accounts receivable from:		
– Cash clients	<b>4,379,790</b>	3,508,600
– Brokers, dealers and clearing house	<b>3,395,834</b>	4,509,006
– Asset and fund management	<b>502,724</b>	560,359
– Advisory and financial planning	<b>205,869</b>	151,312
– Clients for subscription of new shares in IPO	–	965
– Others	<b>4,082,780</b>	1,986,304
	<b>12,566,997</b>	10,716,546
Less: Allowance for ECL	<b>(399,722)</b>	(322,031)
	<b>12,167,275</b>	10,394,515

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 41. ACCOUNTS RECEIVABLE (CONTINUED)

Aging analysis of accounts receivable from the trade date is as follows:

	2023/12/31	2022/12/31
Less than 3 months	9,811,009	8,872,138
4 to 6 months	1,009,842	704,621
7 to 12 months	549,875	369,720
More than 1 year	796,549	448,036
	<b>12,167,275</b>	10,394,515

### 42. DERIVATIVE INSTRUMENTS

	2023/12/31		
	Contractual value	Assets	Liabilities
<i>Derivatives designated in hedge accounting:</i>			
Interest rate swaps	1,525,629	53,779	–
Foreign exchange swap	539,784	32,794	–
Forward contracts	364,818	1,702	5,719
<i>Derivatives held for trading:</i>			
Stock index futures contracts (Note i)	36,376,666	–	–
Treasury futures contracts (Note ii)	34,321,921	–	–
Commodity futures contracts (Note iii)	10,224,376	–	1,657
Interest rate swap contracts (Note iv)	190,994,225	245,196	205,162
Equity swap	33,398,617	1,264,797	694,187
Forward contracts	4,235,114	7,160	33,983
Options (Note v)	136,458,009	669,653	234,251
Embedded derivative instruments	5,707,332	1,038	13,624
Foreign exchange swap	405,949	304	2,159
Credit default swap	2,740,000	2,132	203
Total	<b>457,292,440</b>	<b>2,278,555</b>	<b>1,190,945</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 42. DERIVATIVE INSTRUMENTS (CONTINUED)

	2022/12/31		
	Contractual value	Assets	Liabilities
<i>Derivatives designated in hedge accounting:</i>			
Interest rate swaps	2,437,841	87,005	18,745
Foreign exchange swap	1,256,077	6,363	16,800
Forward contracts	1,443,475	19,988	40,626
<i>Derivatives held for trading:</i>			
Stock index futures contracts (Note i)	28,451,306	–	–
Treasury futures contracts (Note ii)	21,995,571	–	–
Commodity futures contracts (Note iii)	13,735,363	–	–
Interest rate swap contracts (Note iv)	139,385,340	331,091	296,080
Equity swap	22,043,716	590,554	314,327
Forward contracts	22,680,325	46,007	71,642
Options (Note v)	85,370,924	387,993	127,716
Embedded derivative instruments	1,110,869	–	7,986
Foreign exchange swap	8,875,332	8,166	4,133
Credit default swap	152,000	–	364
<b>Total</b>	<b>348,938,139</b>	<b>1,477,167</b>	<b>898,419</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 42. DERIVATIVE INSTRUMENTS (CONTINUED)

Notes:

### (i) Stock index futures contracts

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in stock index futures ("SIF") were settled daily and the corresponding payments or receipts were included in "clearing settlement funds" as at 31 December 2023 and 31 December 2022. Accordingly, the net position of the SIF contracts in derivative instruments was nil at the end of reporting period. As at 31 December 2023, the contract value of the outstanding stock index futures contracts that the Group held for the market risk of the securities lent or to be lent to clients is RMB36,376,666 thousand (31 December 2022: RMB28,451,306 thousand), recognising net derivative liabilities of RMB439,223 thousand (31 December 2022: net derivative assets of RMB572,114 thousand) before settlement.

### (ii) Treasury futures contracts

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in treasury futures ("TF") contracts were settled daily and the corresponding payments or receipts were included in "clearing settlement funds" as at 31 December 2023 and 31 December 2022. Accordingly, the net position of the TF contracts in derivative instruments was nil at the end of reporting period (31 December 2022: nil).

	2023/12/31	
	Contractual value	Fair value
T2403	7,502,908	(18,423)
TF2403	7,640,628	(5,860)
TS2403	17,500,335	(4,981)
TL2403	1,678,050	(1,133)
<b>Total</b>	<b>34,321,921</b>	<b>(30,397)</b>
Plus: settlements		30,397
<b>Net position of TF contracts</b>		<b>-</b>

	2022/12/31	
	Contractual value	Fair value
T2303	520,168	(499)
TF2303	9,603,257	(22,545)
TS2303	11,872,146	(23,637)
<b>Total</b>	<b>21,995,571</b>	<b>(46,681)</b>
Plus: settlements		46,681
<b>Net position of TF contracts</b>		<b>-</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 42. DERIVATIVE INSTRUMENTS (CONTINUED)

Notes: (Continued)

#### (iii) Commodity futures contracts

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in commodity futures were settled daily and the corresponding payments or receipts were included in "clearing settlement funds". As at 31 December 2023, the net position of the commodity futures contracts under the daily mark-to-market and settlement arrangement was nil (31 December 2022: nil).

	2023/12/31		2022/12/31	
	Contractual value	Fair value	Contractual value	Fair value
Total	10,224,376	8,302	13,735,363	(5,874)
Plus: settlement		(8,302)		5,874
Net position		–		–

#### (iv) Interest rate swap contracts

Under the daily mark-to-market and settlement arrangements, any gains or losses of the Group's position in interest rate swap ("IRS") contracts were settled daily in Shanghai Clearing House and the corresponding payments or receipts were included in "clearing settlement funds" as at 31 December 2023. Accordingly, the net position of the IRS contracts in derivative instruments was nil at the end of reporting period.

For IRS contracts in mainland China and Hong Kong market not under the daily mark-to-market and settlement arrangement are presented gross at the end of reporting period.

	2023/12/31		
	Contractual value	Assets	Liabilities
IRS – settled in Shanghai Clearing House	189,388,538	601,198	589,279
IRS – non-centralised settlement	1,605,687	245,196	205,162
Total	190,994,225	846,394	794,441
Plus: settlements		(601,198)	(589,279)
Net position of IRS contracts		245,196	205,162

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 42. DERIVATIVE INSTRUMENTS (CONTINUED)

Notes: (Continued)

#### (iv) Interest rate swap contracts (Continued)

	Contractual value	2022/12/31	
		Assets	Liabilities
IRS – settled in Shanghai Clearing House	83,500,000	234,892	188,180
IRS – non-centralised settlement	55,885,340	331,091	296,080
<b>Total</b>	<b>139,385,340</b>	<b>565,983</b>	<b>484,260</b>
Plus: settlements		(234,892)	(188,180)
<b>Net position of IRS contracts</b>		<b>331,091</b>	<b>296,080</b>

#### (v) Options

At 31 December 2023, the notional principal amounts of the Group's options purchased or written in Mainland China were approximately RMB134,651,609 thousand (31 December 2022: RMB75,370,059 thousand). The notional principal amounts of the Group's listed options purchased or written outside Mainland China were approximately RMB1,806,400 thousand (31 December 2022: RMB10,000,865 thousand).

### 43. OTHER CURRENT ASSETS

	2023/12/31	2022/12/31
Prepayments	<b>1,155,114</b>	1,349,583
Inventories	<b>143,609</b>	104,379
Dividend receivable	<b>33,504</b>	618
Other receivables (Note i)	<b>4,278,058</b>	5,853,376
	<b>5,610,285</b>	7,307,956
Less: Allowance for ECL (Note ii)	<b>(594,890)</b>	(559,333)
	<b>5,015,395</b>	6,748,623

Notes:

- (i) The other receivables and prepayments include short-term rental deposits placed with landlords under operating leases, other prepaid expenses for daily operation and other receivable and prepayments items such as prepaid taxes.
- (ii) Included in the impairment losses of the Group mainly represents a gross receivable of RMB429,994 thousand from an independent third party. In the opinion of the directors of the Company, the recoverability of the receivable is remote and a full provision was made in prior year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 44. PLACEMENTS TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2023/12/31	2022/12/31
Placements to overseas banks	330,416	274,590
Less: Allowance for ECL	(121)	(145)
	<b>330,295</b>	274,445

### 45. CLEARING SETTLEMENT FUNDS

	2023/12/31	2022/12/31
Clearing settlement funds held with clearing houses for:		
House accounts	5,440,284	10,903,854
Customers	10,144,094	10,476,841
	<b>15,584,378</b>	21,380,695

These clearing settlement funds are held by the clearing houses for the Group and can be withdrawn by the Group at will. These balances carry interest at prevailing market interest rates.

### 46. DEPOSITS WITH CENTRAL BANKS AND OTHER BANKS

	2023/12/31	2022/12/31
Deposits with central banks other than legal reserve	4,238,039	3,231,599
Legal reserve	14,161	13,497
	<b>4,252,200</b>	3,245,096
Deposits with other banks	111,445	172,872
Total	<b>4,363,645</b>	3,417,968

Deposits with central banks other than legal reserve is repayable on demand. Legal reserve deposits are non-interesting bearing.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 47. BORROWINGS

	2023/12/31	2022/12/31
Short-term borrowings:		
Secured borrowings ( <i>Note</i> )	–	291,097
Unsecured borrowings	<b>31,053,895</b>	34,566,945
	<b>31,053,895</b>	34,858,042
Long-term borrowing:		
Secured borrowings ( <i>Note</i> )	<b>7,815,910</b>	18,399,853
Unsecured borrowings	<b>34,483,415</b>	37,558,350
	<b>42,299,325</b>	55,958,203
<b>Total</b>	<b>73,353,220</b>	90,816,245
Current liabilities:		
Short-term borrowings	<b>31,053,895</b>	34,858,042
Long-term borrowings due within one year	<b>17,888,503</b>	22,006,870
	<b>48,942,398</b>	56,864,912
Non-current liabilities:		
Long-term borrowings	<b>24,410,822</b>	33,951,333
	<b>73,353,220</b>	90,816,245
Analysis by maturity:		
Less than 1 year	<b>48,942,398</b>	56,864,912
1 to 2 years	<b>17,594,814</b>	11,911,122
2 to 5 years	<b>5,837,069</b>	21,147,505
More than 5 years	<b>978,939</b>	892,706
	<b>73,353,220</b>	90,816,245

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 47. BORROWINGS (CONTINUED)

*Note:*

As at 31 December 2023, borrowings of RMB1,778 million are secured by the shares of Haitong Bank, S.A. held by the Company (As at 31 December 2022, borrowings of RMB10,372 million are secured by the shares of Haitong UT Capital Group Co., Limited and Haitong Bank, S.A. held by the Company).

As at 31 December 2023, none of bank loans (31 December 2022: HKD185 million (RMB165 million)) was secured by collaterals (listed shares) acquired against the advances to customers on margin financing with the consent of the customers.

As at 31 December 2023, borrowings of RMB6,038 million (31 December 2022: RMB8,154 million) are secured by finance leases receivables, receivables arising from sale and leaseback arrangements, the shares of subsidiaries, and aircraft for leasing. As at 31 December 2023, the book value of secured finance lease receivable is RMB619 million (31 December 2022: RMB426 million), the book value of receivables arising from sale and leaseback arrangements is RMB1,421 million (31 December 2022: RMB5,006 million), the book value of secured aircraft and property and equipment for leasing is RMB6,303 million (31 December 2022: RMB4,832 million).

### 48. SHORT-TERM FINANCING BILLS PAYABLES

	2023/12/31	2022/12/31
Ultra-short-term bonds	<b>5,043,605</b>	5,035,289
Medium-term notes	<b>285,947</b>	2,909,046
Short-term income certification	<b>7,473,086</b>	2,647,746
Short-term bonds	<b>1,033,166</b>	1,003,520
Short-term corporate bonds	<b>5,017,255</b>	4,563,493
	<b>18,853,059</b>	16,159,094

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 48. SHORT-TERM FINANCING BILLS PAYABLES (CONTINUED)

Issue Entity	Type	Currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Ending Balance
Haitong Securities Co., Ltd	Short-term corporate bonds	RMB	09/06/2022	09/06/2023	2.50%	4,563,493	49,007	4,612,500	-
Haitong Securities Co., Ltd	Short-term corporate bonds	RMB	15/11/2023	25/10/2024	2.68%	-	5,017,255	-	5,017,255
Haitong Securities Co., Ltd	Short-term income certification	RMB	03/01/2023 to 29/12/2023	01/01/2024 to 30/12/2024	0.00%-3.00%	2,647,746	15,434,820	10,609,480	7,473,086
Haitong Unitrust International Financial Leasing Co., Ltd	Short-term bonds	RMB	25/10/2022	25/10/2023	2.45%	1,003,520	19,935	1,023,455	-
Haitong Unitrust International Financial Leasing Co., Ltd	Short-term bonds	RMB	10/01/2023	10/01/2024	3.41%	-	1,033,166	-	1,033,166
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	25/05/2022	17/02/2023	2.05%	1,012,129	2,639	1,014,768	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	15/06/2022	10/03/2023	2.06%	505,443	1,918	507,361	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	09/08/2022	21/04/2023	2.03%	1,007,493	6,118	1,013,611	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	23/08/2022	28/04/2023	1.86%	1,006,090	5,962	1,012,052	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	26/10/2022	10/03/2023	1.86%	501,435	1,733	503,168	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	16/11/2022	11/08/2023	2.51%	1,002,700	15,267	1,017,967	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	15/02/2023	25/08/2023	2.63%	-	1,013,762	1,013,762	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	08/03/2023	22/09/2023	2.73%	-	1,014,769	1,014,769	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	19/04/2023	24/11/2023	2.48%	-	1,014,839	1,014,839	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 48. SHORT-TERM FINANCING BILLS PAYABLES (CONTINUED)

Issue Entity	Type	Currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Ending Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	26/04/2023	19/01/2024	2.56%	-	1,017,490	-	1,017,490
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	22/08/2023	08/03/2024	2.40%	-	1,008,471	-	1,008,471
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	04/09/2023	24/05/2024	2.50%	-	1,007,782	-	1,007,782
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	20/09/2023	07/06/2024	2.68%	-	1,007,173	-	1,007,173
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	22/11/2023	16/08/2024	2.81%	-	1,002,689	-	1,002,689
Haitong International Securities Group Ltd	Medium-term notes	HKD	17/02/2022	16/02/2023	1.00%	923,319	13,386	936,705	-
Haitong International Securities Group Ltd	Medium-term notes	HKD	08/06/2022	09/01/2023	2.10%	1,536,733	22,278	1,559,011	-
Haitong International Securities Group Ltd	Medium-term notes	HKD	09/06/2022	10/01/2023	2.00%	90,338	1,310	91,648	-
Haitong International Securities Group Ltd	Medium-term notes	USD	26/08/2022	24/08/2023	4.10%	358,655	5,200	363,855	-
Haitong International Securities Group Ltd	Medium-term notes	HKD	27/01/2023	27/07/2023	5.00%	-	363,829	363,829	-
Haitong International Securities Group Ltd	Medium-term notes	HKD	09/02/2023	08/02/2024	4.70%	-	285,947	-	285,947
Haitong International Securities Group Ltd	Medium-term notes	USD	16/02/2023	16/11/2023	5.15%	-	298,811	298,811	-
Haitong International Securities Group Ltd	Medium-term notes	USD	03/03/2023	28/06/2023	5.60%	-	355,614	355,614	-
Total						16,159,094	31,021,170	28,327,205	18,853,059

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 49. BONDS PAYABLE

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,390,000	25/11/2013	25/11/2023	6.18%	2,402,796	134,906	2,537,702	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	800,000	14/07/2014	14/07/2024	5.85%	821,694	46,889	46,800	821,783
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,500,000	22/09/2017	22/09/2027	4.99%	5,565,490	275,786	274,450	5,566,826
Haitong Securities Co., Ltd	Corporate bonds	USD	300,000	13/12/2018	13/12/2023	4.50%	2,091,001	291,490	2,382,491	-
Haitong Securities Co., Ltd	Corporate bonds	EUR	230,000	13/12/2018	13/12/2023	Euribor+ 165bps	1,704,749	297,043	2,001,792	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	27/02/2020	27/02/2023	3.01%	5,126,498	24,002	5,150,500	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,500,000	19/03/2020	19/03/2023	2.99%	3,582,103	22,547	3,604,650	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,600,000	30/04/2020	30/04/2023	2.38%	5,688,670	44,610	5,733,280	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	700,000	30/04/2020	30/04/2025	2.88%	712,972	20,382	20,160	713,194
Haitong Securities Co., Ltd	Corporate bonds	RMB	6,700,000	25/05/2020	25/05/2023	2.70%	6,807,859	73,041	6,880,900	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	6,000,000	11/08/2020	11/08/2023	3.53%	6,080,676	131,124	6,211,800	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	6,000,000	13/01/2021	13/01/2024	3.58%	6,203,834	218,578	214,800	6,207,612
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,400,000	08/02/2021	08/02/2024	3.79%	5,579,597	208,055	204,660	5,582,992
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	23/04/2021	23/04/2024	3.45%	5,115,449	175,302	172,500	5,118,251
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,800,000	27/05/2021	27/05/2024	3.35%	2,853,809	95,396	93,800	2,855,405
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,100,000	10/06/2021	10/06/2024	3.40%	2,138,198	72,602	71,400	2,139,400
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,000,000	29/07/2021	29/07/2024	3.14%	2,024,859	63,974	62,800	2,026,033

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For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 49. BONDS PAYABLE (CONTINUED)

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance	
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	20/08/2021	20/08/2024	3.04%	3,030,396	92,978	91,200	3,032,174	
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,000,000	30/08/2021	30/08/2024	3.10%	2,018,972	63,187	62,000	2,020,159	
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,000,000	30/08/2021	30/08/2026	3.43%	2,020,542	69,256	68,600	2,021,198	
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	10/11/2021	10/11/2024	3.10%	5,016,234	158,044	155,000	5,019,278	
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	22/11/2021	22/11/2024	3.09%	5,010,980	157,557	154,500	5,014,037	
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	20/01/2022	25/12/2024	2.84%	5,128,222	145,065	142,000	5,131,287	
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,900,000	21/02/2022	21/02/2025	2.90%	2,968,444	85,894	84,100	2,970,238	
Haitong Securities Co., Ltd	Corporate bonds	RMB	500,000	07/03/2022	07/03/2025	3.03%	511,767	15,424	15,150	512,041	
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	26/07/2022	26/07/2025	2.75%	5,051,831	140,409	137,500	5,054,740	
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	09/09/2022	09/09/2025	2.53%	5,031,056	129,466	126,500	5,034,022	
Haitong Securities Co., Ltd	Corporate bonds	RMB	4,700,000	14/10/2022	14/10/2025	2.60%	4,718,219	125,012	122,200	4,721,031	
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	10/11/2022	10/11/2025	2.61%	3,005,763	80,109	78,300	3,007,572	
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,700,000	13/12/2022	20/12/2023	2.90%	2,699,241	80,560	2,779,801	-	

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For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 49. BONDS PAYABLE (CONTINUED)

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,500,000	08/02/2023	08/02/2025	2.95%	-	2,563,429	-	2,563,429
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	08/02/2023	08/02/2026	3.23%	-	3,082,780	-	3,082,780
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,500,000	06/03/2023	06/03/2025	3.11%	-	2,561,124	-	2,561,124
Haitong Securities Co., Ltd	Corporate bonds	RMB	1,700,000	06/03/2023	06/03/2026	3.26%	-	1,743,216	-	1,743,216
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,300,000	22/03/2023	22/03/2025	2.97%	-	3,372,467	-	3,372,467
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,700,000	22/03/2023	22/03/2026	3.10%	-	2,761,355	-	2,761,355
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,000,000	24/04/2023	24/04/2025	2.89%	-	2,037,294	-	2,037,294
Haitong Securities Co., Ltd	Corporate bonds	RMB	4,000,000	24/04/2023	24/04/2026	3.05%	-	4,078,118	-	4,078,118
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,600,000	18/05/2023	18/05/2026	2.94%	-	3,660,496	-	3,660,496
Haitong Securities Co., Ltd	Corporate bonds	RMB	1,400,000	18/05/2023	18/05/2028	3.10%	-	1,424,700	-	1,424,700
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	15/06/2023	15/06/2026	2.73%	-	3,040,086	-	3,040,086
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,000,000	15/06/2023	15/06/2028	3.07%	-	2,030,161	-	2,030,161
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,000,000	25/07/2023	25/07/2026	2.72%	-	2,020,535	-	2,020,535
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,700,000	25/07/2023	25/07/2028	3.05%	-	2,731,318	-	2,731,318
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,200,000	18/08/2023	18/08/2026	2.67%	-	3,226,427	-	3,226,427
Haitong Securities Co., Ltd	Corporate bonds	RMB	1,800,000	24/11/2023	24/11/2026	2.95%	-	1,802,211	-	1,802,211
Haitong Securities Co., Ltd	Subordinated notes	RMB	5,000,000	12/01/2022	12/01/2025	3.18%	5,147,819	162,094	159,000	5,150,913
Haitong Securities Co., Ltd	Subordinated notes	RMB	2,000,000	25/02/2022	25/02/2025	3.15%	2,050,800	64,235	63,000	2,052,035
Haitong Securities Co., Ltd	Subordinated notes	RMB	2,480,000	09/03/2022	09/03/2025	3.29%	2,543,207	82,936	81,592	2,544,551
Haitong Securities Co., Ltd	Long-term income certificates	RMB	726,437	04/01/2022 to 31/12/2023	01/01/2024 to 29/12/2025	0.00%-3.25%	595,787	582,734	442,249	736,272
Shanghai Haitong Securities Asset management Co., Ltd	Corporate bonds	RMB	1,000,000	04/11/2020	04/11/2023	3.85%	1,006,012	32,488	1,038,500	-

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For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 49. BONDS PAYABLE (CONTINUED)

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Shanghai Haitong Securities Asset management Co., Ltd	Subordinated notes	RMB	1,000,000	04/04/2018	04/04/2023	5.00%	103,726	1,274	105,000	-
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	11/05/2020	11/05/2023	3.50%	1,021,767	12,466	1,034,233	-
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,200,000	28/07/2020	28/07/2023	4.00%	1,219,165	27,354	1,246,519	-
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	17/09/2020	17/09/2023	4.20%	1,010,667	29,803	1,040,470	-
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	800,000	30/10/2020	30/10/2023	4.15%	804,369	27,469	831,838	-
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	26/04/2021	26/04/2025	3.65%	1,027,186	709,850	1,038,497	698,539
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	800,000	18/06/2021	18/06/2025	3.36%	815,698	594,461	828,998	581,161
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	600,000	12/08/2021	12/08/2024	3.90%	607,367	23,400	22,373	608,394
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	25/10/2021	25/10/2023	3.80%	1,005,095	30,920	1,036,015	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 49. BONDS PAYABLE (CONTINUED)

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	24/12/2021	24/12/2024	3.70%	997,951	37,000	35,527	999,424
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,500,000	21/04/2022	21/04/2024	3.48%	1,531,627	52,200	48,503	1,535,324
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	500,000	05/05/2022	05/05/2025	3.57%	509,827	17,850	16,977	510,700
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	21/06/2022	21/06/2024	3.16%	1,013,123	31,600	29,217	1,015,506
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	600,000	07/07/2022	07/07/2025	3.44%	607,330	20,640	19,489	608,481
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	21/10/2022	21/10/2025	3.13%	1,001,299	31,300	29,461	1,003,138
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	17/04/2023	17/04/2026	3.90%	-	1,024,966	-	1,024,966
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	26/06/2023	26/06/2028	3.80%	-	1,017,090	-	1,017,090
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	25/07/2023	25/07/2028	3.63%	-	1,013,261	-	1,013,261
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	24/10/2023	24/10/2027	3.47%	-	1,004,467	-	1,004,467
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	500,000	31/08/2020	31/08/2023	4.20%	506,525	13,923	520,448	-

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For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 49. BONDS PAYABLE (CONTINUED)

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	500,000	20/01/2021	20/01/2023	4.00%	518,890	1,041	519,931	-
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	09/12/2021	09/12/2024	3.70%	999,074	37,000	35,319	1,000,755
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	800,000	13/01/2022	13/01/2025	3.64%	825,379	29,120	27,757	826,742
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	27/05/2022	27/05/2025	3.42%	1,016,579	34,201	32,489	1,018,291
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,200,000	10/08/2022	10/08/2025	3.25%	1,210,215	39,000	36,936	1,212,279
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	14/12/2022	14/12/2025	4.13%	998,271	41,300	40,000	999,571
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	23/02/2023	23/02/2026	4.20%	-	1,033,586	-	1,033,586
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	06/06/2023	06/06/2026	3.81%	-	1,019,110	-	1,019,110
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	24/08/2023	24/08/2026	3.46%	-	1,008,993	-	1,008,993
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	29/11/2021	26/05/2023	3.95%	186,327	1,198	187,525	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 49. BONDS PAYABLE (CONTINUED)

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	10/03/2022	26/08/2024	3.50%	453,066	8,347	404,340	57,073
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	855,000	22/07/2022	18/01/2023	2.30%	863,411	916	864,327	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	21/09/2022	20/03/2023	2.10%	954,137	4,263	958,400	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	955,000	18/01/2023	19/07/2023	2.98%	-	969,191	969,191	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	20/03/2023	15/09/2023	2.96%	-	963,790	963,790	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	955,000	19/07/2023	18/01/2024	2.80%	-	966,793	-	966,793
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	15/09/2023	08/03/2024	2.97%	-	957,336	-	957,336
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	190,000	07/04/2020	13/02/2023	5.00%	191,107	1,119	192,226	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	22/10/2020	26/06/2023	4.30%	7,030	71	7,101	-



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### 49. BONDS PAYABLE (CONTINUED)

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	09/12/2020	30/01/2023	4.30%	40,604	138	40,742	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	02/02/2021	27/02/2023	4.55%	44,799	318	45,117	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	25/03/2021	27/02/2023	4.50%	49,387	346	49,733	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	29/04/2021	26/06/2023	4.00% - 4.50%	88,165	1,205	89,370	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	31/05/2021	26/01/2023	4.35%	39,331	301	39,632	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	17/06/2021	26/05/2023	3.80% - 4.40%	84,519	669	85,188	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	05/08/2021	26/06/2023	3.50% - 4.20%	113,787	1,390	115,177	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	24/09/2021	26/04/2023	3.83% - 3.99%	139,085	488	139,573	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	19/11/2021	26/05/2023	3.80% - 3.95%	231,733	2,418	234,151	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	08/12/2021	28/08/2023	4.00%	179,704	1,868	181,572	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	26/01/2022	26/05/2023	3.30% - 3.40%	140,866	733	141,599	-

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## 49. BONDS PAYABLE (CONTINUED)

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	935,000	28/04/2022	27/12/2024	3.60% - 4.40%	463,661	5,927	355,696	113,892
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	29/06/2022	26/02/2025	3.19% - 3.60%	698,906	14,455	477,879	235,482
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	943,000	07/07/2022	15/09/2025	3.50% - 4.30%	650,115	14,384	424,215	240,284
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	1,425,000	16/09/2022	27/09/2027	4.10%	1,395,619	58,425	48,190	1,405,854
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	21/09/2022	26/08/2025	2.98% - 3.40%	817,694	17,215	459,368	375,541
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	984,000	28/10/2022	15/08/2025	3.43% - 4.00%	1,007,144	9,463	738,202	278,405
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	1,425,000	23/12/2022	27/12/2027	4.48%	1,401,010	63,840	55,717	1,409,133
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	23/12/2022	22/11/2023	4.30%	630,297	351,373	981,670	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	13/01/2023	26/08/2025	4.50% - 4.70%	-	977,376	464,649	512,727
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	737,000	10/03/2023	23/10/2025	3.58%-4.80%	-	752,746	459,850	292,896
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	16/03/2023	28/07/2025	3.20%-4.00%	-	966,658	458,950	507,708

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### 49. BONDS PAYABLE (CONTINUED)

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	24/05/2023	26/12/2025	2.68%-3.62%	-	963,077	376,738	586,339
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	07/06/2023	26/03/2026	2.70%-3.58%	-	959,810	386,158	573,652
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	08/08/2023	26/03/2026	2.59%-3.30%	-	956,705	319,497	637,208
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	03/11/2023	27/04/2026	2.90%-3.50%	-	949,168	-	949,168
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	15/12/2023	26/12/2025	3.09%-3.45%	-	947,094	-	947,094
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	1,140,000	20/12/2023	26/12/2025	2.94%-3.32%	-	1,134,823	-	1,134,823
Haitong Unitrust International Financial Leasing Co., Ltd	Private publication notes	RMB	1,000,000	04/06/2021	04/06/2023	3.95%	1,022,001	16,666	1,038,667	-
Haitong Unitrust International Financial Leasing Co., Ltd	Private publication notes	RMB	1,000,000	11/11/2021	11/11/2024	4.19%	1,002,893	41,900	40,297	1,004,496

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 49. BONDS PAYABLE (CONTINUED)

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based notes	RMB	950,000	10/04/2023	26/05/2024	3.29%	-	962,887	808,605	154,282
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	760,000	29/12/2021	15/08/2023	3.95%	235,533	2,649	238,182	-
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	13/04/2022	26/12/2023	3.24% - 3.40%	418,334	6,403	424,737	-
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	18/05/2022	26/12/2023	2.95% - 3.20%	567,140	9,477	576,617	-
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	12/07/2022	27/05/2024	3.00% - 3.03%	790,671	13,204	690,771	113,104
Haitong Unitrust International Financial Leasing Co., Ltd./ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	08/09/2022	26/08/2024	2.79% - 2.80%	958,318	16,562	689,388	285,492

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd/ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	25/11/2022	26/11/2024	3.50%-3.60%	1,136,240	26,437	755,560	407,117
Haitong Unitrust International Financial Leasing Co., Ltd/ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	08/03/2023	26/01/2025	3.15%-3.70%	-	1,159,788	656,145	503,643
Haitong Unitrust International Financial Leasing Co., Ltd/ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	16/05/2023	26/03/2025	2.69%-3.43%	-	1,155,153	619,848	535,305
Haitong Unitrust International Financial Leasing Co., Ltd/ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	27/06/2023	26/06/2025	2.69%-3.41%	-	1,152,053	452,748	699,305
Haitong Unitrust International Financial Leasing Co., Ltd/ Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	01/09/2023	26/04/2025	2.55%-3.09%	-	1,146,322	-	1,146,322
Haitong Unitrust International Financial Leasing Co., Ltd/ Unifortune Financial Leasing (Shanghai) Corporation	Asset-based special plan	RMB	1,350,000	22/12/2023	26/11/2026	3.10%-3.60%	-	1,185,257	-	1,185,257

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 49. BONDS PAYABLE (CONTINUED)

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong UT Brilliant Limited	Medium-term notes	USD	100,000	03/06/2021	03/06/2024	3.00%	672,836	32,833	4,588	701,081
Haitong UT Brilliant Limited	Medium-term notes	USD	200,000	27/04/2022	27/04/2025	4.20%	1,398,585	82,476	57,139	1,423,922
Haitong International Securities Group Ltd	Corporate bonds	USD	700,000	19/07/2019	19/07/2024	3.38%	4,940,162	88,765	-	5,028,927
Haitong International Securities Group Ltd	Corporate bonds	USD	400,000	18/11/2019	18/05/2025	3.13%	2,784,763	51,389	-	2,836,152
Haitong International Securities Group Ltd	Corporate bonds	USD	400,000	02/07/2020	02/07/2023	2.13%	2,812,755	105,758	2,918,513	-
Haitong International Securities Group Ltd	Corporate bonds	USD	300,000	20/05/2021	20/05/2026	2.13%	2,088,114	36,828	-	2,124,942
Haitong International Finance Holdings 2015 Limited	Corporate bonds	USD	670,000	12/03/2020	11/03/2025	2.11%	4,690,174	238,906	156,617	4,772,463
Haitong International Finance Holdings Limited	Corporate bonds	RMB	4,000,000	20/04/2023	20/04/2026	3.40%	-	4,290,233	201,196	4,089,037
Haitong International Finance Holdings Limited	Corporate bonds	RMB	2,800,000	18/05/2023	18/05/2026	3.20%	-	2,991,653	188,301	2,803,352
Haitong Investment Ireland PLC	Medium-term notes	USD	350	15/02/2018	19/10/2023	1.71%	1,664	-	1,664	-
Haitong Investment Ireland PLC	Medium-term notes	EUR	1,300	23/07/2018	24/07/2023	1.15%	8,842	-	8,842	-
Haitong Banco de Investimento do Brasil S.A.	Financial bond	BRL	1,263,334	21/05/2018 to 27/11/2023	22/05/2023 to 28/07/2026	5.28%-15.25%	1,270,918	942,351	103,723	2,109,546
Haitong Bank, S.A.	Financial bond	EUR	230,000	08/02/2022	08/02/2025	5.41%	1,707,877	110,196	-	1,818,073
Haitong Bank, S.A.	Financial bond	USD	150,000	23/05/2022	29/05/2027	4.00%	1,044,918	41,054	17,457	1,068,515
<b>Total</b>							<b>181,830,918</b>	<b>84,496,174</b>	<b>72,406,812</b>	<b>193,920,280</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 49. BONDS PAYABLE (CONTINUED)

	2023/12/31	2022/12/31
Analysed for reporting purpose as:		
Current liabilities	78,301,231	60,153,220
Non-current liabilities	115,619,049	121,677,698
	<b>193,920,280</b>	181,830,918

### 50. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	2023/12/31	2022/12/31
Accounts payable to brokerage clients	<b>106,538,717</b>	115,513,463

The majority of the accounts payable balance is repayable on demand except where certain accounts payable to brokerage clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

Accounts payable mainly include cash held on behalf of clients at the banks and at the clearing houses by the Group. Interest payable on accounts payable to brokerage clients shall be accrued according to the prevailing benchmark interest rate.

### 51. CUSTOMER ACCOUNTS

	2023/12/31	2022/12/31
Demand deposits – corporate	241,613	341,188
Time deposits – corporate	3,164,475	3,074,505
Demand deposits – individual	10,662	9,070
Time deposits – individual	2,993,165	1,893,712
	<b>6,409,915</b>	5,318,475
Analysed for reporting purpose as:		
Current liabilities	4,828,712	3,784,565
Non-current liabilities	1,581,203	1,533,910
	<b>6,409,915</b>	5,318,475

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 52. OTHER PAYABLES AND ACCRUALS

	2023/12/31	2022/12/31
Payable to employees ( <i>Note i</i> )	<b>2,583,857</b>	4,485,011
Notes payable	<b>2,027,861</b>	2,047,521
Short term finance lease guarantee deposits	<b>1,754,578</b>	2,706,970
Client settlement payables	<b>1,247,727</b>	2,222,899
Amounts due to brokers	<b>790,103</b>	473,659
Risk reserve	<b>751,353</b>	744,368
Other tax payable	<b>400,380</b>	468,323
Pending payable to clearing house	<b>241,834</b>	203,157
Dividends payable	<b>206,184</b>	7,536
Commission and fee payables	<b>99,492</b>	9,632
Others ( <i>Note ii</i> )	<b>13,677,411</b>	9,617,007
	<b>23,780,780</b>	22,986,083
Analysed for reporting purpose as:		
Current liabilities	<b>22,538,352</b>	21,262,810
Non-current liabilities ( <i>Note i</i> )	<b>1,242,428</b>	1,723,273
	<b>23,780,780</b>	22,986,083

*Notes:*

- (i) The Group sets up a detailed plan for the payment of accrued employees' bonuses. According to the plan, a balance of RMB499,064 thousand is expected to be settled after one year (31 December 2022: RMB373,068 thousand) and therefore classified as non-current liabilities.
- (ii) Others mainly represent payables received in advance of the Group which are non-interest bearing and are settled within one year.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 53. PROVISIONS

	2023/12/31	2022/12/31
Pending litigation and other matters	178,334	189,288
External guarantee	15,630	12,417
	<b>193,964</b>	<b>201,705</b>

### 54. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023/12/31	2022/12/31
Financial liabilities held for trading	2,169,332	286,697
Liabilities arising from consolidation of structured entities	1,930,670	702,488
Designated as financial liabilities at fair value through profit or loss (FVTPL) (Note)		
– Structured products	11,925,444	16,122,780
– Gold option	1,333,762	279,483
– Income certificates	3,094,197	5,497,032
	<b>20,453,405</b>	<b>22,888,480</b>
Analysed for reporting purpose as:		
Current liabilities	13,130,414	5,478,358
Non-current liabilities	7,322,991	17,410,122
	<b>20,453,405</b>	<b>22,888,480</b>

*Notes:*

As at 31 December 2023 and 31 December 2022, the difference between the fair values of the Group's financial liabilities designated at FVTPL and the contractual payables at maturity is not significant. The amounts of changes in the fair value that are attributable to changes in the Group's own credit risk are not significant during the year ended 31 December 2023 and the year ended 31 December 2022.

As at 31 December 2023 and 31 December 2022, included in the Group's financial liabilities designated at FVTPL are structured notes issued by the Group, income certificates and non-controlling interests of consolidation of structured entities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 55. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	2023/12/31	2022/12/31
Analysed by collateral type:		
Stock	<b>2,172,630</b>	3,025,125
Bonds	<b>100,738,908</b>	87,906,636
Gold	<b>9,653,255</b>	10,762,596
	<b>112,564,793</b>	101,694,357
Analysed by market:		
Stock exchanges	<b>33,916,235</b>	42,830,883
Inter-bank market	<b>68,860,072</b>	48,100,878
OTC	<b>9,788,486</b>	10,762,596
	<b>112,564,793</b>	101,694,357
Analysed for reporting purpose as:		
Current liabilities	<b>111,617,827</b>	101,694,357
Non-current liabilities	<b>946,966</b>	–
	<b>112,564,793</b>	101,694,357

Sales and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. Since the repurchase prices are fixed, the Group is still exposed to substantially all the credit risks and market risks and rewards of those securities sold. These securities are not derecognised from the financial statements but regarded as “collateral” for the liabilities because the Group retains substantially all the risks and rewards of these securities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 55. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS (CONTINUED)

The following tables provide a summary of carrying amounts or fair values related to transferred financial assets of the Group and the associated liabilities:

#### As at 31 December 2023

	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Debt instruments measured at amortised cost	Financial assets held under resale agreements	Others	Total
Carrying amount of transferred assets	54,471,311	40,566,570	3,089,912	588,448	25,739,910	124,456,151
Carrying amount of associated liabilities	49,109,515	36,736,533	2,882,554	483,010	23,353,181	112,564,793
Net position	5,361,796	3,830,037	207,358	105,438	2,386,729	11,891,358

#### As at 31 December 2022

	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Debt instruments measured at amortised cost	Financial assets held under resale agreements	Others	Total
Carrying amount of transferred assets	53,182,215	31,378,291	1,133,028	470,972	23,631,866	109,796,372
Carrying amount of associated liabilities	48,926,215	28,968,402	1,103,113	352,793	22,343,834	101,694,357
Net position	4,256,000	2,409,889	29,915	118,179	1,288,032	8,102,015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 56. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2023/12/31	2022/12/31
Placements from banks	3,339,205	3,244,643
Placements from CSFC	11,373,159	3,031,458
	<b>14,712,364</b>	6,276,101
Analysed for reporting purpose as:		
Current liabilities	12,740,366	3,218,363
Non-current liabilities	1,971,998	3,057,738
	<b>14,712,364</b>	6,276,101

### 57. SHARE CAPITAL

	Listed A shares		Listed H shares		Total	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Registered, issued and fully paid at RMB1.0 per share:						
As at 1 January 2023	9,654,631	9,654,631	3,409,569	3,409,569	13,064,200	13,064,200
As at 31 December 2023	9,654,631	9,654,631	3,409,569	3,409,569	13,064,200	13,064,200

As at 31 December 2023, the total share capital of the company is 13,064,200 thousand shares, of which 781,250 thousand shares are subject to disposal restrictions (as at 31 December 2022: 781,250 thousand shares).

### 58. TREASURY SHARES

On 30 August 2023, the Company convened the 41st meeting of the seventh session of the Board of Directors, at which the Resolution on the Plan of Repurchase of A Shares of the Company through Centralized Price Bidding was considered and approved.

On 4 September 2023, the Company implemented the initial repurchase of A Shares by way of centralized price bidding through the trading system of Shanghai Stock Exchange.

On 4 December 2023, the Company issued an announcement in relation to the results of repurchase of A Shares and the resulting changes in the Shares. The Company repurchased a total of 41,507,467 A Shares. It is proposed that the Shares repurchased will be sold through centralized price bidding after 12 months from the date of this announcement. If the Company fails to complete the sales of the Shares repurchased within three years after the date of this announcement, such portion of Shares repurchased shall be cancelled.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 59. REVALUATION RESERVE

	2023/12/31	2022/12/31
As beginning of the year	<b>(624,143)</b>	305,179
Debt instrument measured at fair value through other comprehensive income		
– Net fair value changes during the year	<b>605,479</b>	(111,392)
– Reclassification adjustment to profit or loss on disposal	<b>(127,474)</b>	(83,883)
– Reclassification adjustment to profit or loss for ECL	<b>(72,156)</b>	(63,908)
– Income tax impact	<b>(103,168)</b>	44,121
Equity instrument measured at fair value through other comprehensive income		
– Net fair value changes during the period	<b>(418,303)</b>	(1,462,092)
– Transfer to retained earnings	<b>342,727</b>	400,167
– Income tax impact	<b>3,877</b>	220,280
Share of other comprehensive income of associates and joint ventures	<b>1,362</b>	8,336
Actuarial gains on defined benefit obligations	<b>(34,915)</b>	80,357
Fair value gains on hedging instrument designated in cash flow hedges	<b>25,390</b>	38,692
As end of the year	<b>(401,324)</b>	(624,143)

### 60. RESERVES AND RETAINED EARNINGS

The amounts of the Group's reserves and the movements therein during the year are presented in the consolidated statement of changes in equity.

#### (a) Capital reserve

The balance of capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of par value attributable to shareholders of the Company and other capital reserve arising from equity transactions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 60. RESERVES AND RETAINED EARNINGS (CONTINUED)

### (b) Revaluation reserve

It mainly represents the fair value changes of debt instruments measured at FVTOCI and equity instruments measured at FVTOCI.

### (c) General reserves

The general reserves comprise statutory reserve, general risk reserve and transaction risk reserve.

Pursuant to the Company Law of the PRC, 10% of the net profit of the Company, as determined under the PRC accounting regulations and before distribution to shareholders, is required to be transferred to a statutory reserve until such time when this reserve represents 50% of the share capital of the Company. The reserve appropriated can be used for loss-covering, expansion of production scale and capitalisation, in accordance with the Company's articles of association or approved by the shareholders in a shareholders' general meeting.

In accordance with the Financial Rules for Financial Enterprises, the Company is required to appropriate 10% of net profit derived in accordance with the relevant accounting rules in the PRC before distribution to shareholders as general risk reserve from retained earnings.

Pursuant to the Securities Law of the PRC, the Company is required to appropriate 10% of the net profit derived in accordance with the relevant accounting rules in the PRC before distribution to shareholders as transaction risk reserve from retained earnings and cannot be distributed or transferred to share capital.

For the year ended 31 December 2023, the Company transferred approximately RMB2,196,322 thousand to the statutory reserve, general risk reserve and transaction risk reserve pursuant to the above regulatory requirements in the PRC (31 December 2022: RMB2,887,487 thousand).

Each of the Company's statutory reserve, general risk reserve and transaction risk reserve amounted to approximately RMB10,388,209 thousand as at 31 December 2023 (31 December 2022: RMB9,656,101 thousand).

The Company's PRC subsidiaries are also subject to the statutory requirements to appropriate their earnings to general reserves. The total amount of general reserves and transaction risk reserve appropriated from the subsidiaries as at 31 December 2023 is RMB2,124,702 thousand and RMB509,133 thousand (31 December 2022: RMB1,987,237 thousand and RMB482,833 thousand).

### (d) Retained earnings

In accordance with the relevant regulations, the distributable profits of the Company is deemed to be the lower of (i) the retained earnings determined in accordance with PRC GAAP and (ii) the retained earnings determined in accordance with IFRS Accounting Standards.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 61. PERPETUAL NOTES

	2023/12/31	2022/12/31
Perpetual notes issued by UniTrust ( <i>Note i</i> )	<b>3,293,829</b>	2,562,903

*Note:*

- (i) UniTrust issued renewable corporate bonds with value date on 14 March 2022 and principal amount of RMB970,000 thousand on 11 March 2022.

UniTrust issued renewable corporate bonds with value date on 21 November 2022 and principal amount of RMB500,000 thousand on 17 November 2022.

UniTrust issued renewable corporate bonds with value date on 10 March 2023 and principal amount of RMB1,000,000 thousand on 8 March 2023.

UniTrust issued renewable corporate bonds with value date on 17 August 2023 and principal amount of RMB1,000,000 thousand on 16 August 2023.

The above financial instruments have no fixed maturity date and the UniTrust has the right to defer the principal in accordance with the contractual terms.

Unless the compulsory interest payment events mentioned below have occurred, the UniTrust has the right to choose to defer current interests and all deferred interests at each interest payment date without limit on the number of times of the interests deferral; Interest deferring under the situations mentioned above are not considered as a breach of the contract for UniTrust.

UniTrust could not defer current interests and all deferred interests when the following compulsory interest payment events occurred within 12 months before the interest payment date:

- To declare and pay dividend to ordinary shareholders;
- To decrease registered capital.

Based on the terms and conditions mentioned above, the UniTrust has an unconditional right to avoid delivering cash or other financial assets. Accordingly, the above renewable corporate bonds are presented as other equity instruments under IAS 32 Financial Instruments: Presentation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 62. LONG-TERM PAYABLES

	2023/12/31	2022/12/31
Finance lease guarantee deposits	3,927,541	4,303,758
Deferred income	360,893	422,792
Others	634,840	781,614
	<b>4,923,274</b>	5,508,164

Long-term payables are mainly due to the guaranteed fund received by the Group through finance lease business. These amounts will expire beyond one year upon contract agreement and are classified as non-current liabilities.

### 63. CREDIT COMMITMENTS

As at 31 December 2023 and 2022, off-balance credit commitments can be analysed as follows:

	2023/12/31	2022/12/31
Guarantees and standby letters of credit	1,082,706	1,070,625
Irrevocable credit commitments	592,350	1,220,027

Guarantees and standby letters of credits are banking operations that may imply out-flow by the Subsidiary only at default condition.

Irrevocable commitments represent contractual agreements to extend credit to the Haitong Bank's customers (e.g., unused credit lines). These agreements are, generally, contracted for fixed periods of time or with other expiration requisites, and usually require the payment of a commission. Substantially, all credit commitments require that clients maintain certain conditions verified at the time when the credit was granted.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 64. OPERATING LEASE ARRANGEMENTS

#### The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2023/12/31	2022/12/31
Within one year	563,118	574,682
In the second year	543,308	556,922
In the third year	502,161	514,570
In the fourth year	374,266	474,325
In the fifth year	227,145	348,531
Over five years	626,378	829,418
	<b>2,836,376</b>	<b>3,298,448</b>

### 65. CAPITAL COMMITMENTS

	2023/12/31	2022/12/31
Capital expenditure in respect of acquisition of property and equipment:		
– Contracted but not provided	555,423	806,385

### 66. DIVIDENDS

	2023	2022
Dividends recognised as distribution	2,743,482	3,919,260

According to the approval of the Company 2022 Annual General Meeting held on 16 June 2023, the Company declared a cash dividend of RMB2.10 per 10 shares (including tax) for the year 2022 to all shareholders, with a total declared amount of RMB2,743 million (including tax). As at 28 July 2023, the cash dividend was paid.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 67. INVESTMENT IN SUBSIDIARIES

### Company

	2023/12/31	2022/12/31
Unlisted shares, at cost	<b>45,156,744</b>	37,648,658

### Principal subsidiaries acquired through establishment or investment

#### Details of the principal subsidiaries:

Name of subsidiary	Type of legal entity registered under PRC law	Place of Incorporation/ establishment	Main business location	Equity interest held by the Group		Registered capital	Principal activities
				As at 31 December 2023	As at 31 December 2022		
海富通基金管理有限公司 HFT Investment Management Co., Ltd. *	有限責任公司(中外合資) Limited liability company (equity joint venture)	Shanghai	Shanghai	51%	51%	RMB 300,000,000	Fund management
海通開元投資有限公司 Haitong Capital Investment Co. Ltd.*	有限責任公司(法人獨資) Limited liability company (wholly owned)	Shanghai	Shanghai	100%	100%	RMB 7,500,000,000	Private Equity investment management
海通國際控股有限公司 Haitong International Holdings Limited*	N/A	Hong Kong	Hong Kong	100%	100%	HKD 11,179,726,140	Investment holding
海通期貨股份有限公司 Haitong Futures Co., Ltd.*	股份有限公司(新三板上市) Joint stock limited company (listed on NEEQ)	Shanghai	Shanghai	83%	83%	RMB 1,301,500,000	Futures brokerage
海通國際證券集團有限公司 Haitong International Securities Group Limited*	N/A	Bermuda	Hong Kong	73%	68%	HKD 843,819,160	Investment holding
海通創新證券投資有限公司 Haitong Innovation Securities Investment Company Limited *	有限責任公司(法人獨資) Limited liability company (wholly owned)	Shanghai	Shanghai	100%	100%	RMB 11,500,000,000	Financial products investment, equity investment and securities investment

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 67. INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### Principal subsidiaries acquired through establishment or investment (Continued)

##### Details of the principal subsidiaries: (Continued)

Name of subsidiary	Type of legal entity registered under PRC law	Place of Incorporation/ establishment	Main business location	Equity interest held by the Group		Registered capital	Principal activities
				As at 31 December 2023	As at 31 December 2022		
上海海通證券資產管理有限公司 Shanghai Haitong Securities Asset Management Company Limited*	有限責任公司(法人獨資) Limited liability company (wholly owned)	Shanghai	Shanghai	100%	100%	RMB 2,200,000,000	Securities asset management
海通恒信金融集團有限公司 Haitong UT Capital Group Co., Limited*	N/A	Hong Kong	Hong Kong	100%	100%	HKD 4,146,162,881	Investment holding
海通恒信國際融資租賃股份有限公司 Haitong UniTrust International Financial Leasing Co., Ltd.*	股份有限公司(上市) Joint stock limited company (listed)	Shanghai	Shanghai	85%	85%	RMB 8,235,300,000	Leasing
海通銀行 Haitong Bank S.A. *	N/A	Portugal	Portugal	100%	100%	EUR871,277,660	Banking
上海惟泰置業管理有限公司 Shanghai Weitai Properties Management Co., Ltd.*	有限責任公司(法人獨資) Limited liability company (wholly owned)	Shanghai	Shanghai	100%	100%	RMB 10,000,000	Real estate development, property management and catering management

Note:

\* English translated name are for identification only.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 67. INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### Principal subsidiaries acquired through establishment or investment (Continued)

##### Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Placement of incorporation	Proportion of ordinary shares and voting rights held by non-controlling interests		Profit allocated to non controlling interests		Accumulated non controlling interests	
		2023/12/31	2022/12/31	2023/12/31	2022/12/31	2023/12/31	2022/12/31
HISGL	Bermuda	26.60%	32.08%	1,948,103	(1,858,850)	3,470,249	5,862,900
UniTrust	PRC	15.00%	15.00%	359,225	216,467	5,994,900	2,465,209

Summarised financial information in respect of HISGL is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2023/12/31	2022/12/31
Current assets	53,293,462	64,366,743
Non-current assets	13,798,092	15,221,114
Current liabilities	48,442,497	51,210,830
Non-current liabilities	5,556,749	9,896,335
<b>Total equity</b>	<b>13,092,308</b>	<b>18,480,692</b>
	<b>2023</b>	<b>2022</b>
Total income	(4,216,330)	(1,031,750)
Profit for the year	(7,291,475)	(5,637,723)
Other comprehensive income	(93,305)	(276,095)
<b>Total comprehensive income for the year</b>	<b>(7,384,780)</b>	<b>(5,913,818)</b>
Net cash inflow/(outflow) from operating activities	3,888,318	(3,468,228)
Net cash inflow/(outflow) from investing activities	1,169,311	(118,793)
Net cash (outflow)/inflow from financing activities	(6,885,780)	1,773,760
<b>Net cash outflow</b>	<b>(1,828,151)</b>	<b>(1,813,261)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 67. INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### Principal subsidiaries acquired through establishment or investment (Continued)

#### *Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)*

Summarised financial information in respect of UniTrust is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2023/12/31	2022/12/31
Current assets	59,694,209	57,624,834
Non-current assets	63,656,919	66,888,910
Current liabilities	53,865,001	57,560,786
Non-current liabilities	49,240,814	48,126,294
Total equity	20,245,313	18,826,664

	2023/12/31	2022/12/31
Total income	8,912,985	8,861,946
Profit for the year	1,607,476	1,532,889
Other comprehensive income	48,614	129,743
Total comprehensive income for the year	1,656,090	1,662,632

	2023/12/31	2022/12/31
Net cash inflow/(outflow) from operating activities	8,159,022	(8,779,930)
Net cash (outflow)/inflow from investing activities	(815,967)	179,826
Net cash (outflow)/inflow from financing activities	(4,181,532)	8,011,078
Net cash inflow/(outflow)	3,161,523	(589,026)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 68. INTERESTS IN CONSOLIDATED STRUCTURED ENTITIES

The Group had consolidated certain structured entities including asset management products. For the asset management products where the Group acts as manager or invested in, the Group assesses whether the combination of investments it held, if any, together with its remuneration and other interests creates exposure to variability of returns from the activities of the asset management products that is of such significance that it indicates that the Group is a principal.

The financial impact of these asset management products on the Group's financial position as at 31 December 2023 and 2022, and the results and cash flows for the years ended 31 December 2023 and 2022, though consolidated, are not individually significant to the Group. Therefore, the financial information of these consolidated structured entities is not disclosed individually.

The aggregated assets of all consolidated structured entities directly held by the Group amounted to RMB57,960 million and RMB36,713 million as at 31 December 2023 and 31 December 2022, respectively. Interests in all consolidated structured entities directly held by the Group amounted to fair value of RMB50,450,512 thousand and RMB31,422,817 thousand at 31 December 2023 and 31 December 2022, respectively. As at 31 December 2023 the Group does not held interests in the subordinated tranche of structured products. As at 31 December 2022, the fair value of the Group's interests in the subordinated tranche of structured products is RMB10,497 thousand.

## 69. INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

Except for the structured entities the Group has consolidated as detailed in Note 68, in the opinion of the directors of the Company, the variable returns the Group exposed to over the structured entities that the Group acts as manager are not significant or does not have power over them. Therefore, the Group did not consolidate these structured entities.

The carrying amount of unconsolidated structured entities in which the Group acted as investment manager and held financial interests and its maximum exposure to loss in relation to those interests amounted to RMB5,443,534 thousand and RMB15,463,801 thousand as at 31 December 2023 and 2022, respectively. Total management income from all structured entities in which the Group acted as investment manager is RMB1,599,343 thousand and RMB1,959,196 thousand respectively.

In addition to those interests in unconsolidated structured entities managed by the Group as disclosed above, the Group also has interests in unconsolidated structured entities in which the Group did not act as investment manager. The total maximum exposure to loss in relation to the Group's interests in structured products is close to their respective carrying amounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 70. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The emoluments of the Directors and Supervisors of the Company paid/payable by the Group for the years ended 31 December 2023 and 2022 are set out below:

#### For the year ended 31 December 2023

Name	Director fee	Salary and commission	Bonuses <sup>(a)</sup>	Employer's contribution to pension schemes annuity plans	Total <sup>(b)</sup>
<i>Executive Directors:</i>					
Zhou Jie <sup>1</sup>	–	490	367	68	925
Li Jun <sup>2</sup>	–	920	–	68	988
Ren Peng <sup>20</sup>	–	69	–	6	75
<i>Independent Non-executive Directors:</i>					
Mao Fugen <sup>3</sup>	60	–	–	–	60
Fan Renda <sup>4</sup>	60	–	–	–	60
Mao Huigang <sup>5</sup>	60	–	–	–	60
Zhou Yu <sup>6</sup>	300	–	–	–	300
Zhang Ming <sup>21</sup>	240	–	–	–	240
Lin Jiali <sup>22</sup>	150	–	–	–	150
Zhu Hongchao <sup>23</sup>	210	–	–	–	210
<i>Non-executive Directors and Supervisors:</i>					
Tu Xuanxuan <sup>7</sup>	–	–	–	–	–
Xiao Hehua <sup>8</sup>	–	–	–	–	–
Shi Lei <sup>9</sup>	–	–	–	–	–
Xu Jianguo <sup>10</sup>	–	–	–	–	–
Tong Jianping <sup>11</sup>	–	–	–	–	–
Song Chunfeng <sup>12</sup>	–	–	–	–	–
Miao Qing <sup>13</sup>	–	–	–	–	–
Ruan Feng <sup>14</sup>	–	–	–	–	–
Li Zhenghao <sup>15</sup>	–	–	–	–	–
Cao Yijian <sup>16</sup>	–	–	–	–	–
Wu Xiangyang <sup>17</sup>	–	823	1,102	68	1,993
Yu Yang <sup>18</sup>	–	207	191	17	415
Cao Zhigang <sup>19</sup>	–	413	466	34	913
Zhao Yonggang <sup>26</sup>	–	441	330	68	839
Shi Xu <sup>27</sup>	–	421	636	34	1,091
	<b>1,080</b>	<b>3,784</b>	<b>3,092</b>	<b>363</b>	<b>8,319</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 70. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2022

Name	Director fee	Salary and commission	Bonuses <sup>(a)</sup>	Employer's contribution to pension schemes annuity plans	Total <sup>(b)</sup>
<i>Executive Directors:</i>					
Zhou Jie <sup>1</sup>	–	490	429	–	919
Li Jun <sup>2</sup>	–	920	62	–	982
Ren Peng <sup>20</sup>	–	828	56	–	884
<i>Independent Non-executive Directors:</i>					
Zhang Ming <sup>21</sup>	260	–	–	–	260
Lin Jiali <sup>22</sup>	240	–	–	–	240
Zhu Hongchao <sup>23</sup>	230	–	–	–	230
Zhou Yu <sup>6</sup>	250	–	–	–	250
<i>Non-executive Directors and Supervisors:</i>					
Tu Xuanxuan <sup>7</sup>	–	–	–	–	–
Zhou Donghui <sup>24</sup>	–	–	–	–	–
Yu Liping <sup>25</sup>	–	–	–	–	–
Xu Jianguo <sup>10</sup>	–	–	–	–	–
Tong Jianping <sup>11</sup>	–	–	–	–	–
Zhao Yonggang <sup>26</sup>	–	441	386	–	827
Shi Xu <sup>27</sup>	–	906	1,272	–	2,178
Wu Xiangyang <sup>17</sup>	–	695	1,011	–	1,706
Ruan Feng <sup>14</sup>	–	–	–	–	–
Li Zhenghao <sup>15</sup>	–	–	–	–	–
Cao Yijian <sup>16</sup>	–	–	–	–	–
Dong Xiaochun <sup>28</sup>	–	–	–	–	–
Dai Li <sup>29</sup>	–	–	–	–	–
	980	4,280	3,216	–	8,476



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 70. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

#### For the year ended 31 December 2023 (Continued)

*Note:*

- (a) The bonuses are discretionary and are determined by reference to the Group's and the individuals' performance.
  - (b) The Company did not operate any share option scheme during the reporting periods.
- 1 Mr. Zhou Jie was appointed as the Executive Director of the Company in October 2016, and the Chairman of the Company in October 2016. Mr. Zhou Jie whose emoluments disclosed above include those for service rendered by them as the Executive Director.
  - 2 Mr. Li Jun was appointed as the Executive Director of the Company in September 2021, and the General Manager of the Company in October 2021. Mr. Li Jun whose emoluments disclosed above include those for service rendered by them as the Executive Director.
  - 3 Mr. Mao Fugen was appointed as the Independent Non-executive Director of the Company in October 2023.
  - 4 Mr. Fan Renda was appointed as the Independent Non-executive Director of the Company in October 2023.
  - 5 Mr. Mao Huigang was appointed as the Independent Non-executive Director of the Company in October 2023.
  - 6 Mr. Zhou Yu was appointed as the Independent Non-executive Director of the Company in June 2019.
  - 7 Mr. Tu Xuanxuan was appointed as the Non-executive Director of the Company in June 2019.
  - 8 Mrs. Xiao Hehua was appointed as the Non-executive Director of the Company in June 2023.
  - 9 Mr. Shi Lei was appointed as the Non-executive Director of the Company in October 2023.
  - 10 Mr. Xu Jianguo was appointed as the Non-executive Director of the Company in October 2016.
  - 11 Mr. Tong Jianping was appointed as the Chairman of the Supervisory Board in September 2022.
  - 12 Mr. Song Chunfeng was appointed as the Supervisor of the Company in October 2023.
  - 13 Mrs. Miao Qing was appointed as the Supervisor of the Company in October 2023.
  - 14 Mr. Ruan Feng was appointed as the Supervisor of the Company in October 2020.
  - 15 Mr. Li Zhenghao was appointed as the Supervisor of the Company in June 2020.
  - 16 Mr. Cao Yijian was appointed as the Supervisor of the Company in June 2019.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 70. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

### For the year ended 31 December 2023 (Continued)

*Note: (Continued)*

- 17 Mr. Wu Xiangyang was appointed as the Supervisor of the Company in June 2019.
- 18 Mrs. Yu Yang was appointed as the Supervisor of the Company in October 2023.
- 19 Mr. Cao Zhigang was appointed as the Supervisor of the Company in June 2023.
- 20 Mr. Ren Peng was appointed as the Executive Director of the Company in June 2019 and was appointed as the Vice General Manager of the Company in November 1997. Mr. Ren Peng resigned from the position of the Vice General Manager and Executive Director of the Company in January 2023.
- 21 Mr. Zhang Ming was appointed as the Independent Non-executive Director of the Company in June 2016, Mr. Zhang Ming resigned from the position of the Independent Non-executive Director of the Company in October 2023.
- 22 Mr. Lin Jiali was appointed as the Independent Non-executive Director of the Company in April 2017, Mr. Lin Jiali resigned from the position of the Independent Non-executive Director of the Company in October 2023.
- 23 Mr. Zhu Hongchao was appointed as the Independent Non-executive Director of the Company in June 2019, Mr. Zhu Hongchao resigned from the position of the Independent Non-executive Director of the Company in October 2023.
- 24 Mr. Zhou Donghui was appointed as the Non-executive Director of the Company in June 2020, Mr. Zhou Donghui resigned from the position of the Non-executive Director of the Company in October 2023.
- 25 Mrs. Yu Liping was appointed as the Non-executive Director of the Company in June 2015, Mrs. Yu Liping resigned from the position of the Non-executive Director of the Company in May 2023.
- 26 Mr. Zhao Yonggang was appointed as the Vice Chairman of the Supervisory Board in June 2021, Mr. Zhao Yonggang resigned from the position of the Vice Chairman of the Supervisory Board in October 2023.
- 27 Mr. Shi Xu was appointed as the Supervisor of the Company in June 2019. Mr. Shi Xu resigned from the position of the Supervisor of the Company in June 2023.
- 28 Mr. Dong Xiaochun was appointed as the Supervisor of the Company in October 2020. Mr. Dong Xiaochun resigned from the position of the Supervisor of the Company in October 2023.
- 29 Mrs. Dai Li was appointed as the Supervisor of the Company in June 2019. Mrs. Dai Li resigned from the position of the Supervisor of the Company in October 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 70. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The supervisors' emoluments shown above were for their services and their employments as supervisors of the Company.

For the years ended 31 December 2023 and 2022, no directors or supervisors of the Company waived any emoluments and no emoluments were paid by the Company to any of the directors or supervisors as an inducement to join or upon joining the Group or as compensation for redundancy.

The total remuneration received from the Company during the Reporting Period is the remuneration attributable to and paid in 2023 and excludes deferred remuneration attributable to the previous years and paid in 2023. In particular, Mr. Zhou Jie received RMB0.5236 million; Mr. Li Jun received RMB0.1737 million; Mr. Ren Peng received RMB0.9986 million; Mr. Zhao Yonggang received RMB0.3305 million; Mr. Shi Xu received RMB0.4067 million; Mr. Wu Xiangyang received RMB0.4038 million.

### 71. HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments, none of them are directors, supervisors or senior management. Details of the remuneration of the five highest paid employees during the year ended 2023 and 2022 are as follows:

	2023	2022
Salary and Employer's contribution to pension schemes	10,436	6,187
Bonuses	33,816	42,465
	<b>44,252</b>	<b>48,652</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 71. HIGHEST PAID INDIVIDUALS (CONTINUED)

Bonuses are discretionary and are determined by reference to the Group's and the individuals' performance. No emoluments have been paid to or receivable by these individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2023 and 2022.

The emoluments of the highest-paid individuals of the Group fall within the following bands:

	<b>2023</b>	2022
	<b>Number of employees</b>	Number of employees
Emolument bands		
– RMB6,000,000 to RMB8,000,000	<b>2</b>	–
– RMB8,000,000 to RMB10,000,000	<b>3</b>	5
	<b>5</b>	5

## 72. RELATED PARTY TRANSACTIONS

In addition to the associates of the Group set out in note 25 above, the name and the relationship of other related parties are set out as below:

<u>Name of the related party</u>	<u>Relationship of the related party</u>
Shanghai Guosheng (Group) Co., Ltd.	Shareholders with shareholdings of 5% or above in the company
Bright Foods (Group) Co., Ltd.	Significant influence
Shanghai Electric (Group) Corp.	Significant influence

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 72. RELATED PARTY TRANSACTIONS (CONTINUED)

The Group's major transactions with related parties are as follows:

	2023	2022
Commission and fee income from:		
– Fullgoal Fund Management Co., Ltd.	<b>129,727</b>	180,068
– CCTV Financial Media Industry Investment Fund (Limited Partnership)	<b>75,272</b>	66,495
– Shanghai Equity Investment Fund (Limited Partnership)	<b>37,926</b>	50
– Liaoning energy investment (Group) Co. Ltd.	<b>25,472</b>	25,491
– SME Development Fund Haitong (Hefei) Partnership (Limited Partnership)	<b>19,123</b>	–
– Liaoning China-Germany Industrial Equity Investment Fund (Limited Partnership)	<b>17,025</b>	17,000
– Shanghai Equity Investment Fund II (Limited Partnership)	<b>13,747</b>	28,328
– Jiaxing Haitong Xuchu Equity Investment Fund (Limited Partnership)	<b>7,974</b>	53
– Anhui Province Wanneng Haitong Dual-carbon Industry M & A Investment Fund Partnership (Limited Partnership)	<b>5,972</b>	3,583
– Xi'an Civil-Military Integration Satellite Investment Fund Co., Ltd.	<b>5,936</b>	5,013
– Guangdong South Media Integration Fund (Limited Partnership)	<b>5,465</b>	4,290
– Xi'an Aerospace and New Energy Industry Fund	<b>5,209</b>	35,963
– Jilin Modern Agricultural and Emerging Markets Investment Fund Limited	<b>3,567</b>	9,522
– Jilin Haichuang Changxin Investment Center (Limited Partnership)	<b>2,830</b>	1,155
– Shanghai Guosheng (Group) Co., Ltd.	<b>2,190</b>	2,019
– Bright Foods (Group) Co., Ltd.	<b>1,887</b>	53
– Xuchang Haitong Innovation Equity Investment Fund (Limited Partnership)	<b>1,509</b>	1,509
– Jilin Haitong Innovation Satellite Investment Center (Limited Partnership)	<b>1,401</b>	1,415
– Haitong (Jilin) Equity Investment Fund (Limited Partnership)	<b>306</b>	1,160
– Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	<b>195</b>	11,463
– Shanghai Electric (Group) Corp.	<b>71</b>	307
– Haitong Qidong (Weihai) Equity Investment Fund (Limited Partnership)	<b>42</b>	–
– Shanghai Cultural Industries Investment Fund (Limited Partnership)	<b>21</b>	13,847
– Xi'an Aerospace Haitong Innovative New Materials Equity Investment Partnership (Limited Partnership)	–	13,710

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 72. RELATED PARTY TRANSACTIONS (CONTINUED)

	2023	2022
Net interest income from		
– Liaoning China-Germany Industrial Equity Investment Fund (Limited Partnership)	<b>2,240</b>	–
– Shanghai Guosheng (Group) Co., Ltd.	<b>477</b>	802
– Jiaxing Haitong Xuchu Equity Investment Fund (Limited Partnership)	<b>396</b>	354
– Bright Foods (Group) Co., Ltd.	<b>372</b>	123
– Others	<b>772</b>	1,275
Net investment income		
– Shanghai Guosheng (Group) Co., Ltd.	<b>1,201</b>	6,253

	2023/12/31	2022/12/31
Accounts receivables from:		
– Xi'an Aerospace and New Energy Industry Fund	<b>38,574</b>	33,055
– SME Development Fund Haitong (Hefei) Partnership (Limited Partnership)	<b>20,270</b>	–
– Jiaxing Haitong Xuchu Equity Investment Fund (Limited Partnership)	<b>934</b>	–
– Shanghai Guosheng (Group) Co., Ltd.	<b>495</b>	684
– Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	–	32,881
– Shanghai Cultural Industries Investment Fund (Limited Partnership)	–	31,758
– Xi'an Aerospace Haitong Innovative New Materials Equity Investment Partnership (Limited Partnership)	–	8,369
– Others	<b>220</b>	140

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 72. RELATED PARTY TRANSACTIONS (CONTINUED)

	2023/12/31	2022/12/31
Accounts payable to brokerage clients		
– Liaoning China-Germany Industrial Equity Investment Fund (Limited Partnership)	<b>(339,075)</b>	–
– Shanghai Cultural Industries Investment Fund (Limited Partnership)	<b>(149,995)</b>	–
– Jiaxing Haitong Xuchu Equity Investment Fund (Limited Partnership)	<b>(43,756)</b>	(2,414)
– Bright Foods (Group) Co., Ltd.	<b>(39,949)</b>	(23,476)
– Xi'an Aerospace and New Energy Industry Fund	<b>(36,115)</b>	(826)
– Haitong Qidong (Weihai) Equity Investment Fund (Limited Partnership)	<b>(35,993)</b>	–
– Jilin Modern Agricultural and Emerging Markets Investment Fund Limited	<b>(797)</b>	(17)
– Shanghai Electric (Group) Corp.	<b>(294)</b>	(15,398)
– Shanghai Equity Investment Fund II (Limited Partnership)	<b>(196)</b>	(50,065)
– Shanghai Equity Investment Fund (Limited Partnership)	<b>(3)</b>	(57,192)
– Others	<b>(282)</b>	(25)
Accounts payable to		
– Shanghai Guosheng (Group) Co., Ltd.	<b>(51,614)</b>	(56,980)
Derivative financial assets		
– Shanghai Guosheng (Group) Co., Ltd.	<b>1,591</b>	2,310

The remuneration of the key management personnel of the Group was as follows (Note):

	Year ended 31 December	
	2023	2022
Short-term benefits:		
– Fees, salaries, commission and bonuses	<b>22,766</b>	36,962
Post-employment benefits:		
– Employer's contribution to pension schemes/annuity plans	<b>933</b>	1,224

*Note:* The total pre-tax compensation received by the key management personnel of the Group during the reporting period is comprised of salaries attributable to 2023 and disbursed in that year. The foreign currency income portion was converted by the middle rate of RMB exchange rate published by the China Foreign Exchange Trading Center at the end of 2023. It should be noted that the compensation attributable to prior years, which is deferred to 2023, is excluded from the aforementioned total.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 73. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	2023/12/31	2022/12/31
<b>Non-current assets</b>		
Property and equipment	<b>8,856,392</b>	8,013,297
Right-of-use assets	<b>610,943</b>	492,978
Investment properties	<b>12,007</b>	13,081
Other intangible assets	<b>450,551</b>	365,223
Investments in subsidiaries	<b>45,156,744</b>	37,648,658
Investments accounted for using equity method	<b>2,367,565</b>	2,151,252
Equity instruments at fair value through other comprehensive income	<b>7,341,581</b>	5,361,535
Debt instruments at fair value through other comprehensive income	<b>51,090,914</b>	44,642,989
Financial assets at fair value through profit or loss	<b>2,958,830</b>	3,385,948
Financial assets held under resale agreements	<b>2,013,400</b>	50,071
Deferred tax assets	<b>986,295</b>	1,641,765
<b>Total non-current assets</b>	<b>121,845,222</b>	103,766,797
<b>Current assets</b>		
Advances to customers on margin financing	<b>61,131,861</b>	56,840,362
Accounts receivable	<b>7,131,699</b>	4,490,817
Debt instruments at fair value through other comprehensive income	<b>8,439,060</b>	6,015,496
Financial assets at fair value through profit or loss	<b>153,733,166</b>	136,567,567
Derivative financial assets	<b>2,024,913</b>	869,903
Financial assets held under resale agreements	<b>29,775,085</b>	26,589,823
Other receivables and prepayments	<b>3,734,174</b>	4,839,404
Deposits with exchanges	<b>5,961,708</b>	6,187,577
Clearing settlement funds	<b>24,107,689</b>	31,643,792
Bank balances and cash	<b>79,625,886</b>	94,195,714
<b>Total current assets</b>	<b>375,665,241</b>	368,240,455
<b>Total assets</b>	<b>497,510,463</b>	472,007,252



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 73. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

	2023/12/31	2022/12/31
<b>Current liabilities</b>		
Short-term financing bills payables	12,490,341	7,211,240
Bonds Payable	46,910,466	38,039,857
Accounts payable to brokerage clients	65,128,915	69,201,352
Other payables and accruals	11,197,169	8,567,455
Amount due to subsidiaries	131,738	81,541
Lease liabilities	160,317	127,112
Financial liabilities at fair value through profit or loss	6,129,091	1,427,432
Derivative financial liabilities	1,600,286	738,108
Financial assets sold under repurchase agreements	100,099,718	93,412,806
Placements from banks and other financial institutions	12,373,421	3,031,458
<b>Total current liabilities</b>	<b>256,221,462</b>	221,838,361
<b>Net current assets</b>	<b>119,443,779</b>	146,402,094
<b>Total assets less current liabilities</b>	<b>241,289,001</b>	250,168,891
<b>Equity</b>		
Share capital	13,064,200	13,064,200
Capital reserve	74,757,884	74,709,021
Treasury shares	(414,335)	-
Revaluation reserve	(145,959)	(393,603)
General reserves	31,164,626	28,968,304
Retained earnings	34,844,750	32,697,861
<b>Total equity</b>	<b>153,271,166</b>	149,045,783
<b>Non-current liabilities</b>		
Bonds payables	80,278,295	83,009,677
Other payables and accruals	473,684	346,592
Financial liabilities at fair value through profit or loss	6,831,002	17,407,216
Lease liabilities	434,854	359,623
<b>Total non-current liabilities</b>	<b>88,017,835</b>	101,123,108
<b>Total equity and non-current liabilities</b>	<b>241,289,001</b>	250,168,891

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 73. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

	Share Capital	Capital Reserve <i>(Note)</i>	Treasury shares	Revaluation reserve	General Reserves	Retained Earnings	Total
As at 1 January 2023	13,064,200	74,709,021	-	(393,603)	28,968,304	32,697,861	149,045,783
Profit for the year	-	-	-	-	-	7,321,074	7,321,074
Other comprehensive income for the year	-	-	-	13,263	-	-	13,263
Total comprehensive income for the year	-	-	-	13,263	-	7,321,074	7,334,337
Appropriation to general reserves	-	-	-	-	2,196,322	(2,196,322)	-
Cash dividends recognised as distribution	-	-	-	-	-	(2,743,482)	(2,743,482)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	234,381	-	(234,381)	-
Acquisition of treasury shares	-	-	(414,335)	-	-	-	(414,335)
Others	-	48,863	-	-	-	-	48,863
As at 31 December 2023	13,064,200	74,757,884	(414,335)	(145,959)	31,164,626	34,844,750	153,271,166
As at 1 January 2022	13,064,200	74,772,635	-	411,800	26,080,817	30,179,778	144,509,230
Profit for the year	-	-	-	-	-	9,624,955	9,624,955
Other comprehensive income for the year	-	-	-	(1,105,528)	-	-	(1,105,528)
Total comprehensive income for the year	-	-	-	(1,105,528)	-	9,624,955	8,519,427
Appropriation to general reserves	-	-	-	-	2,887,487	(2,887,487)	-
Cash dividends recognised as distribution	-	-	-	-	-	(3,919,260)	(3,919,260)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	300,125	-	(300,125)	-
Others	-	(63,614)	-	-	-	-	(63,614)
As at 31 December 2022	13,064,200	74,709,021	-	(393,603)	28,968,304	32,697,861	149,045,783

*Note:* Capital reserve of the Company represents primarily the share premium arisen from the issuance of the Company's shares.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT

### Risk Management Policy and Organizational Structure

#### *Risk Management Policy*

The Group pays great attention on risk prevention and control with the principles of “pragmatic, pioneering, steady and excellent” operation and “being prudent and even conservative” risk management, giving priorities for compliance and risk management in terms of company operation. The Group has established a sound and effective risk management framework in accordance with relevant regulations, laws and regulatory requirements strictly. Engraved with the bottom line of compliance, the Group prevents the compliance risk, money laundering risk and terrorist financing risk through all kinds of compliance management instruments and compliance monitoring approaches, and the Company also allocates asset steadily, standardizes business processes and comprehensively strengthens prevention, monitoring and post-control for various risks by measuring risks through approaches such as credit investigation and extension, duration analysis, foreign exchange exposure analysis, value at risk analysis, the minimum survival period calculation of the cash flow, gap analysis, sensitivity analysis and stress test, also by establishing a monitoring system for risk control indicators such as net capital. Meanwhile, the Company has integrated the T+1 risk data management of subsidiaries at home and abroad into a unified system to implement vertical risk management, introduced consolidated management of risk control indicators, improved the frequency and quality of risk data reporting of the subsidiaries, as well as promoted the construction of a comprehensive risk management system for the group.

The Group has formulated policies and procedures to identify and evaluate major risks such as credit risk, market risk and liquidity risk occurred in using financial instruments. The Group has strictly carried out risk limits management and internal control processes, scientifically used quantitative model for measurement, as well as carefully considered relevant limitations to perfect various professional information management systems and risk data management to support the efficiency of the risk management functions.

#### *Organizational Structure of Risk Management*

The Company makes standardized operations according to the Company Law, the Securities Law, the Guidelines for Internal Control of Investment Banking Business of Securities Companies, the Standards of Comprehensive Risk Management of Securities Companies and the Articles of Association. Considering the needs of business development and risk management, the Company has built multi-level organizational structure of risk management and determined specific responsibilities in risk management for the board of directors, the board of supervisors, the management, the Chief Risk Officer (“CRO”), the risk management department, the business and administration department, branches and subsidiaries.

The board of directors makes and approves the strategic objectives of risk management. Its responsibilities include the review and approval for the Company’s overall risk management objectives, fundamental policies and major system, overall risk appetite and risk tolerance, as well as solutions of significant risks; regular risk evaluation and reporting, supervision for the implementation of risk management policies; appointment and assessment of the CRO; establishing the mechanism for direct communication with the CRO, and other responsibilities stipulated in the Articles of Association. The board of directors have set up the Compliance and Risk Management Committee to perform risk management functions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Risk Management Policy and Organizational Structure (Continued)

#### *Organizational Structure of Risk Management (Continued)*

The board of supervisors supervises the Company's risk management and internal control system. Its responsibilities include supervisions on the risk management and internal control established and implemented by the board of directors and management, as well as other responsibilities stipulated in the Articles of Association.

Based on the approval of the board of directors, the management is required to set up an organizational structure with clear responsibilities and processes, make risk management policies, rules and system, carry out overall risk appetite and risk tolerance policies, identify and evaluate all kinds of risks, effectively leverage the sound risk management system and mechanism, timely respond to defects and issues, deliberate significant risk accidents, establish an overall performance evaluation system covering risk management effectiveness, build a perfect IT system and data quality control mechanism, as well as perform other risk management functions given by the board of directors.

The CRO appointed by the chairman of directors is the senior management who is responsible for the overall risk management of the Company. The CRO is required to organize and implement risk management policies, rules and system determined by the board of directors, arrange supervisions, reviews and evaluations for risk management system established and perfected by the Company, arrange supervisions and inspections for the implementation of risk management policies and procedures, make suggestions and supervisions for improvements on issues in the risk management and regularly organize evaluations for operations and the level of major risks, file the evaluation report to the management, the board of directors and regulatory department, as well as organize the recommendation and assessment for the person in charge of risk management in subsidiaries.

The risk management department led by the CRO performs risk management functions, which is required to draft risk management policies, rules and system, supervise and guide other departments to make the business risk management system and procedures, identify and evaluate major risks of the Company's businesses, organize supervisions and inspections for the implementation of the risk management system of different businesses, regularly evaluate and report overall risk level and risk management, as well as timely report significant potential risks or risk issues and give suggestions accordingly. In addition, the compliance management department is responsible for the management of compliance risk, money laundering risk and terrorist financing risk, the funds management head office is responsible for the liquidity risk, the general manager office is responsible for the reputational risk, and the IT management department is responsible for the IT risk.

The Company's departments, branches and subsidiaries are responsible for the risk management within the scope of their operation and management, establishing the sound risk management system and procedures, accordingly, implementing risk management policies and completing related risk management duties. The heads of the above departments, branches and subsidiaries assume direct responsibilities of risk management effectiveness. The departments, branches and subsidiaries appoint personnel to perform risk management functions in respective unit, including the supervision, inspection and reporting for the implementation of risk management policies and system, as well front-line management responsibilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Risk Management Policy and Organizational Structure (Continued)

#### *Organizational Structure of Risk Management (Continued)*

The Company's audit department carries out regular inspections for risk management and regular evaluations for the effectiveness of the risk management system, and make suggestions for improvement based on the evaluation result.

All subsidiaries operate in a risk standardized manner and operate in accordance with the law. The Group has integrated the risk management of subsidiaries into the Group's overall risk management system, implemented vertical risk management, introduced consolidated management of risk control indicators, integrated the T+1 risk data management, and further implemented the vertical risk management for subsidiaries in terms of nomination of subsidiaries' risk management principal, risk limit and report, approval of major risk events, risk data docking, consolidated management of risk control indicators, risk supervision and inspection, risk evaluation and assessment, etc.

#### **Credit risk management**

Credit risk refers to the risk that may cause losses for the Group's operation due to the inability of the debtor, counterparty or debt issuer to fulfil its agreed financial obligations or the deterioration of its credit quality.

The currency funds are primarily deposited in state-owned commercial banks or joint-stock commercial banks with good reputation. The clearing settlement funds are deposited in CSDC. The credit risk of cash and cash equivalents is relatively low. The economic matter adopts full margin settlement to avoid relevant credit risks.

The transactional financing business carried out by the Group mainly includes margin financing and securities lending, stock-pledged repurchase, margin trading, and contractual repurchase securities transactions. The Group mainly controls the credit risk of customers through due diligence, internal rating, credit review, post-loan asset inspection, close a position, etc.

The Group emphasises the control of concentration risk through investment diversification, and mainly favours the investment targets involving assets with high credit ratings. In credit risk management, the Group closely tracks the operating conditions and changes in credit rating of investment targets, implements the internal rating and unified credit management mechanisms, and establishes and improves relevant credit risk monitoring indicators regarding issuer, industry and geographic concentration. In post-investment management, the Group updates the debt issuer's internal rating and credit limit in a timely manner based on changes in financial indicators, major risk events and negative public opinion, and dynamically adjusts the trading strategies.

In terms of financial leasing, the Group adopts a strategy of equal emphasis on industry and customer to determine credit risk management policies. In terms of industry credit risk management, the Group conducts dynamic tracking and assessment of the degree of prosperity of the industry in which the financial leasing customer is located, formulates the corresponding industry delivery policy and controls the risk of industry concentration on the basis of this. In terms of customer credit risk control, the Group mainly controls the credit risk of customers through due diligence, internal rating, credit review, post-loan asset inspection, risk early warning and monitoring, concentration limit control, etc.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Credit risk management (Continued)

For short-term interbank placement businesses such as bond repurchase, the Group carries out risk control from the perspectives of counterparty selection and credit management, prudently selects counterparties with good credit qualifications and secured securities with higher credit ratings, in an effort to control the level of credit risk from the source. For OTC derivatives, the Group has established sound management systems and procedures in terms of counterparty selection and credit management, underlying securities management, risk response and disposal, etc., conducts daily marking-to-market over the trading of OTC derivatives during the operating period, and manages counterparty credit risk through strict implementation of measures such as netting settlement and performance guarantee. The counterparties of the Group's short-term interbank placements and OTC derivatives businesses are mainly commercial banks, securities companies, asset management plans (AMPs) and other entities. In handling such business, the Group chooses appropriate business models, strictly controls the business scale and takes reasonable risk control measures. In addition, the Group pays attention to the correlation between credit risk and market risk, and takes necessary monitoring and response measures against credit risk in the context of market volatility, including but not limited to transaction margin arrangements, counterparty internal rating and credit management, future potential risk exposure measurement, wrong-way risk identification, etc.

In addition to the above-mentioned risk factors, the overseas financing business conducted by the Group also bears credit risks. During the reporting period, due to adverse factors such as interest rate hikes by the European and American central banks and fluctuations in the Hong Kong market, the repayment ability of the company's overseas existing financing customers has been weakened, and the difficulty of collateral collection and disposal has increased. The company has made additional impairment provisions, and adopted monitoring measures through improving post-loan tracking and concentration control to continuously reduce overseas credit risks. The Group continues to improve its credit risk management system in accordance with industry regulatory policies, capital market conditions and the Group's business development strategies. During the reporting period, with reference to relevant policies such as the credit risk management measures, the Group fully implemented the credit risk identification, assessment, measurement, monitoring, reporting and response work by customers and businesses. The first is to improve the use of the wisdom warning centre and implement the monitoring of diverse signals of default warning to enable the business line and improve the abilities of risk early warning and forecasting. The second is to upgrade the credit risk management information system leveraged by the Group's T+1 risk data market, and continue to improve the credit risk limit system in the dimensions of asset quality, risk offsetting and concentration risk by enhancing risk identification, measurement and stress testing capabilities. The third is to promote the unified rating and centralised credit management mechanism, establish the project financing client credit risk rating and credit management rules, and dynamically optimize the related structures. The fourth is to continuously improve the systematic reporting procedures and information system deployment of high risk customers to effectively track and monitor the Group's overall credit risk profile and risk limit implementation. The fifth is to put the customer ESG due diligence and ESG risk assessment into effect proactively and conduct special training on ESG risk management for the group. During the reporting period, the Group's core credit risk monitoring indicators were stable, and the overall credit risk was controllable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Credit risk management (Continued)

##### *Measurement of ECL model*

The Company divides the impairment into stages based on individual financial instrument or financial instrument portfolio so as to effectively monitor the credit risks of the assets and makes adjustments on regular basis. For different types of businesses, the Company establishes distinct criteria for each stage, including but not limited to factors such as the obligor's financial and operating situations, changes in credit rating, collaterals and guarantees, significant negative public sentiment, judicial litigation and overdue information etc., so as to comprehensively reveal business risk degree and dynamically reflect reliability of the obligor's performance, providing basis for division of impairment stages. The Company categorizes the impairment of financial instruments into three stages:

(1) Stage I

The first stage includes financial instruments with low credit risk on the reporting date or without significant increase in credit risk since initial recognition. The Company measures the impairment provision according to the amount equivalent to the expected-credit-loss of the financial instrument in the next 12 months (if the expected lifetime is less than 12 months, it shall be within the lifetime).

(2) Stage II

The second stage includes financial instruments with significant increase in credit risk since initial recognition but without credit impairment, i.e. there is no objective evidence indicating that the financial instrument has become credit-impaired. The Company measures the impairment provision according to the amount equivalent to the expected-credit-loss of the financial instrument in the entire duration.

(3) Stage III

The third stage includes financial instruments that are credit impaired, the Company measures the impairment provision according to the amount equivalent to the expected-credit-loss of the financial instrument in the entire duration. Evidences that the financial instruments have become credit-impaired include but not limited to the following observable events:

- Significant financial difficulty of the obligor;
- A breach of contract by the obligor, such as a default or overdue in interest or principal payments over 90 (inclusive) calendar days;
- It becomes probable that the obligor will enter bankruptcy or other financial reorganizations;
- The disappearance of an active market for given financial assets because of financial difficulties of the obligor;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Credit risk management (Continued)

#### Measurement of ECL model (Continued)

##### (3) Stage III (Continued)

- The obligor is obviously lack of or has lost solvency, being assigned with a manager by the court or has started relevant legal proceedings;
- The creditor, for economic or contractual reasons relating to the obligor's financial difficulty, granting a concession to the obligor that would not otherwise grant, including but not limited to debt reduction and exemption, paying-a-debt-in-kind and debt-to-equity swap;
- The obligor has ceased operating activities, with business license cancelled or revoked by the competent authority;
- The obligor legally declared bankruptcy, shutdown, dismissal and termination of legal person qualification.

Credit impairment of the financial instruments may arise from combined effect of several events, and may not necessary be arising from an individually identifiable event.

#### Criteria for judging a significant increase in credit risk

At the end of each reporting period, the Company assesses the financial instruments other than accounts receivable regarding whether their credit risks have increased significantly since initial recognition. The Company comprehensively assesses and considers credit risks based on nature of the financial instruments and risk factors of the debtor. When assessing whether there has been a significant increase in credit risk, the Company thinks it is necessary to consider the factors that include but are not limited to:

- The practical or anticipated significant downgrading of the internal credit risk rating of the obligor since initial recognition, or significant decrease in the internal behavior score used for assessing credit risk;
- Upon initial recognition, downgrading of the obligor's entity or debt rating above AA level (inclusive) granted by the rating institution in mainland China, and the downgraded level is below AA (exclusive); downgrading the obligor's entity or debt rating above BBB-/Baa3 level (inclusive) granted by the major three international rating institutions, and the downgraded level is below BBB-/Baa3 (exclusive);
- Upon initial recognition, downgrading of the obligor's entity or debt rating below AA level granted by the rating institution in mainland China; downgrading the obligor's entity or debt rating below BBB-/Baa3 level granted by the major three international rating institutions;



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Credit risk management (Continued)

##### *Criteria for judging a significant increase in credit risk (Continued)*

- Obligor fails to make repayments as scheduled, including both failure to repay the principal and the failure to repay the interest and debts under other items specified in the agreement in full amount, and such situation has lasted for more than 30 (inclusive) calendar days; unless the company can obtain reasonable and solid information at a reasonable cost proving that even after more than 30 natural days, the credit risk of the debtor has not significantly increased;
- Significant changes in the value of collateral or the guarantee provided by a third party, which may weaken the debtor's economic motive to repay within the prescribed period, or influence the probability of default; for example, the decrease in value of pledged securities weakens the obligor's performance guarantee, to the extent that the obligor is unable to supplement collateral within a reasonable period as agreed in the contract or the obligor has a stronger motivation to default;
- Anticipated significant changes with an adverse effect on the operation, finance or macroeconomic condition that will cause significant changes to the obligor's economic motive or ability to fulfil obligations as stipulated in the contract;
- Significant changes in the external market indicators for credit risk of specific financial instruments or similar financial instruments with the same expected maturity; for example, the obligor's credit spread, credit default swap or other relevant market information;
- The practical or anticipated significant changes in the quality of credit support provided by the guarantor, which may weaken the obligor's economic motive to repay within the prescribed period; for example, if the guarantor stops providing financial support to obligor, the latter will face bankruptcy or bankruptcy management, or make limited payment necessary for operation (such as salary and payment to key suppliers) while giving a low priority to paying financial liabilities, leading to increase in probability of default;
- As for securitization, the practical or anticipated significant changes in their credit enhancement or support quality may lead to decline in ability to absorb expected credit loss by the relevant subordinated interest;
- Other relative changes that can indicate the default risk of financial instruments before expected maturity, instead of absolute changes in relation to default risk.

The Company finally concludes division of impairment stages of securities margin and stock pledged repo business in accordance with collateral maintenance ratio of financing entity or contract and complexity of disposing guarantee securities, and comprehensively considering factors such as operating situations, repayment ability, litigation and overdue information of the financing entity at the end of reporting period. For collateral maintenance ratio, the Company sets up different preliminary margin call thresholds and forced liquidation thresholds for different financing entities or contracts in line with credit status of the financing entities at transactions, module to which the guarantee securities belong, liquidity and trade restriction. The preliminary margin call threshold ranges from 150% to 170% and the forced liquidation threshold ranges from 130% to 150%. At the stage of impairment assessment, for purpose of prudently assessing risks of disposing collateralized securities, the Company determines over loss alert threshold for different financing entities or contracts according to the complexity of disposing guarantee securities. The over loss alert threshold ranges from 110% to the forced liquidation threshold.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Credit risk management (Continued)

#### *Criteria for judging a significant increase in credit risk (Continued)*

- That the collateral maintenance ratio is above or equal to the preliminary margin call threshold is classified into “Stage I”;
- That the collateral maintenance ratio is between the preliminary margin call threshold and the over loss alert threshold, or satisfying conditions of “significant increase in credit risk” is classified into “Stage II”;
- That the collateral maintenance ratio is below the over loss alert threshold, or that evidence of “credit-impaired” is existed is classified into “Stage III”.

#### *Parameters and valuation technique of ECL measurement*

The key inputs used by the Company to measure expected credit loss are listed as follows:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD).

As mentioned above, key parameters usually come from the Company’s internally developed risk measurement model and other historical data, and adjustments are made to reflect the forward-looking information of probability weights.

PD refers to estimated value of the likelihood that default will occur within certain period, which is estimated at a certain time point. LGD refers to estimated value of loss resulting from default, which is based on the gap between due contractual cash flows and the Company’s expected amount received, with the consideration of collateral’s expected future cash flows receivable. EAD refers to estimated value of risk exposure at the date of default in the future, with the consideration of anticipated changes in risk exposure after the reporting date, such as repayment of principal and interest, and anticipated loans withdrawn from financing agreements.

The Company uses the ECL model based on three key risk indicators (PD, LGD and EAD) to measure impairment provision for financial instruments at Stage I and Stage II. The product of these three indicators is the ECL of the financial instrument. PD is measured by internal or external credit ratings or at the migration rate or rolling rate calculated based on historical internal data after adjusting forward-looking information. When assessing LGD, the Company calculates the recoverable cash flows of guarantee securities after taking into account of the expected disposal cycle of collateralized securities and impact of value fluctuation within the expected disposal cycle (including factors such as disposable amount of collateralized securities, daily average trading volume, restrictions against circulation, rules for shareholding reduction and historical volatility) as well as relevant taxes. EAD reflects unpaid amount when presuming a default of various financial instruments during corresponding measurement period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Credit risk management (Continued)

##### *Parameters and valuation technique of ECL measurement (Continued)*

For the financial instruments at Stage III, the Company assesses the ECL using individually impairment assessment method. Specifically, the Company reasonably assesses cash realizable value of disposing collateralized securities based on specific risks of individual item and adequate considerations about financial status and operating as a going concern of the obligor and the underlying listed company of collateralized securities, judicial litigation, restrictions against shareholding reduction, significant negative public sentiment and delisting risk. Meanwhile, the Company comprehensively judges the obligor's expected recoverable cash flow in line with valuation of other supplemental credit enhancement assets provided by the obligor, the portion that cannot cover its risk exposure after discounting would be included in impairment provision.

##### *Forward-looking Information*

*The assessment of significant increase in credit risk (SICR) and the calculation of expected credit losses (ECL) involve forward-looking information.*

For bond investment financial assets, the Company qualitatively selects key economic indicators as forward-looking factors, and identifies key economic indicators that affect credit risk and ECL, including the year-on-year growth rate of broad money supply (M2), gross domestic product (GDP), producer price index (PPI), total retail sales of consumer goods. For financing financial assets, the probability of default (PD) is estimated using the regression analysis method to establish a correlation model between PD and macroeconomic indicators, which will be used in combination with the forecast macroeconomic indicators to infer PD changes. Macroeconomic indicators include, but are not limited to, gross domestic product (GDP) growth rate, broad money supply (M2) growth rate, producer price index (PPI) growth rate, and fixed assets investment volume, etc. By building relationship between these economic indicators and business risk characteristics, forward-looking adjustments are finally made to ECL of financing financial assets.

In addition to the benchmark economic scenarios, the Company's management also provides other possible scenarios and corresponding weights taking into account the market expectations. The Company sets different scenarios based on the risk characteristics of main businesses or product categories to reasonably evaluate the possible changes in risks of relevant financial assets under different economic scenarios. The Company reassesses the number of scenarios and their characteristics on each balance sheet date.

The Company believes that, for the Company's credit financial asset portfolio, three different scenarios ("Optimistic", "Benchmark" and "Pessimistic") should be considered to reasonably reflect the possible impact of selected economic indicators on ECL. The Company determines the weight of each scenario based on statistical analysis and expert judgement, also considering the range of possible outcomes represented by each scenario. Currently, the weight of the benchmark scenario used by the Company exceeds the sum of the weights of other scenarios.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Credit risk management (Continued)

#### *Forward-looking Information (Continued)*

The Company measures the related provision for loss by weighted 12-month ECL (Stage 1) or weighted lifetime ECL (Stage 2 and Stage 3). The above weighted ECL is calculated by multiplying the ECL under each scenario by the weight of the corresponding scenario.

Similar to other economic estimates, the forecast economic indicators and probability of occurrence are inherently highly uncertain. As a result, the actual results may be materially different from the estimates. The Company believes that these forecasts reflect the Company's best estimate of possible outcomes.

#### *Sensitivity analysis*

The ECL measurement model will use model parameters, macroeconomic variables for forward-looking forecast, the weights of economic scenarios, and other factors considered when applying expert judgement. Changes in these parameters, assumptions and judgements will have an impact on the measurement of SICR and ECL. The Company regularly re-examines the model every year and appropriately revises the assumptions and parameters used in the model according to the specific circumstances. The adjustment of the model and parameters this year has no significant impact on the ECL results.

The Company conducted a sensitivity analysis on the economic indicators used in forward-looking measurement, which showed that when the weights of the optimistic and pessimistic scenarios changed by 10%, the impact on the provision for ECL made by the Company would not be significant.

At the same time, the Company also conducted a sensitivity analysis on the stage classification of credit risk. As of 31 December 2023, assuming that there was no SICR since the initial recognition that might lead to transfer of all the financial instruments in Stage 2 to Stage 1, the impact on the ECL recognised in the balance sheet would not be significant.

#### **Collateral and other credit enhancements**

The Company adopts a series of policies and credit enhancements to lower credit risk exposure to acceptable levels. Among them, the most common method is to provide collateral or guarantee. The amount and type of collateral required depend on an assessment on the credit risk of the counterparty. The collaterals under the advances to customers on margin financing and repurchase agreements are mainly stocks, bonds and funds. The Company regularly monitors the market value of the collateral, requests additional collateral when needed according to the contract, and monitors changes in the market value of the collateral when reviewing the adequacy of loss provision.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Collateral and other credit enhancements (Continued)

##### *Management of Impairment of Financial Instruments*

To ensure the validity of preparing for impairment of financial instruments, the Company has established a range of policies and processes that are in line with credit risk management objectives for financial instruments. The Company has established a counter-balanced and collaborative working mechanism among business departments, risk management departments and finance departments, and has clarified department responsibilities, so as to measure credit risk of financial instruments and prepare for credit impairment in a prompt, accurate and reasonable manner. The Company's management and authorized agency manage its impairment of financial instruments through the following measures:

- Establish a credit risk management framework with clarified rights and liabilities and a complete system based on corporate strategy and risk appetite, and make adjustments promptly;
- Organize and improve assessment on impairment of financial instruments at the balance sheet date, and ensure that the validation, development and maintenance of the impairment model is effectively guaranteed;
- Assess impairment of the Company's financial instruments and potential financial impact, and report to the Board of Directors promptly;
- Review the Company's decisions on major impairment events;
- Establish integrated information system and data quality control mechanism for impairment of financial instruments;
- Other credit risk management responsibilities promised by the Board of Directors.

During the reporting period, based on the Policy for *the Management of Impairment of Financial Instruments of Haitong Securities Co., Ltd.* The Company kept optimizing the ECL model for the provision of credit impairment to ensure its stability and sensitivity. The measurement of ECL can dynamically describe the change of the obligor's credit qualification, the fluctuation of market conditions, the impact of macro-economic changes and other factors. The implementation of relevant policies and processes for the management of impairment of financial instruments was kept in place, which provides a guarantee for the reasonableness and timeliness of the Company's provision for credit impairment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Collateral and other credit enhancements (Continued)

#### Management of Impairment of Financial Instruments (Continued)

Without taking into account available collateral or other credit enhancements, the amounts representing the Group's maximum credit risk exposure at the balance sheet date are as follows:

	2023/12/31	2022/12/31
Advances to customers on margin financing	<b>68,418,208</b>	67,843,871
Accounts receivable	<b>12,167,275</b>	10,394,515
Other receivables	<b>6,039,179</b>	8,223,597
Other loan and receivables	<b>5,290,232</b>	6,728,168
Debt instruments measured at amortised cost	<b>6,797,780</b>	5,806,157
Finance lease receivables	<b>19,892,445</b>	19,458,453
Receivables arising from sale and leaseback arrangements	<b>79,516,505</b>	84,549,952
Debt instruments at fair value through other comprehensive income	<b>61,310,747</b>	52,851,899
Financial assets held under resale agreements	<b>36,783,232</b>	32,645,149
Placements to banks and other financial institutions	<b>330,295</b>	274,445
Financial assets at fair value through profit or loss	<b>129,807,488</b>	108,626,776
Deposits with exchanges	<b>23,643,822</b>	22,864,574
Clearing settlement funds	<b>15,584,378</b>	21,380,695
Bank balances and cash	<b>136,387,128</b>	153,392,719
Restricted bank balances and cash	<b>1,980,005</b>	1,769,482
Deposits with central banks	<b>4,252,200</b>	3,245,096
Deposits with other banks	<b>111,445</b>	172,872
Loans and advances	<b>5,615,660</b>	5,869,014
Derivative financial assets	<b>2,278,555</b>	1,477,167
<b>Maximum credit exposure</b>	<b>616,206,579</b>	607,574,601
Off balance sheet items credit exposure		
Guarantee granted	<b>1,082,706</b>	1,070,625
Irrevocable commitments	<b>592,350</b>	1,220,027
<b>Maximum off balance sheet items credit exposure</b>	<b>1,675,056</b>	2,290,652

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Market risk management

Market risk mainly refers to the risk of loss in the business related to self-owned capital investment due to unfavourable changes in market prices (stock prices, interest rates and exchange rates etc.) during the Group's business activities.

The Group uses the value at risk (VaR) method to assess and analyses the market risk of various investment financial instruments and positions. The measurement range includes the trading of the Company, Haitong Bank, HISGL and other subsidiaries. The VAR model used by the Group has a 95% confidence level and the target period is the next trading day. The details are as follows:

Item	VaR 95% in 2023			
	Value at risk of the Company	Value at risk of the Group	Value at risk of the Company/ Net assets of the Company	Value at risk of the Group/ Net assets of the Group
Maximum month-end value in the Reporting Period	194,489	317,981	0.13%	0.18%
Minimum month-end value in the Reporting Period	101,160	176,039	0.07%	0.10%
Average month-end value in the Reporting Period	142,611	246,342	0.09%	0.14%
Year-end value in 2023	121,754	226,505	0.08%	0.13%

Item	VaR 95% in 2022			
	Value at risk of the Company	Value at risk of the Group	Value at risk of the Company/ Net assets of the Company	Value at risk of the Group/ Net assets of the Group
Maximum month-end value in the Reporting Period	326,792	374,868	0.22%	0.20%
Minimum month-end value in the Reporting Period	166,662	223,846	0.11%	0.13%
Average month-end value in the Reporting Period	255,465	297,171	0.17%	0.17%
Year-end value in 2022	174,182	233,172	0.12%	0.13%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market risk management (Continued)

During the Reporting Period, the ratio of the Company's risk value to the Company's net assets at the end of each month and the ratio of the parent company and the Group's main subsidiaries' risk value to the Group's net assets were always within 0.2%, and the market risk was controllable and bearable.

The analysis of the VaR classified by risk types are as follows:

Item	The Group		The Company	
	2023/12/31	2022/12/31	2023/12/31	2022/12/31
Equity VaR	<b>255,638</b>	221,967	<b>125,934</b>	180,146
Interest rate VaR	<b>79,283</b>	96,362	<b>75,787</b>	94,203
Commodity VaR	<b>8,316</b>	11,598	<b>8,545</b>	2,491
Exchange rate VaR	<b>22,406</b>	26,552	<b>7,524</b>	6,908
Overall portfolio VaR	<b>226,505</b>	233,172	<b>121,754</b>	174,182

Item	2023			2022		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Equity VaR	<b>127,401</b>	<b>211,766</b>	<b>53,340</b>	234,740	310,747	180,146
Interest rate VaR	<b>78,327</b>	<b>89,844</b>	<b>63,152</b>	84,243	102,197	73,410
Commodity VaR	<b>3,948</b>	<b>8,545</b>	<b>893</b>	2,538	9,581	–
Exchange rate VaR	<b>8,372</b>	<b>9,050</b>	<b>7,524</b>	3,668	6,908	2,921
Overall portfolio VaR	<b>142,611</b>	<b>194,489</b>	<b>101,160</b>	255,465	326,792	166,662



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Market risk management (Continued)

##### Stock price risk

Stock price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting equity instruments traded in the market.

The stock price risk with great uncertainty is one of the types of market risk that the Group is mainly faced with. The Group pays close attention to the price movement of related assets, and take related measures to prevent it by daily tracking, monitoring and controlling the investment scale of security position and the movement of VaR. The investment scale of varieties of securities is properly controlled and timely adjusted with the diversified investment strategy by the Group. Meanwhile, the market risk is effectively controlled with hedging instruments.

The Group's stock price risk arises from equity investments in financial assets that are classified as held-for-trading or designated as equity instruments at fair value through other comprehensive income (FVTOCI). The Board of Directors closely monitors investment portfolios to manage risk exposures, and has hedged risks by entering into derivatives contracts.

The Group manages and analyses stock price risk based on the impact of securities price fluctuations on net profit and other comprehensive income during the reporting period. When reporting risk internally to key management personnel, management estimates a reasonable potential price change of 10%. With all other variables being held constant, if the market price of relevant equity assets rises or falls by 10%, the impact on the Group's net profit and other comprehensive income will be as follows:

	2023	2022
<b>Profit after income tax for the year</b>		
Increase by 10%	<b>2,477,237</b>	1,364,778
Decrease by 10%	<b>(2,477,237)</b>	(1,364,778)
<b>Other comprehensive income after income tax</b>		
Increase by 10%	<b>533,058</b>	382,612
Decrease by 10%	<b>(533,058)</b>	(382,612)

In the management's opinion, the sensitivity analysis is unrepresentative of inherent price risk as the year end exposure does not reflect the exposure during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market risk management (Continued)

#### Interest rate risk

Interest rate risk refers to the risk caused by changes in the market yield curve or credit spread and other factors. The businesses that carry such risk mainly include bond investments and interest rate derivatives. The Group's control of interest rate risk is mainly realised by scale control and investment portfolios to achieve reasonable asset allocation, matching the term structures of liabilities and assets, and measuring interest rate risk by regularly measuring investment portfolio duration, convexity, DV01 and other indicators.

The Group uses sensitivity analysis to measure the possible impact (after tax) of changes in interest rates on the Company's net interest income and gains and losses on changes in fair value and equity. The sensitivity of net interest income refers to the impact on the net interest income arising from the impact of certain interest rate changes on the financial assets and liabilities held at the end of the period that are expected to be subject to an interest rate resetting within one year. The calculation of the sensitivity of gains and losses on changes in fair value and the sensitivity of equity is based on the impact of the revaluation of the fixed-rate financial assets held at the end of the period as financial assets held for trading and other debt investments in response to certain interest rates changes.

If the market interest rate rises or falls 25 basis points while other variables are held constant, the impacts on the Group's net profit and other comprehensive income are as follows:

	2023	2022
<b>Profit after income tax for the year</b>		
Increase by 25bps	<b>(236,221)</b>	(198,458)
Decrease by 25bps	<b>262,234</b>	203,460
<b>Other comprehensive income after income tax</b>		
Increase by 25bps	<b>(303,620)</b>	(197,516)
Decrease by 25bps	<b>305,819</b>	199,520

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Market risk management (Continued)

##### *Exchange-rate risk*

Exchange rate risk refers to the risk resulted from changes in exchange rate. With constant improvement of worldwide layout, facing the complicated and changing international market. The Group constantly keeps track of and studies foreign exchange market, makes effort in continuing improvement of system development and internal management, and hedges and mitigates exchange rate risk through a series of measures such as hedging. The Group puts priority on the match between assets and liabilities denominated in foreign currencies to narrow the exposure of foreign exchange risk. If RMB is strengthened or weakened by 5% against other foreign currencies while other variables are held constant, the net profit of the Group will increase or decrease by RMB377 million in 2023 (2022: RMB303 million).

##### *Commodity price risk*

Commodity price risk arises from adverse fluctuation of commodity prices. During the reporting period, the commodity market risk exposure of the Group is relatively low. The Group has managed risk exposures effectively mainly by hedging risks through commodity futures, options and other derivatives.

#### Liquidity risk management

Liquidity risk is the risk to a company's inability to timely receive sufficient funds from reasonable costs thus it can't pay matured debts, fulfil other payable obligations, or meet regular business operation needs. Macro policies, market changes, operation condition, customer credit, as well as unmatched asset and liability structure may cause liquidity risk.

In terms of daily liquidity risk management, the Company, in accordance with the requirements of liquidity risk preference and risk indicator limits, keeps the liquidity risk detectable, controllable and acceptable, and reserves sufficient high quality liquid assets pursuant to management requirements, enabling the smooth operation of the Company's business and the repayment of due liabilities. The Company carries out ongoing daily liquidity and risk indicators management, and, in combination with the status of assets and liabilities, develops a fund and indicators interconnected system to improve the framework for liquidity risk analysis including the follow-up of the daily indicators and position, prospective analysis of monthly indicators and the breakdown of department indicators, which enrich the liquidity risk management in different periods and enhance the Company's efficiency in management and forecasting of liquidity risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Liquidity risk management (Continued)

Regarding the medium and long-term liquidity risk management, the Company makes continuous effort on the improvement of asset allocation structure. More analysis is conducted for the development trend of assets and liabilities to control liquidity risks at root. First, the Company establishes the Asset-liability Allocation Committee to carry out asset-liability management work. Through the timely analysis of business development trend and potential medium and long-term cash requirements, the liability maturity structure is adjusted to enable the reasonable matching between the term and scale of assets and that of liabilities. Second, the Company makes continuous effort on the improvement of fine management of liquidity, so that the liability structure and the maturity are more reasonable, maintaining the balance of the assets on safety, liquidity and profitability. During the reporting period, the Company attached importance to its relationship with commercial banks, gave priority to standardised operation, and maintained a good reputation while having its financing channel smoothed.

In respect of the management on the group level, the Company has promoted relative requirements on group and subsidiaries. Firstly, the Company has continued to group management of subsidiaries from two perspectives of risks, and assets and liabilities management, and make requirements based on three dimensions, organization system assurance, risk management and control frame, and risk responses to assist subsidiaries to complete their management system. Secondly, the Company has formulated quota requirements for subsidiaries, in line with the differences of industries, regions, and risk features among subsidiaries, based on the liquidity risk consolidated financial statement, in order to monitor their real situation of liquidity risk efficiently. It is also attributable to transmit liquidity risk preferences downwards. Lastly, the Company has formulated Support and Manage Method of Group's liquidity, for the purpose of reinforcing our capability of disposing liquidity risks and highlighting group's advantages in managing, adjusting, and controlling information. It is regarded as the overall management policy, which initially established the support system of Group's liquidity, clarifying the management goals, management principles, labour divisions and responsibilities, and support channels. All in all, the Company has striven to avoid any liquidity risks from happening within the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Liquidity risk management (Continued)

The table below lists the cash flows payable upon the maturity of the financial liabilities held by the Group for the liquidity risk management purpose. The amounts showed in the table are undiscounted contractual cash flows with principal and interest included.

#### As at 31 December 2023

	On Demand	Less than 3 months	3 months to 1 year	1 year to 5 years	5 years and above	Total
Borrowings	-	30,343,479	19,973,751	24,600,987	1,065,824	75,984,041
Deposits from central bank	-	-	109,455	-	-	109,455
Customer accounts	402,875	1,923,559	2,506,297	1,796,487	-	6,629,218
Accounts payable to brokerage clients	106,538,717	-	-	-	-	106,538,717
Placements from banks and other financial institutions	-	12,393,795	501,416	1,974,595	248,003	15,117,809
Financial assets sold under repurchase agreements	2,077,064	100,119,848	9,600,427	1,003,402	-	112,800,741
Other payables and accruals	4,018,114	2,639,669	13,384,315	603,014	151,431	20,796,543
Short-term financing bills payables	-	7,816,712	11,244,609	-	-	19,061,321
Bonds payable	-	21,099,872	59,429,154	127,982,189	-	208,511,215
Financial liabilities at fair value through profit or loss	2,126,316	5,809,064	5,195,034	7,316,343	6,648	20,453,405
Derivative financial liabilities	189,105	274,295	445,433	137,065	145,047	1,190,945
Long-term payables	-	-	-	4,600,494	322,780	4,923,274
Lease liabilities	-	99,137	267,886	645,249	237,186	1,249,458
	115,352,191	182,519,430	122,657,777	170,659,825	2,176,919	593,366,142

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Liquidity risk management (Continued)

As at 31 December 2022

	On Demand	Less than 3 months	3 months to 1 year	1 year to 5 years	5 years and above	Total
Borrowings	-	31,542,905	26,617,410	34,353,563	986,978	93,500,856
Deposits from central bank	-	2,156,079	-	83,658	-	2,239,737
Customer accounts	446,899	1,390,002	2,352,645	1,702,547	-	5,892,093
Accounts payable to brokerage clients	115,513,463	-	-	-	-	115,513,463
Placements from banks and other financial institutions	-	3,054,040	330,321	3,568,682	350,761	7,303,804
Financial assets sold under repurchase agreements	3,025,125	92,426,020	6,374,233	-	-	101,825,378
Other payables and accruals	5,146,349	2,677,389	11,717,365	454,147	148,819	20,144,069
Short-term financing bills payables	-	6,163,976	10,118,436	-	-	16,282,412
Bonds payable	-	14,473,004	50,396,068	126,709,408	374,499	191,952,979
Financial liabilities at fair value through profit or loss	3,348,439	926,134	1,203,785	17,407,933	2,189	22,888,480
Derivative financial liabilities	133,962	287,929	185,420	134,485	156,623	898,419
Long-term payables	-	-	-	5,003,648	504,516	5,508,164
Lease liabilities	118	83,794	230,044	549,700	271,136	1,134,792
	127,614,355	155,181,272	109,525,727	189,967,771	2,795,521	585,084,646

### Capital risk management

Complying with the requirements of Administrative Measures for Risk Control Indicators of Securities Companies, the Company has compiled regulatory statements and monitored risk indicators such as net capital on a daily basis. The Company timely monitors and controls businesses and factors that would influence net capital and risk control indicators to meet compliance requirements. The quality of group's overall asset is fine, capital adequacy ratio is high, and risk endurance is strong. Each risk control indicator complies with relative regulations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Capital risk management (Continued)

In accordance with the relevant regulations issued by China Securities Regulatory Commission, the Company is required to meet the following standards for risk control indicators on a continual basis:

- The ratio between its net capital and the sum of its various risk capital provisions shall be no less than 100% ("Ratio 1");
- The ratio between its net capital and its net assets shall be no less than 20% ("Ratio 2");
- The ratio between its net capital and its liabilities shall be no less than 8% ("Ratio 3");
- The ratio between its net assets and its liabilities shall be no less than 10% ("Ratio 4");
- The ratio between the value of equity securities and equity related derivatives held and its net capital shall not exceed 100% ("Ratio 5");
- The ratio between the value of non-equity securities held, non-equity related derivatives and net capital shall not exceed 500% ("Ratio 6");
- The ratio between its core net capital and total assets of in-balance-sheet and off-balance-sheet shall be no less than 8% ("Ratio 7");
- The ratio between its high quality liquid assets and net cash outflow in 30 days shall be no less than 100% ("Ratio 8"); and
- The ratio between its available stable funding and stable funding needed shall be no less than 100% ("Ratio 9").

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Capital risk management (Continued)

The net capital of a securities company is composed of core net capital and subsidiary net capital.

Core Net Capital = Net Assets

- Risk Adjustment for Asset Items
- Risk Adjustments with Liabilities
- /+Other Adjustments Identified or Approved by the CSRC.

Subsidiary net capital = Long-term subordinated

- × set ratio
- /+ other adjustment items identified or approved by the CSRC.

### Major Risk Control Indicators

Risk control indicator	31 December 2023
Net capital	<b>80,835,518</b>
Ratio 1	<b>197.71%</b>
Ratio 2	<b>52.74%</b>
Ratio 3	<b>28.96%</b>
Ratio 4	<b>54.91%</b>
Ratio 5	<b>16.92%</b>
Ratio 6	<b>229.18%</b>
Ratio 7	<b>17.68%</b>
Ratio 8	<b>223.69%</b>
Ratio 9	<b>141.88%</b>

The above ratios are calculated based on the underlying financial information prepared in accordance with the relevant accounting rules and financial regulations applicable to enterprises in the People's Republic of China regulated by the CSRC.

Certain subsidiaries of the Group are also subject to capital requirements under relevant regulations in PRC, Hong Kong and other jurisdictions. The capital of the Group mainly comprises its total equity.

The Company attaches vital importance to the influences caused by the significant events such as dividend distribution, significant investment, and innovation business on risk control indicators. The Company makes sensitivity analysis or pressure test on risk control indicators such as net capital prior to implementing above events, and only when complying with regulations of risk control indicator will the Company implement such events.

Additionally, the Company conducts outlook on future operation plan every half year, in which the Company considers the conditions of maximum operation scale and negative reverse of market condition, to ascertain every future indicator comply with relative regulations.

During the reporting period, the Company did not have any risk control indicator such as net capital that exceeded regulatory standards.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Fair value of financial assets and liabilities

Some of the Group's financial assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Group has set up certain process to determine the appropriate valuation techniques and inputs for fair value measurements. The appropriateness of the process and the determination of fair value are reviewed by the board of directors periodically.

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices;
- The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, fair value is determined by discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-option derivatives, and option pricing models for options;
- The fair value of other financial assets and financial liabilities (excluding those described above) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis, market comparison approach, etc.

The Group uses valuation techniques to determine the fair value of financial instruments when it is unable to obtain the open market quotation in active markets.

The main parameters used in valuation techniques for financial instruments held by the Group include bond prices, interest rates, foreign exchange rates, equity and stocks prices, volatilities, correlations, early repayment rates, counterparty credit spreads and others, which are all observable and obtainable from open market.

Management determines the fair value of the Group's level 3 financial instruments using a variety of techniques, including examining correlations of these fair values with macro-economic factors, engaging external values, and using valuation models that incorporate unobservable inputs such as loss coverage ratios. The fair value measurement of these instruments will not change significantly if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions. The Group has established internal control procedures to control the Group's exposure to such financial instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Fair value of financial assets and liabilities (Continued)

##### *Financial instruments not measured at fair value*

The table below summarises the carrying amounts and expected fair values with obvious variances of those financial assets and liabilities not presented on the Group's consolidated statement of financial position at their fair values

	As at 31 December 2023		As at 31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Debt instruments at amortised cost	<b>6,797,780</b>	<b>6,712,823</b>	5,806,157	5,546,901
<b>Financial liabilities</b>				
Non-convertible bonds payable	<b>193,920,280</b>	<b>194,829,867</b>	181,830,918	182,341,774

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Except for the above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Group's statements of financial position approximate their fair values.

##### *Financial instruments measured at fair value on a recurring basis*

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3.

For Level 1 financial instruments, fair values are unadjusted quotes in active markets for identical assets.

For Level 2 financial instruments, valuations are generally calculated based on the fair value of the underlying investments which are debt securities or publicly traded equity instruments in each portfolio or obtained from third party pricing services agent such as China Central Depository & Clearing Co., Ltd. which are based on the discounted cash flow models, recent transaction prices or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

For Level 3 financial instruments, the management obtains valuation quotations from counterparties or uses valuation techniques to determine the fair value, including discounted cash flow analysis, net asset value, market comparison approach and option pricing model, etc. The fair value of these financial instruments may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments, and therefore, these assets and liabilities have been classified by the Group as level 3. The unobservable inputs which may have impact on the valuation include weighted average cost of capital, liquidity discount, price to book ratio, etc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Fair value of financial assets and liabilities (Continued)

#### Financial instruments measured at fair value on a recurring basis (Continued)

The following table presents financial assets and financial liabilities measured at fair value as at 31 December 2023 and 31 December 2022.

	Level 1	Level 2	Level 3	Total
<b>As at 31 December 2023</b>				
Financial assets at fair value through profit or loss				
– Debt securities	614,516	110,063,862	13,516,111	124,194,489
– Equity securities	17,976,267	506,311	17,235,840	35,718,418
– Funds	12,252,818	30,414,864	6,447,678	49,115,360
– Others	5	6,668,791	5,576,027	12,244,823
Debt instruments at fair value through other comprehensive income	936,773	59,865,736	508,238	61,310,747
Equity instruments at fair value through other comprehensive income	7,107,446	–	903,398	8,010,844
Derivative financial assets	141,099	381,115	1,756,341	2,278,555
	<b>39,028,924</b>	<b>207,900,679</b>	<b>45,943,633</b>	<b>292,873,236</b>
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	1,630,647	538,685	–	2,169,332
– Designated as financial liabilities at fair value through profit or loss	27,718	7,754,226	10,502,129	18,284,073
Derivative financial liabilities	2,899	514,796	673,250	1,190,945
	<b>1,661,264</b>	<b>8,807,707</b>	<b>11,175,379</b>	<b>21,644,350</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Fair value of financial assets and liabilities (Continued)

#### Financial instruments measured at fair value on a recurring basis (Continued)

	Level 1	Level 2	Level 3	Total
<b>As at 31 December 2022</b>				
Financial assets at fair value through profit or loss				
– Debt securities	1,357,059	92,234,054	8,043,192	101,634,305
– Equity securities	11,227,920	640,956	18,475,101	30,343,977
– Funds	3,480,911	41,501,759	13,871,281	58,853,951
– Others	–	12,983,497	5,782,999	18,766,496
Debt instruments at fair value through other comprehensive income	901,956	51,107,051	842,892	52,851,899
Equity instruments at fair value through other comprehensive income	5,101,492	–	994,827	6,096,319
Derivative financial assets	44,366	646,636	786,165	1,477,167
	22,113,704	199,113,953	48,796,457	270,024,114
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	164,914	121,783	–	286,697
– Designated as financial liabilities at fair value through profit or loss	601,363	3,136,206	18,864,214	22,601,783
Derivative financial liabilities	–	535,107	363,312	898,419
	766,277	3,793,096	19,227,526	23,786,899

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Fair value of financial assets and liabilities (Continued)

#### Financial instruments measured at fair value on a recurring basis (Continued)

#### 31 December 2023

	Financial assets at fair value through profit or loss	Equity instruments at FVTOCI	Debt instruments at FVTOCI	Financial liabilities at fair value through profit or loss	Derivative instruments
As at 31 December 2022 and 1 January 2023	46,172,573	994,827	842,892	18,864,214	422,853
Transfer in	2,948,735	562	4,345	–	14,944
Purchase/(Disposal)	1,806,459	1,400	(294,127)	(8,661,820)	585,118
Transfer out	(2,892,258)	–	(137,106)	–	–
Other losses and gains	(5,259,853)	(93,391)	92,234	299,735	60,176
As at 31 December 2023	42,775,656	903,398	508,238	10,502,129	1,083,091

#### 31 December 2022

	Financial assets at fair value through profit or loss	Equity instruments at FVTOCI	Debt instruments at FVTOCI	Financial liabilities at fair value through profit or loss	Derivative instruments
As at 31 December 2021 and 1 January 2022	30,655,631	388,792	1,287,427	445,701	(328,736)
Transfer in	17,740,117	–	–	437,844	538
Purchase/(Disposal)	4,503,120	894,031	(522,110)	17,465,797	(1,114,928)
Transfer out	(6,394,652)	–	(6,200)	–	–
Other losses and gains	(331,643)	(287,996)	83,775	514,872	1,865,979
As at 31 December 2022	46,172,573	994,827	842,892	18,864,214	422,853

In 2023 and 2022, the amounts of financial instruments measured at fair value transferred between level 1 and level 2 were not significant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

## 74. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Fair value of financial assets and liabilities (Continued)

#### *Financial instruments measured at fair value on a recurring basis (Continued)*

In 2023, the Group transferred a portion of its equity investment from level 3 to level 1 mainly due to its lifting of restricted stocks and its fair value is determined based on active market quotes without liquidity discount adjustment. In addition, the Group has moved some financial instruments into level 3 as the technical valuation method for these instruments has changed to one based on significant unobtainable inputs. No other significant transfer of the Group's financial instruments measured at fair value between level 1, level 2 and level 3 occurred in 2023 (2022: same).

## 75. TRANSFER OF FINANCIAL ASSETS

### Asset-backed securities

The Group enters into securitization transactions in the normal course of business by which it transfers advances to customers on finance lease receivables and receivables arising from sale and leaseback arrangements to structured entities which issue asset-backed securities to investors. As the Group holds all the junior tranches asset-backed securities, substantially all the risks and rewards of ownership of the transferred assets are retained, so the Group continues to recognise the transferred asset in its entirety and recognises bonds payable for the consideration received.

As at 31 December 2023, the carrying amount of finance lease receivables and receivables arising from sale and leaseback arrangements that have been transferred but not derecognised was RMB13,642 million (31 December 2022: RMB10,149 million).

### Asset-backed notes

The Group enters into securitization transactions in the normal course of business by which it transfers finance lease receivables and receivables arising from sale and leaseback arrangements to structured entities which issue asset-backed notes in China Inter-bank market to investors. As the Group holds all the junior tranches asset-backed notes, substantially all the risks and rewards of ownership of the transferred assets are retained, so the Group continues to recognise the transferred asset in its entirety and recognises bonds payable for the consideration received.

As at 31 December 2023, the carrying amount of finance lease receivables and receivables arising from sale and leaseback arrangements that have been transferred but not derecognised was RMB1,862 million (31 December 2022: RMB1,887 million).

### Securities lending

The Group enters into securities lending transactions with the customers' securities or deposits as collateral. As the Group retains all the risks and rewards of such financial assets, it does not derecognize such financial assets in the balance sheet. As at 31 December 2023, the carrying amount of securities that have been transferred but not derecognised was RMB2,197 million (31 December 2022: RMB2,821 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (All amounts in RMB'000 unless otherwise stated)

### 76. AUDITORS' REMUNERATION

	2023	2022
Annual audit fee for the Company	8,113	5,566
Auditor's remuneration-others	27,018	25,950
	<b>35,131</b>	<b>31,516</b>

The total non-audit services fee paid by the Company to PricewaterhouseCoopers in 2023 was amounted to RMB1,887 thousand.

### 77. SUBSEQUENT EVENTS

On 26 September 2023, the 42nd meeting (extraordinary meeting) of the seventh session of the Board of the Company considered and approved the Resolution on the Privatization of Haitong International Securities Group Limited by Haitong International Holdings Limited, and agreed to approve the plan for privatization of Haitong International Securities Group Limited by Haitong International Holdings Limited. At 9 a.m. on 11 January 2024, the withdrawal of the listing status of Haitong International Securities Group Limited from the Hong Kong Stock Exchange took effect and Haitong International Securities Group Limited was officially delisted.

According to the 4th meeting of the 8th board of directors of the Company held on 28 March 2024, the board of directors proposed to declare a dividend of RMB1.00 (tax included) per 10 shares in 2023 to all shareholders, with a total amount of RMB1.3 billion (tax included) to be paid in cash. The profit distribution proposal has yet to be tabled and approved by the general meeting of shareholders.

Except for the above disclosures, no other material events have occurred with the Company from 31 December 2023 to the date of the Report.

## SECTION XI INFORMATION DISCLOSURES OF SECURITIES COMPANY

### I. RELEVANT INFORMATION ABOUT MAJOR ADMINISTRATIVE LICENSING MATTERS OF THE COMPANY

<b>Date</b>	<b>Title of Approval Document</b>	<b>Approval Organization</b>	<b>No. of Approval</b>
14 July 2023	Reply on Permitting Haitong Securities Co., Ltd. to Publicly Issue Short-term Corporate Bonds to Professional Investors	CSRC	Zheng Jian Xu Ke [2023] No. 1536
24 October 2023	Reply on Permitting Haitong Securities Co., Ltd. to Publicly Issue Corporate Bonds to Professional Investors	CSRC	Zheng Jian Xu Ke [2023] No. 2416

### II. RESULTS OF CLASSIFICATION OF THE COMPANY BY REGULATORY AUTHORITY

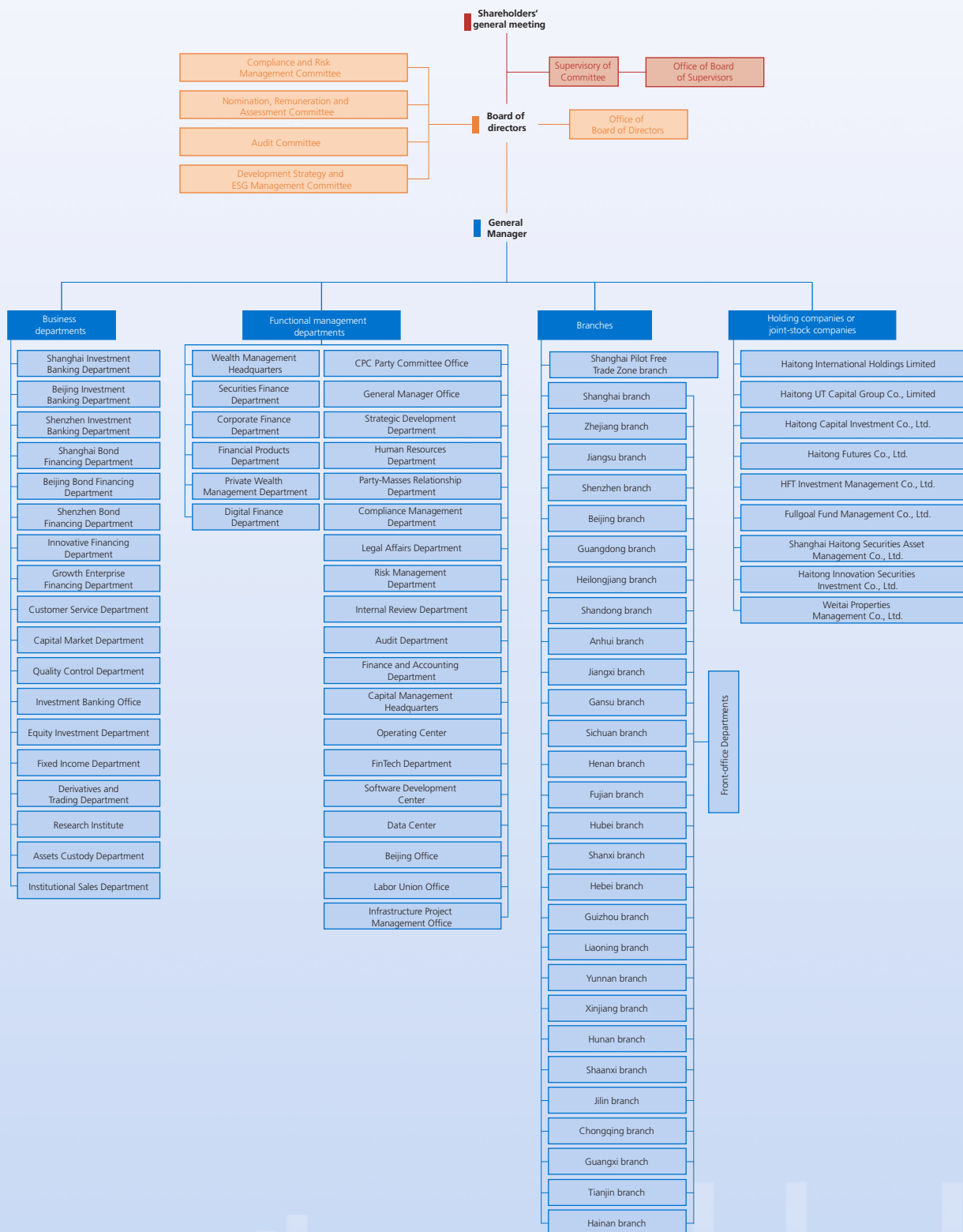
Applicable  Not applicable

Contents of documents available for inspection	The text of the annual report bearing the signature of the legal representative of the Company.
	The text of the financial report bearing the signatures and seals of the legal representative, the chief financial officer and the head of the accounting department of the Company.
	The text of the audit report bearing the seal of the accounting firm and the signature and seal of the certified public accountant.
	The original copies of all of the documents and announcements of the Company published through media that satisfy the conditions required by the securities regulatory authority under the State Council during the Reporting Period.
	Annual reports disclosed in other securities markets.
	Other relevant materials.



# APPENDIX I

## Organizational structure chart of Haitong Securities Co., Ltd.



## APPENDIX II: LIST OF BRANCHES

## LIST OF BRANCHES

No.	Branch	Address	Year of establishment	Person in charge
1	Shanghai branch	19/F & 20/F, No. 285, Jianguo West Road, Xuhui District, Shanghai	2009	Cao Xuesong (曹雪松)
2	Zhejiang branch	Rooms 801, 803 & 804, Dikai Yinzuo, Jianggan District, Hangzhou, Zhejiang	2009	Jin Xiaoyang (金曉陽)
3	Jiangsu branch	Rooms 2303-2306 & Rooms 2307-2308, Siya Zhidi Plaza, No. 55, Hongwu North Road, Xuanwu District, Nanjing, Jiangsu	2009	Zhao Jianxiang (趙建祥)
4	Shenzhen branch	6101, Tower A, Jinji Binhe Times Square, Xiasha Village, No. 9289, Binhe Road, Xiasha Community, Shatou Subdistrict, Futian District, Shenzhen	2009	Zhuang Wei (莊偉)
5	Guangdong branch	Rooms 901-902, 9/F, No. 8, Zhujiang West Road, Tianhe District, Guangzhou	2009	Cai Zhaopeng (蔡昭鵬)
6	Beijing branch	Room 701, 7/F, Fangyuan Building, No. A56, Zhongguancun South Street, Haidian District, Beijing	2009	Wang Song (王宋)
7	Heilongjiang branch	10/F, Qilu International Hotel, No. 111, Zhongshan Road, Nangang District, Harbin	2009	Hu Haibin (胡海斌)
8	Gansu branch	3/F, No. 157, Wudu Road, Chengguan District, Lanzhou, Gansu	2009	Han Gang (韓鋼)
9	Hubei branch	No. 144, Zhaojiatiao, Erqi Street, Jiang'an District, Wuhan	2009	Liu Shihan (劉士漢)
10	Anhui branch	6/F, Xingdu Building, crossing between Huangshan Road and Susong Road, Baohe District, Hefei, Anhui	2009	Sun Wei (孫偉)
11	Jilin branch	Building 4, Xinglan Community (No. 550, Dajing Road), Nangan District, Changchun	2011	Meng Qinglu (孟慶錄)
12	Jiangxi branch	Rooms 1802, 1803 & 1804, Bojin Center, No. 777, Jinrong Street, Honggutan District, Nanchang, Jiangxi	2011	Zhu Farong (朱發榮)
13	Shanxi branch	Units 04, 05 & 06, 16/F, Building B, China Overseas International Center, No. 8, Jinci Road Section 1, Wanbailin District, Taiyuan, Shanxi	2011	Li Benquan (李本權)
14	Yunnan branch	No. 3-4, 22/F, Spring City 66, No. 23, Dongfeng East Road, Panlong District, Kunming, Yunnan	2011	Yin Liang (陰良)
15	Guizhou branch	No. 1, 12-14/F, North Tower, South-North Building of Tianheng Building, Tianheng City Garden, Fushui North Road, Yunyan District, Guiyang, Guizhou	2011	Zhong Jian (鐘健)

## APPENDIX II: LIST OF BRANCHES

No.	Branch	Address	Year of establishment	Person in charge
16	Henan branch	6/F, Haitong Securities Building, No. 16, Jingqi Road, Jinshui District, Zhengzhou, Henan	2011	Liu Tao (劉濤)
17	Shandong branch	2/F, Building D, Shunhuayuan, No. 28, Shungeng Road, Shizhong District, Jinan, Shandong	2011	Yu Youhong (余有紅)
18	Sichuan branch	No. 12, Xiaohe Street, Qingyang District, Chengdu	2011	Liu Hongzhi (劉宏志)
19	Liaoning branch	6-7/F, No. 364, Daxi Road, Shenhe District, Shenyang, Liaoning	2011	Zhang Long (張龍)
20	Fujian branch	701A, 7/F, Building 3, Zhengxiang Center, No. 153, Wuyi North Road, Shuibu Street, Gulou District, Fuzhou, Fujian	2011	Lin Yupeng (林毓鵬)
21	Guangxi branch	16/F, Building C, Guangxi Xinyi Financial Investment Building, No. 34, Shuangyong Road, Qingxiu District, Nanning	2012	Lu Xiangyang (盧向陽)
22	Hunan branch	Rooms 1601-1605, 16/F, Yinhua Hotel, No. 618, Wuyi Avenue, Furong District, Changsha, Hunan	2012	Li Ying (李穎)
23	Shaanxi branch	North side of Room 11801, Building 11, No. 16, Fenghui South Road, High-tech Zone, Xi'an	2012	Lin Hai (林海)
24	Hebei branch	No. 2, Shifan Street, Qiaoxi District, Shijiazhuang	2012	Hu Jiaqi (胡嘉奇)
25	Hainan branch	203A, 2/F, Building B, Internet Finance Building, No. 3, Guoxing Avenue, Meilan District, Haikou, Hainan	2014	Chen Yunyin (陳雲穎)
26	Xinjiang branch	Rooms 201, 202 & 203, 2/F, Mingyuan Xinshidai Hotel, No. 739, Youhao North Road, Shayibake District, Urumqi, Xinjiang	2014	Liu Cengceng (劉層層)
27	Shanghai Pilot Free Trade Zone branch	Room 306, Nos. 859-863 (odd Nos.), Huanhu West First Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone	2014	Xu Feng (許鋒)
28	Chongqing branch	4-8 & 4-9, No. 2, Qingyun Road, Jiangbei District, Chongqing	2020	Luo Zhou (羅舟)
29	Tianjin branch	503, Building 2, Ninghui Building, Shuishang Gongyuan East Road, Nankai District, Tianjin	2020	Ma Hui (馬暉)

## APPENDIX II: LIST OF BRANCHES

## LIST OF SECURITIES BUSINESS DEPARTMENTS

No.	Name of business department	Address	Person in charge
1	Anqing Huxin North Road Securities Business Department	Room 1, Building 7, Cinnamomum Camphora Along A Waterfront, West of Huxin North Road, Anqing Development Zone, Anqing, Anhui	Wang Tao (王韜)
2	Bengbu Zhongrong Street Securities Business Department	Southwest of 1/F & 5F, Tianyuan Building, No. 146, Zhongrong Street, Bengbu, Anhui	Zhao Zhifeng (趙陟峰)
3	Bozhou Weiwu Avenue Securities Business Department	Room 302, Danhua Villa Complex Building, Intersection of Weiwu Avenue and Guangming Road, Qiaocheng District, Bozhou, Anhui	Jiang Long (江龍)
4	Chuzhou Huifeng Road Securities Business Department	Room 103-11-14, Building 1, No. 1899, Fengle Avenue (Changjiang Trade City), Chuzhou, Anhui	Shu Yaming (束亞明)
5	Fuyang Qinghe East Road Securities Business Department	1-2/F, Rooms 109-110, Building 1, Yiqingyuan, No. 63, Qinghe East Road, Yingzhou District, Fuyang, Anhui	Wan Hao (萬浩)
6	Hefei Huangshan Road Securities Business Department	4/F, Xingdu Building, No. 262, Huangshan Road, Baohe District, Hefei, Anhui	Wang Liguang (王立國)
7	Huaibei Xiangshan Road Securities Business Department	Rooms 1016-1018 & 2014-2018, Huiyuan Garden, No. 122, Xiangshan Road, Huaibei, Anhui	Huang Baohong (黃保宏)
8	Huainan Dongshan Middle Road Securities Business Department	3/F, Office Building of China Construction 4th Engineering 6th Corp. Limited, Zhongxing Community, Dongshan Street, Tianjia'an District, Huainan	Sang Ye (桑葉)
9	Lu'an Dabie Mountain Road Securities Business Department	Room 108, Buildings 1, 2 & 3, Binhe Yujing Phase II, Intersection of Dabie Mountain Road and Meishan Road, Lu'an, Anhui	Ren Lin (任林)
10	Ma'anshan Yushan West Road Securities Business Department	10-102, Yufeng Garden, Yushan District, Ma'anshan	Ni Shixu (倪士旭)
11	Tongling Beijing West Road Securities Business Department	No. 6, 1/F, Building 2-B2, Beidou Star City, Tongling, Anhui	Xiao Lianqi (肖連齊)
12	Wuhu Huangshan Middle Road Securities Business Department	No. 9, Huangshan Middle Road, Jinghu District, Wuhu, Anhui	Zhang Haibo (張海波)
13	Suzhou Renmin Road Securities Business Department	Rooms 0101-0103, Building 13, Wuyuehuafu, Renmin Road, Yongqiao District, Suzhou, Anhui	Hou Yundong (侯運動)
14	Xuancheng Jingting Road Securities Business Department	No. 299, Jingting Road, Xuancheng District, Xuancheng, Anhui	Zhong Lei (仲磊)
15	Hefei Feicui Road Securities Business Department	Room 301, Block 1, E2 Commercial Site, Zhonghuancheng, No. 2666, Shimen Road, Economic & Technological Development Area, Hefei, Anhui	Huang Fei (黃飛)
16	Beijing Guanghua Road Securities Business Department	Room 3-302, 3/F, Building 1, No. A8 Block, Guanghua Road, Chaoyang District, Beijing	Pan Shuai (潘帥)

## APPENDIX II: LIST OF BRANCHES

No.	Name of business department	Address	Person in charge
17	Beijing Workers Stadium North Road Securities Business Department	Unit 301, 3/F, No. 66, Workers Stadium North Road, Dongcheng District, Beijing	Meng Xiujuan (孟秀娟)
18	Beijing Zhongguancun South Street Securities Business Department	No. A56, Zhongguancun South Street, Haidian District, Beijing	Guo Ran (郭冉)
19	Beijing Zhichun Road Securities Business Department	Room 309, 3/F, Building 51, No. 63, Zhichun Road, Haidian District, Beijing	Bai Rubin (白汝斌)
20	Beijing Pinggu Jinxiang Road Securities Business Department	1/F & 3/F, No. 1, Jinxiang Road, Pinggu District, Beijing	Yu Hao (於昊)
21	Beijing Miyun Drum Tower East Street Securities Business Department	East Side Gate, No. 19-7, Drum Tower East Street, Miyun District, Beijing	Chai Yue (柴岳)
22	Beijing Fuwai Street Securities Business Department	S1002 & S1003, No. 2, Fuchengmenwai Street, Xicheng District, Beijing	Lin Yi (林鷓)
23	Beijing Liangmaqiao Road Securities Business Department	S104 & S105, 1/F, Building 1, No. 50, Liangmaqiao Road, Chaoyang District, Beijing	Lin Yi (林鷓)
24	Beijing Tongzhou Xinhua North Road Securities Business Department	116, 1/F to 2/F, Building 3, No. 4, Guanyinan South Street, Tongzhou District, Beijing	Guo Jialiang (郭家良)
25	Ningde Jiaocheng South Road Securities Business Department	Room 201, No. 11, Jiaocheng South Road, Jiaocheng District, Ningde, Fujian	Chen Zuowu (陳作武)
26	Fuzhou Wuyi North Road Securities Business Department	701B, 7/F and 901A, 9/F, Building 3, Zhengxiang Center, No. 153, Wuyi North Road, Shuibu Street, Gulou District, Fuzhou, Fujian	Chen Chaoying (陳朝迎)
27	Quanzhou Fengze Street Securities Business Department	Units 1-2, 22/F, Office Building, Nanyi Square, No. 666, Fengze Street, Fengze District, Quanzhou, Fujian	Li Yanqing (李燕清)
28	Xiamen Zhanhong Road Securities Business Department	Unit 2604, International Finance Center, No. 82, Zhanhong Road, Siming District, Xiamen	Yang Guoqiang (楊國強)
29	Sanming Liedong Street Securities Business Department	Shop 15 on 1/F & Shop 5 on 2/F, Building 3, Jiangbin Square, Sanyuan District, Sanming, Fujian	Su Weijian (蘇偉建)
30	Fuqing Qingchang Avenue Securities Business Department	Room 1206, Office Building A2, Wanda Plaza, Qingchang Avenue, Fuqing, Fuzhou, Fujian	Li Qiang (李強)
31	Longyan Longteng Middle Road Securities Business Department	Room 03, 2/F, Block 56-61, (City Center Garden Phase 3), No. 488, Longteng Middle Road, Xipi Town, Xinluo District, Longyan, Fujian	Su Weijian (蘇偉建)
32	Jinjiang Century Avenue Securities Business Department	Joint Store 62, Building 1 – Building 2, Jinjiang Wanda Plaza, No. 888, Century Avenue, Meiling Street, Jinjiang, Quanzhou, Fujian	Lin Yujin (林鈺津)
33	Zhangzhou Shuixian Street Securities Business Department	Room 405, Building B, No. 88, Shuixian Street, Longwen District, Zhangzhou, Fujian	Yang Yongjie (楊勇傑)
34	Chengxian East Binhe Middle Road Securities Business Department	No. 21, 3/F, Unit 3, Guanshui Lijing Commercial and Residential Building, East Binhe Middle Road, Chengxian, Longnan, Gansu	Niu Lingqi (牛凌琦)

## APPENDIX II: LIST OF BRANCHES

No.	Name of business department	Address	Person in charge
35	Jiayuguan Yuquan Middle Road Securities Business Department	Room 23, 1/F, No. 1000, Area B, Yuandong Huafu, Yuquan Middle Road, Jiayuguan, Gansu	Zhou Youxue (周有學)
36	Jinchang Changchun Road Securities Business Department	China Salt Administration Building, Changchun Road, Jinchang, Gansu	Xu Longshan (許龍善)
37	Lanzhou Donggang East Road Securities Business Department	No. 2070, Donggang East Road, Chengguan District, Lanzhou, Gansu	Wang Weida (王維達)
38	Lanzhou Wudu Road Securities Business Department	No. 157, Wudu Road, Chengguan District, Lanzhou, Gansu	Zhou Jun (周軍)
39	Lanzhou Gaolan Road Securities Business Department	2/F, No. 4, Gaolan Road, Chengguan District, Lanzhou, Gansu	Wu Yong (武勇)
40	Lanzhou Xijin West Road Securities Business Department	Room 103, Building 1, No. 1, Xijin West Road, Qilihe District, Lanzhou, Gansu	Wu Chunrui (吳春瑞)
41	Lanzhou Tongda Street Securities Business Department	Rooms 701-702 & Rooms 710-716, 7/F, Dingtaizhonghui Square, No. 666, Tongda Street, Anning District, Lanzhou, Gansu	Shen Ziqiang (沈自強)
42	Qingyang West Street Securities Business Department	No. 22, West Street, Xifeng District, Qingyang, Gansu	Liu Ru (劉儒)
43	Tianshui Xinhua Road Securities Business Department	West of 1/F, No. 108, Xinhua Road, Qinzhou District, Tianshui, Gansu	Zhou Qiong (周瓊)
44	Wuwei Qilian Avenue Securities Business Department	No. 612, Qilian Avenue, Liangzhou District, Wuwei, Gansu	Qian Qian (錢茜)
45	Xining Wenjing Street Securities Business Department	1/F, Building A, Qinghai Guotou Plaza, No. 32, Wenjing Street, Chengxi District, Xining, Qinghai	Ren Chengxin (任承新)
46	Dongguan Shenghe Road Securities Business Department	3/F, Tower B, Shenghe Square, Shenghe Road, Nancheng District, Dongguan, Guangdong	Wang Tieping (王鐵平)
47	Foshan Shunde Dongle Road Securities Business Department	No. 2001-1, Block 1, Wanbang Commercial Plaza, No. 266, Dongle Road, Fuyou Community, Daliang Subdistrict, Shunde District, Foshan, Guangdong	Hu Nantao (胡南濤)
48	Guangzhou Dongfeng West Road Securities Business Department	Room 1306, No. 209, Dongfeng West Road, Yuexiu District, Guangzhou	Zhang Dingying (張定穎)
49	Guangzhou Xingang East Road Securities Business Department	Room 2601, No. 148, Xingang East Road, Haizhu District, Guangzhou	Wang Nanwang (王南望)
50	Guangzhou Zhujiang West Road Securities Business Department	9/F (whole floor), No. 8, Zhujiang West Road, Tianhe District, Guangzhou, Guangdong	Lin Hanli (林漢利)
51	Huizhou Huishadi Second Road Securities Business Department	No. 31 & No. 32, 1/F, Building 14, Yuehuhui Garden, No. 86, Huishadi Second Road, Henan Riverbank, Huicheng District, Huizhou, Guangdong	Fang Feng (方灃)
52	Jieyang Puning Xinhe East Road Securities Business Department	6th and 7th from South of the Westward Shop, Zhongxin Huafu, Xinhe East Road, Liusha, Puning, Jieyang, Guangdong	Lin Dequan (林德銓)

## APPENDIX II: LIST OF BRANCHES

No.	Name of business department	Address	Person in charge
53	Shantou Zhongshan Middle Road Securities Business Department	Rooms 203 & 303, Fudu Building, No. 205, Zhongshan Road, Shantou, Guangdong	Zhu Shiqun (朱詩群)
54	Shaoguan Baiwang Road Securities Business Department	Shops 10, 11 & 12, 1/F, Block 1, Poly Zhongyue Garden, No. 15, Baiwang Road, Wujiang District, Shaoguan, Guangdong	Zheng Lianzhou (鄭煉洲)
55	Zhongshan Zhongshan 5th Road Securities Business Department	Booths 102-2 & 103-1, No. 48, Zhongshan 5th Road, East District, Zhongshan, Guangdong	Ruan Weiming (阮偉明)
56	Zhuhai Jingshan Road Securities Business Department	1st & 2nd, N Axis, 18 & 23-A, 2/F, Huangshan Building, No. 65, Jingshan Road; 1st, N Axis, 18 & 23-A, G/F, Huangshan Building, No. 65-67, Jingshan Road, Jida, Xiangzhou District, Zhuhai	Ma Chufeng (馬楚峰)
57	Guangzhou Nansha Branch	Room 2101, Room 2110 & Room 2111, No. 1, Mingzhu First Street, Hengli Town, Nansha District, Guangzhou	Zhu Yongqin (朱永欽)
58	Jiangmen Baishi Avenue Securities Business Department	Room 118, No. 201, Baishi Avenue, Pengjiang District, Jiangmen	Xue Weilong (薛偉龍)
59	Guangzhou Xingmin Road Securities Business Department	Room 1502, No. 222-3, Xingmin Road, Tianhe District, Guangzhou	Ouyang Ting (歐陽婷)
60	Guangzhou Panyu Hanxi Avenue East Securities Business Department	No. 539 & No. 541, Hanxi Avenue East, Nancun Town, Panyu District, Guangzhou, Guangdong	Tu Wengen (塗文根)
61	Foshan Nanhai Jinyuan Road Securities Business Department	Shops 146-147, Starcrest Zijing Commercial, No. 8, Jinyuan Road, Guicheng Subdistrict, Nanhai District, Foshan	Li Wu (李塗)
62	Guilin Wulidian Road Securities Business Department	Shops 1-4, 1/F, Building 1, No. 3, Wulidian Road, Qixing District, Guilin	Tang Min (唐敏)
63	Nanning Shuangyong Road Securities Business Department	16/F, Building C, Guangxi Xinyi Financial Investment Building, No. 34, Shuangyong Road, Qingxiu District, Nanning	Liang Jing (梁靜)
64	Liuzhou Derun Road Securities Business Department	No. 1-1 & No. 1-2, Building 2, Huarun Triumphant Arch, No. 6, Derun Road, Liuzhou	Cai Qingqing (蔡青青)
65	Qinzhou Zicai East Street Securities Business Department	Shops 1-31-32, 1/F, Sunny Manhattan, No. 4, Zicai East Street, Qinzhou	Bin Yifeng (賓一鋒)
66	Bijie Kaihang Road Securities Business Department	No. 25, 9/F, Lianbangjinzuo, No. 163, Kaihang Road, Sanshimi Avenue, Mayuan Subdistrict, Qixingguan District, Bijie, Guizhou	Liu Yao (劉堯)
67	Guiyang Fushui North Road Securities Business Department	Tianheng City Garden, No. 66, Fushui North Road, Yunyan District, Guiyang, Guizhou	Xia Tian (夏天)
68	Guiyang Changling North Road Securities Business Department	No. 4 & 5, 12/F, Building 1, Datang Dongyuan Wealth Square, No. 6, Changling North Road, Guanshanhu District, Guiyang	Yuan Liting (袁麗婷)
69	Liupanshui Qilin Road Securities Business Department	Shop 16, 1/F, Podium Building of Mingdu Business Square, Northeast of the Crossing between Zhongshan Middle Road and Qilin Avenue, Zhongshan District, Liupanshui, Guizhou	Zhang Lanyi (張藍藝)

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No.	Name of business department	Address	Person in charge
70	Zunyi Beihai Road Securities Business Department	7/F, Building B, Zuntou Building, Beihai Road, Shanghai Road Street, Huichuan District, Zunyi, Guizhou	Huang Zhiyi (黃志義)
71	Haikou Guoxing Avenue Securities Business Department	202-203, 2/F, Building B, Internet Finance Building, No. 3, Guoxing Avenue, Meilan District, Haikou, Hainan	Yang Haiyan (楊海燕)
72	Qinhuangdao Yingbin Road Securities Business Department	No. 100, Yingbin Road, Haigang District, Qinhuangdao	Gu Yue (谷悦)
73	Baoding Dongfeng East Road Securities Business Department	Ground Floor Shop, Renhe Yijia Apartment, No. 215, Dongfeng East Road, Baoding	You Mu (尤牧)
74	Shijiazhuang Shifan Street Securities Business Department	No. 2, Shifan Street, Qiaoxi District, Shijiazhuang	Tian Hong (田紅)
75	Shijiazhuang Zhaiying South Street Securities Business Department	Room 302, Commercial Complex, Caiku International Business Center, No. 41, Zhaiying South Street, Yuhua District, Shijiazhuang, Hebei	Ma Xiaoyong (馬驍勇)
76	Cangzhou Qiushi Avenue Securities Business Department	Room 102, 1/F, Building 15, Industrial New City, Cangzhou High-tech Zone, Hebei	Zhao Jie (趙杰)
77	Tangshan Youyi South Road Securities Business Department	No. 121, Youyi South Road, Lubei District, Tangshan, Hebei	Sun Chuchuan (孫楚川)
78	Luoyang Changxing Street Securities Business Department	No. 66, Changxing Street, Luolong District, Luoyang	Shao Guofeng (邵國鋒)
79	Shangqiu Shenhua Avenue Securities Business Department	Room 53, Sheraton, west of Shenhua Avenue and north of Wenhua Road, Liangyuan District, Shangqiu	Shen Shuaipeng (僧帥鵬)
80	Xuchang Weiwen Road Securities Business Department	1/F & 2/F, Building 1, Zhongyuan Yunding Square, No. 2019, Weiwen Road, Xuchang	Qiu Jinsong (秋勁松)
81	Zhengzhou Jingqi Road Securities Business Department	No. 16, Jingqi Road, Zhengzhou, Henan	Gong Lan (龔嵐)
82	Zhengzhou 8th Avenue Securities Business Department	No. 102-11, 8th Avenue, Zhengzhou Economic and Technological Development Zone	Chen Kang (陳抗)
83	Jiaozuo Renmin Road Securities Business Department	Shop No. 8, 1/F, Commercial and Residential Building No. 1, Jiaozuo Nongxin Community, No. 889, Minzhu South Road, Jiefang District, Jiaozuo	Chen Na (陳娜)
84	Daqing Chengfeng Avenue Securities Business Department	No. 130 (2/F), Chengfeng Avenue, Chengfeng Subdistrict, Ranghulu District, Daqing, Heilongjiang	Gu Chunming (顧春明)
85	Jiagedaqi Renmin Road Securities Business Department	No. 168, Renmin Road, Jiagedaqi District, Daxing Anling Area, Heilongjiang	Wang Dayang (王大洋)
86	Jiamusi Baowei Road Securities Business Department	No. 263 (Baowei Community), Baowei Road, Qianjin District, Jiamusi, Heilongjiang	Wang Kexin (王可心)
87	Daqing Kunlun Avenue Securities Business Department	No. 184, Kunlun Avenue, Ranghulu District, Daqing, Heilongjiang	Song Junjie (宋俊韻)



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No.	Name of business department	Address	Person in charge
88	Daqing Jianshe Road Securities Business Department	No. 51-6, Jianshe Road, Sa'ertu District, Daqing, Heilongjiang	Zhao Qun (趙群)
89	Daqing Weier Road Securities Business Department	Business Outlets, No. 9-12, Xincun, High-tech Zone, Daqing, Heilongjiang (No. 119, Weier Road)	Yao Houyu (姚厚宇)
90	Daqing Dongfeng Road Securities Business Department	Business Outlets A7-7 (1-2 floors), Hancheng Xingyuan community, No. 102 Dongfeng Road, Longfeng District, Daqing, Heilongjiang	Wu Di (吳迪)
91	Harbin Hexing Road Securities Business Department	No. 17-4, Hexing Road, staff residence building, Northeast Agricultural University, Xiangfang District, Harbin	Li Gaoping (李高平)
92	Harbin Changjiang Road Securities Business Department	1-3/F, No. 109, Changjiang Road, Nangang Jizhong District, Harbin Economic Development Zone	You Mingzhe (尤明哲)
93	Harbin Gogol Avenue Securities Business Department	1/F, No.188-1, Gogol Avenue, Nangang District, Harbin, Heilongjiang	Qu Pu (曲譜)
94	Harbin Yiman Street Securities Business Department	3/F, No. 80, Yiman Street, Nangang District, Harbin, Heilongjiang	Zhao Jia (趙家)
95	Harbin Qunli First Avenue Securities Business Department	1-2/F, Room C1-08, No. 1802 & 1804 Qunli First Avenue, Daoli District, Harbin, Heilongjiang	Wang Xiaofei (王曉飛)
96	Harbin Xidazhi Street Securities Business Department	No. 40, Xidazhi Street, Nangang District, Harbin	Guo Haifeng (郭海峰)
97	Harbin Zhongshan Road Securities Business Department	No. 101, Zhongshan Road, Xiangfang District, Harbin	Li Yanli (李延立)
98	Harbin Hulan Beierdao Street Securities Business Department	No. 135, Beierdao Street, Group 2, Committee 4, Shengli Street, Hulan District, Harbin	Tian Ran (田然)
99	Harbin Haxi Street Securities Business Department	1-2/F, Yuecheng, No. 163, Haxi Street, Nangang District, Harbin, Heilongjiang	Wu Xiaoying (吳曉瑩)
100	Hegang East Jiefang Road Securities Business Department	No. 27, East Jiefang Road, Hegang, Heilongjiang	Wang Yucheng (王玉成)
101	Heihe Zhongyang Street Securities Business Department	No. 258, Zhongyang Street, Aihui District, Heihe, Heilongjiang	Wang Weiguo (王偉國)
102	Heihe Bei'an Jiaotong Road Securities Business Department	No. 81, Jiaotong Road, Bei'an, Heihe, Heilongjiang	Shao Yan (邵妍)
103	Heihe Nenjiang Nenxing Road Securities Business Department	Nos. 59 and 61, Nenxing Road, Nenjiang City, Heihe, Heilongjiang	Meng Fande (孟凡德)
104	Jixi Hulin Chenguang Road Securities Business	101, Unit 0, East Annex Building, Jinxuan Jiayuan Complex Building, Hulin City, Jixi, Heilongjiang	Yang Fanghua (楊芳華)
105	Jixi Zhongxin Street Securities Business Department	(No. 110, Zhongxin Street), Xiangyang Office, Jiguan District, Jixi, Heilongjiang	Geng Cheng (庚成)
106	Jixi Mishan Dong'an Street Securities Business Department	No. 75, Dong'an Street, Mishan Town, Mishan, Jixi, Heilongjiang	He Ming (何明)
107	Daxing'anling Mohe Zhenxing Road Securities Business Department	Post Office Building, Zhenxing Road, Xilinji Town, Mohe County, Daxing'anling Region, Heilongjiang	Zhu Zhiqiang (朱志強)

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No.	Name of business department	Address	Person in charge
108	Mudanjiang Mudan Street Securities Business Department	No. 1, Mudan Street, Xi'an District, Mudanjiang, Heilongjiang	Lv Honghao (呂洪浩)
109	Mudanjiang Ping'an Street Securities Business Department	No. 7, West Ping'an Street, Xi'an District, Mudanjiang, Heilongjiang	Zhang Wei (張偉)
110	Mudanjiang Dongning Fanrong Street Securities Business Department	No. 75, Fanrong Street, Dongning Town, Dongning County, Mudanjiang, Heilongjiang	Ji Zhenyu (紀振宇)
111	Mudanjiang Xin'an Street Securities Business Department	No. 125, East Xin'an street, Dong'an District, Mudanjiang, Heilongjiang	Zhang Xuguang (張旭光)
112	Mudanjiang Suifenhe Shancheng Road Securities Business Department	No. 101, Shancheng Road, Suifenhe, Mudanjiang, Heilongjiang	Yang Yang (楊洋)
113	Qiqihar Nehe Zhongxin Street Securities Business Department	No. 393, Zhongxin Street, Nehe, Qiqihar, Heilongjiang	Jiang Long (姜龍)
114	Qitaihe Datong Street Securities Business Department	No. 98, Datong Street, Taoshan District, Qitaihe, Heilongjiang	Dong Tao (董濤)
115	Qiqihar Bukui Street Securities Business Department	No. 42, Bukui Street, Longsha District, Qiqihar, Heilongjiang	Yin Ziguang (尹子光)
116	Qiqihar Heping Road Securities Business Department	3/F & 4/F, No. 81, Heping Road, Fularji District, Qiqihar, Heilongjiang	Liu Wei (劉威)
117	Qiqihar Anshun Road Securities Business Department	No. 6, Anshun Road, Longsha District, Qiqihar, Heilongjiang	Han Min (韓民)
118	Shuangyashan Xinxing Square Securities Business Department	Shop 02 (1-2/F), Guangsha Complex Building, South of Xinxing Square, Jianshan District, Shuangyashan, Heilongjiang	Zhang Chi (張弛)
119	Suihua Anda Niu Street Securities Business Department	Business Outlet 1, East of Youdian Community West, Anda, Suihua, Heilongjiang	Zhang Xuguang (張旭光)
120	Suihua Zhongxing Street Securities Business Department	Room 108, Building A, Fuqian Hutongdong Securities Community, North of Zhongxing Street, Beilin District, Suihua, Heilongjiang	Zhou Haibo (周海波)
121	Yichun Xinwei Street Securities Business Department	1-6/F, Post Construction Department, north side of ICBC Office Building, No. 256, Xinwei Street, Qianjin Office, Yichun District, Yichun, Heilongjiang	Guan Xuqing (管旭慶)
122	Tianmen Xihu Road Securities Business Department	Room 306, 3/F, Building 2, Yinzuo Dijingwan (Tianmen CBD), Tianmen Xincheng, Xihu Road, Jingling Street, Tianmen, Hubei	Fu Guopeng (付國鵬)
123	Wuhan Zhaojiatiao Securities Business Department	No. 144, Zhaojiatiao, Erqi Street, Jiang'an District, Wuhan	Nie Li (聶麗)
124	Wuhan Zhongbei Road Securities Business Department	No. 259, Zhongbei Road, Wuchang District	Yu Zonggui (余宗貴)
125	Wuhan Optics Valley Securities Business Department	(Wuhan district of free trade zone) Nos. 25-29, Part of Nos. 37-38, Nos. 44-45, R & D Department, 1/F, Building B1, phase II, Modern International Design City, No. 41, Optics Valley Avenue, East Lake High-Tech Development Zone, Wuhan	Zhang Yuanyuan (張媛媛)

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No.	Name of business department	Address	Person in charge
126	Xianning Qianshan Road Securities Business Department	No. 6, Qianshan Road, Xian'an District, Xianning, Hubei	Han Jian (韓健)
127	Yueyang Qingnian Middle Road Securities Business Department	Room 101, 1/F & Room 304, 3/F, Yinnong Building, No. 372, Qingnian Middle Road, Yueyanglou District, Yueyang, Hunan	Lin Yao (林垚)
128	Chenzhou Qingnian Avenue Securities Business Department	Room 1013, 10/F, Building 1, Yangguang Ruicheng, No. 333, Qingnian Avenue, Bailudong Street, Suxian District, Chenzhou	Li Jie (李傑)
129	Changde Langzhou Road Securities Business Department	Room 101, 1/F & 6/F, No. 619, Langzhou Road, Binhu Community, Chuanzi River Subdistrict, Wuling District, Changde, Hunan	Chen Yongchao (陳永超)
130	Hengyang Zhurong Road Securities Business Department	Room 401, 4/F, Building 28, Mulin Meijun, No. 8, Zhurong Road, Zhengxiang District, Hengyang, Hunan	Wu Xiaowei (伍小偉)
131	Shaoyang Xihu Road Securities Business Department	Shops 5-6 on the north side of 1/F and Rooms 306-311 on the north side of 3/F, Guotu Building, No. 474, Xihu Road, Baichunyuan Street, Daxiang District, Shaoyang, Hunan	Gao Zixiang (高資湘)
132	Changsha Wuyi Avenue Securities Business Department	No. 102, 1/F & 6/F, Yinhua Hotel, No. 618, Wuyi Avenue, Furong District, Changsha, Hunan	Deng Jiabin (鄧家斌)
133	Dongfeng Dongfeng Road Securities Business Department	Rooms 1-4, Building 2, Tianxing Mingjun, Dongfeng Road, Dongfeng Town, Dongfeng County, Jilin	Wang Naibin (王乃彬)
134	Jilin Nanjing Street Securities Business Department	No. 104, Nanjing Street, Jilin, Jilin	Gao Yang (高揚)
135	Liaoyuan Renmin Avenue Securities Business Department	No. 2853, Renmin Avenue, Longshan District, Liaoyuan, Jilin	Qin Jingbo (秦靖波)
136	Songyuan Wulan Street Securities Business Department	No. 2356, Wulan Street, Ningjiang District, Songyuan, Jilin	Zhang Hongtao (張洪濤)
137	Changchun Dajing Road Securities Business Department	No. 550, Dajing Road, Nangan District, Changchun, Jilin	Zheng Weichao (鄭偉超)
138	Nantong Hai'an Zhongba South Road Securities Business Department	No. 19, Zhongba South Road, Hai'an Town, Hai'an County, Nantong, Jiangsu	Jiang Yi (姜怡)
139	Changshu Haiyu North Road Securities Business Department	No. 20, Haiyu North Road, Changshu, Jiangsu	Huang Yingda (黃穎達)
140	Changzhou Jianshen Road Securities Business Department	No. 16, Jianshen Road, Changzhou, Jiangsu	Chen Zhiping (陳志平)
141	Changzhou Changwu North Road Securities Business Department	No. 58, Changwu North Road, Wujin National Hi-tech Industrial Development Zone, Changzhou, Jiangsu	Tan Yajian (談亞建)
142	Danyang Jinling West Road Securities Business Department	Stores 1-2, No. 180, Jinling West Road, Danyang	Zhang Lei (張蕾)

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No.	Name of business department	Address	Person in charge
143	Huai'an Huaihai North Road Securities Business Department	1/F, 4/F & 5/F, No. 50, Huaihai North Road, Huai'an, Jiangsu	Cui Junlan (崔俊嵐)
144	Yangzhou Wenchang East Road Securities Business Department	Rooms 296 & 298, Building S2, Merlion Garden, No. 368, Wenchang East Road, Jiangdu District, Yangzhou	Qiao Leizhang (喬雷璋)
145	Jiangyin Chaoyang Road Securities Business Department	No. 141 (1/F), Chaoyang Road, Jiangyin	Ren Xiaoping (任筱萍)
146	Kunshan Qianjin Road Securities Business Department	Nos. 53 and 55, Qianjin Road, Yushan Town, Kunshan	Xin Mingyue (辛明越)
147	Liyang Yanshan Middle Road Securities Business Department	Nos. 5-10, Yanshan Middle Road, Licheng Street, Liyang	Wang Jianan (王傑楠)
148	Lianyungang Cangwu Road Securities Business Department	Room 105, Building AB, Shanshui Lijing Plaza, No. 35, Cangwu Road, Lianyungang	Cun Jiansong (寸建松)
149	Nanjing Changfu Street Securities Business Department	Department No. 85-7, Changfu Street, Qinhuai District, Nanjing, Jiangsu	Xu Xuchao (徐旭超)
150	Nanjing Guangzhou Road Securities Business Department	No. 188, Guangzhou Road, Gulou District, Nanjing, Jiangsu	Xu Xuchao (徐旭超)
151	Nantong Renmin Middle Road Securities Business Department	No. 23-6, Renmin Middle Road, Nantong, Jiangsu	Su Jiahong (蘇加宏)
152	Suzhou Nanyuan North Road Securities Business Department	No. 31, Nanyuan North Road, Suzhou, Jiangsu	Xu Jianqiang (徐建強)
153	Taicang Shanghai West Road Securities Business Department	No. 1-1, 1-2, Shanghai West Road, Chengxiang Town, Taicang	Zhou Weiyang (周微陽)
154	Taixing Gensi Road Securities Business Department	Room 113, Building 1, Taixing Wuyue Commercial Plaza, No. 5, Gensi Road, Taixing	Huang He (黃何)
155	Taizhou Gulou South Road Securities Business Department	No. 315, Gulou South Road, Taizhou	Xing Yi (邢翼)
156	Wuxi Xianqian West Street Securities Business Department	180-1, -2 & -3, Xianqian West Street, Liangxi District, Wuxi	Zhang Wei (張璋)
157	Suqian Huanghe South Road Securities Business Department	Room C104, Podium, Building 6, Jintian Lake Spring, Huanghe South Road, Sucheng District, Suqian	Xu Qijun (徐其俊)
158	Xuzhou Zhongshan North Road Securities Business Department	3/F, Longtai Building, No. 12, Zhongshan North Road, Gulou District, Xuzhou, Jiangsu	Liu Haijie (劉海傑)
159	Yancheng Jianjun Middle Road Securities Business Department	Room 201 (1), Complex Building, No. 68, Jianjun Middle Road, Yancheng, Jiangsu	Ding Zhendong (丁振東)
160	Yangzhou Wenhe South Road Securities Business Department	No. 69, Wenhe South Road, Yangzhou, Jiangsu	Ma Yuefeng (馬躍峰)
161	Yixing Jiubin South Road Securities Business Department	Nos. 63, 65 & 67, Jiubin Avenue, Yicheng Street, Yixing, Jiangsu	Pan Jun (潘駿)
162	Zhangjiagang Renmin Middle Road Securities Business Department	01-101, Building 2, No. 15, Renmin Middle Road, Yangshe Town, Zhangjiagang, Jiangsu	Zhu Hui (朱慧)

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No.	Name of business department	Address	Person in charge
163	Zhenjiang Zhongshan West Road Securities Business Department	No. 53, Zhongshan West Road, Zhenjiang, Jiangsu	Zhang Fugui (張富貴)
164	Suzhou branch	Room ABC, 26/F, Suzhou Modern Media Plaza, No. 265, Suzhou Avenue East, Suzhou Industrial Zone, Suzhou Area of China (Jiangsu) Pilot Free Trade Zone	Chu Liang (儲量)
165	Yangzhou Baoying Baitian Road Securities Business Department	Room 2.3-115 (1/F) and Room 2.3-116 (1/F), Wuzhou International, Baitian Road, Baoying County	Min Chao (閔超)
166	Yancheng Funing Shanghai Road Securities Business Department	Store (C), 1/F, 05 & 06, Building 1, Jincheng Times Square, Groups 2 & 3, Cuiwan Village, Fucheng Town, Funing County, Yancheng	Xu Qijun (徐其俊)
167	Yingtian Linyin West Road Securities Business Department	Room 102, Building 6 Xintiandi, No. 8, Shengli West Road, Yuehu District, Yingtian, Jiangxi	Peng Chao (彭超)
168	Jingdezhen Jiefang Road Securities Business Department	Shop 16A, Building 2, International Trade Plaza, Jiefang Road, Zhushan District, Jingdezhen, Jiangxi	Tang Liting (唐麗婷)
169	Jiujiang Changhong Avenue Securities Business Department	10#-13#, Examining Building, 1/F, Changhong Complex Building, junction of Changhong Avenue and Nanhu Branch Road, Xunyang District, Jiujiang, Jiangxi	Chin Jun (秦俊)
170	Fuzhou Gandong Avenue Securities Business Department	No. 1533, South Extension of Gandong Avenue, Fuzhou, Jiangxi	Fu Qifeng (傅琦峰)
171	Ganzhou Hongqi Avenue Securities Business Department	Building 1, No. 25, Hongqi Avenue, Zhanggong District, Ganzhou, Jiangxi	Tian Kun (田坤)
172	Nanchang Nanjing East Road Securities Business Department	Rooms 211-213, 2/F, Office Building, Tianyu International Building, No. 399, Nanjing East Road, Qingshanhu District, Nanchang, Jiangxi	Zhong Jinying (鐘瑾瑛)
173	Pingxiang Chuping East Road Securities Business Department	1&27/F, Comprehensive Building, No. 98, Chuping East Road, Anyuan District, Pingxiang, Jiangxi	You Tingting (游婷婷)
174	Shangrao Jiefang Road Securities Business Department	Department Flat 1-2-1, No. 6, Jiefang Road, Xinzhou District, Shangrao, Jiangxi	Ao Yehui (敖葉輝)
175	Xinyu Laodong South Road Securities Business Department	No. 1, Laodong South Road, Xinyu, Jiangxi	Gao Ge (高歌)
176	Xinyu Fenyi Qianshan East Road Securities Business Department	Building A, South Side of Qianshan East Road (Dongxing Jianyuan), Fenyi County, Xinyu, Jiangxi	Li Shuibao (黎水保)
177	Yichun Yuanshan East Road Securities Business Department	Nos. 1-8, -1/F, Jiachen Building 1, No. 166-8, Yuanshan East Road, Yuanzhou District, Yichun, Jiangxi	Xu Hao (徐昊)
178	Yingkou Hudiequan Road Securities Business Department	Outlet 7#, 10#/F, Yinhewan, No. 36-6, Hudiequan Road, Bayuquan District, Yingkou	Jiang Dayong (姜大勇)

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No.	Name of business department	Address	Person in charge
179	Dandong Xingwu Road Securities Business Department	Building 1, Bawai, Xingwu Road, Zhenxing District, Dandong	Cong Sen (叢森)
180	Anshan Erdao Street Securities Business Department	No. 90, Erdao Street, Tiedong District, Anshan, Liaoning	Li Man (李熾)
181	Anshan Xiuyan Securities Business Department	Street No. 1 (located in West Unit 8 of Building No. 2 Yihua Yuan), Xiuyan Town, Xiuyan Manchu Autonomous County, Anshan, Liaoning	Hong Yangyang (洪洋洋)
182	Dalian Tianjin Street Securities Business Department	No. 91, Tianjin Street, Zhongshan District, Dalian, Liaoning	Zhao Luzhao (趙魯釗)
183	Panjin Shuangxin Road Securities Business Department	No. 177, Shuangxing South Road, Xinglongtai District, Panjin, Liaoning	Yang Fan (楊帆)
184	Shenyang Daxi Road Securities Business Department	1-5/F and 8/F, No. 364, Daxi Road, Shenhe District, Shenyang, Liaoning	Zhao Bushu (趙步抒)
185	Yingkou Liaohe Street Securities Business Department	No. 9, Liaohe Plaza, Zhanqian District, Yingkou, Liaoning	Wang Liang (王亮)
186	Hohhot Xinhua East Street Securities Business Department	1/F & 4/F, Building B, Yubo Fortune Complex, Xinhua East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region	Zhao Yanru (趙艷茹)
187	Weifang Yingqian Street Securities Business Department	2/F, No. 107, Jiulong Building, No. 13291 Yingqian Street, Kuiwen District, Weifang, Shandong	Li Kai (李開)
188	Linyi Beijing Road Securities Business Department	Room 102, Building 11, Huanqiu Danguiyuan, Beicheng New District, Lanshan District, Linyi, Shandong	Bian Dekai (卞得凱)
189	Dongying Fuqian Street Securities Business Department	Rooms 103B & 103C, Building 6, Warner Ward, No. 51, Fuqian Street, Development Zone, Dongying, Shandong	Liu Ke (劉柯)
190	Feicheng Xincheng Road Securities Business Department	1/F & 2/F, Electrical and Mechanical Complex, No. 039, Xincheng Road, Feicheng, Tai'an, Shandong	Liu Shanshun (劉善順)
191	Jinan Quancheng Road Securities Business Department	No. 13, Quancheng Road, Lixia District, Jinan, Shandong	Yu Hongquan (於洪泉)
192	Jinan Shunhua Road Securities Business Department	South of 3-103 & South of 3-202, Building 11, Shuntai Plaza, No. 2000, Shunhua Road, Hi-tech Industry Development Zone, Jinan, Shandong	Lv Zhicheng (呂志成)
193	Qingdao Hangzhou Road Securities Business Department	No. 20, Hangzhou Road, Shibei District, Qingdao, Shandong	Jiao Xuefu (焦學福)
194	Qingdao Fuzhou South Road Securities Business Department	Building 2, No. 6, Fuzhou South Road, Shinan District, Qingdao, Shandong	Liu Longxin (劉隆鑫)
195	Qingdao Jiushui East Road Securities Business Department	Room F1-02, No. 9, Jiushui East Road, Licang District, Qingdao, Shandong	Kong Liqian (孔力前)
196	Tai'an Yingsheng East Road Securities Business Department	1/F, No. 27-5, Yingsheng East Road, Tai'an, Shandong	Xiang Ying (項穎)

## APPENDIX II: LIST OF BRANCHES

No.	Name of business department	Address	Person in charge
197	Weihai Gaoshan Street Securities Business Department	Rooms 201-801, No. 2, Gaoshan Street, Huancui District, Weihai, Shandong	Lin Lili (林黎黎)
198	Yantai Jiefang Road Securities Business Department	3/F & 4/F, North Annex Building, No. 166, Jiefang Road, Zhifu District, Yantai, Shandong	Jiang Songtao (蔣松濤)
199	Zaozhuang Yanshan Road Securities Business Department	Room 22, Building 1, D Area, Yanshan International, Yanshan Road, Xuecheng District, Zaozhuang, Shandong	Zhong Wenlong (鍾文龍)
200	Zibo Shihua Securities Business Department	No. 69, Qilu Chemical Mall, Linzi District, Zibo, Shandong	Xu Yongjian (許永健)
201	Zibo Tongji Street Securities Business Department	No. 140, Tongji Street, Zichuan District, Zibo, Shandong	Zhou Xi (周熙)
202	Zibo Huantai Dongyue Road Securities Business Department	2/F & 3/F, North Tower, Qishang Bank Building, No. 1251, Dongyue Road, Huantai County, Zibo, Shandong	Zhang Yong (張勇)
203	Liaocheng Dongchang Road Securities Business Department	No. 10, Dongchang Road, Liaocheng Economic & Technological Development Area, Shandong	Jing Pengfei (荆鹏飞)
204	Jincheng Fengtai East Street Securities Business Department	No. 299, Fengtai East Street, Jincheng Urban Area, Shanxi	Yang Yong (楊勇)
205	Taiyuan Xinjian Road Securities Business Department	No. 92, Xinjian Road, Taiyuan, Shanxi	Liu Hong (劉虹)
206	Taiyuan Jinci Road Securities Business Department	Commercial Nos. 1006 & No. 1007, 1-2/F, Building 14, No. 91, Jinci Road, Wanbailin District, Taiyuan, Shanxi	Tang Hongyu (湯宏宇)
207	Shanxi Transformation and Comprehensive Reform Demonstration Zone Branch	Reform Demonstration Zone Branch No. 8, 1/F, Building 6, No. 2, Longsheng Street, Tanghuai Industrial Park, Shanxi Transformation and Comprehensive Reform Demonstration Zone	Du Yuqing (都玉清)
208	Taiyuan Pingyang Road Securities Business Department	No. 105, Pingyang Road, Xiaodian District, Taiyuan, Shanxi	Zhang Bin (張濱)
209	Datong Xiangyang Street Securities Business Department	No. 14, Xiangyang Street, Datong Urban Area	Yuan Xiaofeng (袁曉峰)
210	Baoji Jing'er Road Securities Business Department	No. 45, Jing'er Road, Weibin District, Baoji, Shaanxi	Yan Xiaojia (顏小佳)
211	Hanzhong Tianhan Avenue Securities Business Department	No. 1610, 16/F, Huafu Tianxi Hotel Office Building, Zhuyuan, Tianhan Avenue, Hantai District, Hanzhong, Shaanxi	Wang Peng (王鵬)
212	Xi'an Xixin Street Securities Business Department	10/F (Nos. 11001 & 11002 of Building 1), Haixing Intelligent Square, No. 11, Xixin Street, Xincheng District, Xi'an	He Qian (何倩)
213	Xianyang Shenxing North Road Securities Business Department	3/F, International Commerce Building, No. 1, Shenxing North Road, Qingdu District, Xianyang	Liu Zhao (劉昭)

## APPENDIX II: LIST OF BRANCHES

No.	Name of business department	Address	Person in charge
214	Yulin Jianye Avenue Securities Business Department	Street-side Shops No.17-19#03, East Side of Manhattan Community, Jianye Avenue, Hi-tech Industry Park, Yulin, Shaanxi	Hui Xinghang (惠興航)
215	Yinchuan Wenhua West Street Securities Business Department	Room B07, 12/F, Block B, Yinchuan International Trade Center, No. 106, Wenhua West Street, Xingqing District, Yinchuan	Wu Wei (武偉)
216	Shanghai Yuyao Road Securities Business Department	Rooms 301-303 & 305-310, 3/F, Building 1, No. 420, Yuyao Road, Jing'an District, Shanghai	Lin Jia (林佳)
217	Shanghai Huangpu District Fuzhou Road Securities Business Department	Nos. 536 & 542, Fuzhou Road and Room P04, No. 1, Lane 188, Zhejiang Middle Road of Huangpu District, Shanghai	Lu Zhiquan (盧志泉)
218	Shanghai Jiading District Hongde Road Securities Business Department	1/F, Nos. 368 & 370, and Rooms 201 & 202, No. 380, Hongde Road, Jiading District, Shanghai	Xu Yachen (徐亞辰)
219	Shanghai Pudong South Road Securities Business Department	1/F and units J, K, L, M, N, O of 25/F, No. 379, Pudong South Road, China (Shanghai) Pilot Free Trade Zone	Zhou Wei (周韡)
220	Shanghai Baoshan District Mudanjiang Road Securities Business Department	1/F, No.263&265, Mudanjiang Road, Baoshan District, Shanghai	Zhang Minghua (張明華)
221	Shanghai Gonghexin Road Securities Business Department	Room 101-1, No. 3703, Gonghexin Road, Jing'an District, Shanghai	Sun Min (孫敏)
222	Shanghai Jing'an District Beijing West Road Securities Business Department	Rooms 101 & 1203-1207, No. 1465, Beijing West Road, Jing'an District, Shanghai	Cheng Lin (成琳)
223	Shanghai Putuo District Dahua First Road Securities Business Department	Rooms 101, 102, 103, 104, 1/F & Rooms 201 & 202, 2/F, No. 6, Lane 239, Dahua First Road, Putuo District, Shanghai	Xu Lan (徐嵐)
224	Shanghai Gushan Road Securities Business Department	1/F & 2/F, No. 619, Gushan Road, China (Shanghai) Pilot Free Trade Zone	Zhang Yingxia (張穎俠)
225	Shanghai Pudong New Area Century Avenue Securities Business Department	Room D, 1/F, No. 1777, Century Avenue, China (Shanghai) Pilot Free Trade Zone	Zhang Yao (張堯)
226	Shanghai Xuhui District Jianguo West Road Securities Business Department	Areas C, E, F, G, 3/F, No. 285, Jianguo West Road, Xuhui District, Shanghai	Wu Hao (吳浩)
227	Shanghai Hongkou District Xinjian Road Securities Business Department	Ground floor & 2/F, Nos. 207 & 211, Xinjian Road, Hongkou District, Shanghai	Xie Wenbo (謝聞博)
228	Shanghai Yangpu District Zhengben Road Securities Business Department	No. 141, Zhengben Road, Yangpu District, Shanghai	Song Lina (宋麗娜)
229	Shanghai Huangpu District Fuxing East Road Securities Business Department	Ground floor & 4/F, No. 1143, Fuxing East Road, Huangpu District, Shanghai	Si Anxiang (司安祥)
230	Shanghai Zhoujiazui Road Securities Business Department	West of 1/F, No. 3255, Zhoujiazui Road, Yangpu District, Shanghai	Liao Dayu (廖達愉)
231	Shanghai Huangpu District Hefei Road Securities Business Department	Rooms 101-1A, 101-0 and 301, Nos. 293, 297 and 301, Hefei Road, Huangpu District, Shanghai	Wang Yi (王軼)



## APPENDIX II: LIST OF BRANCHES

No.	Name of business department	Address	Person in charge
232	Shanghai Minhang District Suhong Road Securities Business Department	Rooms 102 & 301, Building 1, No. 333, Suhong Road, Minhang District, Shanghai	Shi Wei (史偉)
233	Shanghai Yutian Branch Road Securities Business Department	1-3/F, No. 11, Yutian Branch Road, Shanghai	Du Shuang (杜霜)
234	Shanghai Jinshan District Weiqing West Road Securities Business Department	No. 612, Weiqing West Road, Jinshan District, Shanghai	Zhang Minrui (張閔睿)
235	Shanghai Fengxian District Jinhai Highway Securities Business Department	Rooms 102 & 901, Building 6-A, No. 3660, Jinhai Highway, Fengxian District, Shanghai	Zhang Cheng (張成)
236	Shanghai Putuo District Tongchuan Road Securities Business Department	1/F, No. 548, Tongchuan Road, Putuo District, Shanghai	Lou Gang (樓剛)
237	Shanghai Minhang District Wuzhong Road Securities Business Department	B101, 4/F, Building 6, No. 1059, Wuzhong Road, Minhang District, Shanghai	Wang Xinqi (王心琪)
238	Shanghai Changning District Tianshan West Road Securities Business	1/F & 2/F, No. 169, Tianshan West Road, Changning District, Shanghai	Zhang Renci (張任慈)
239	Shanghai Xuhui District Liuzhou Road Securities Business Department	Rooms 109, 703-2, 704, No. 138, Liuzhou Road, Xuhui District, Shanghai	Mao Jiajun (茅佳俊)
240	Shanghai Putuo District Jinshajiang Road Securities Business Department	Shops 1-2 and 1-3-B, 1/F, No. 960, Jinshajiang Road, Putuo District, Shanghai	Yang Na (楊娜)
241	Shanghai Nanxiang Town Securities Business Department	Ground Floor, No. 681, Deyuan Road, Shanghai	Wang Yajun (王雅君)
242	Shanghai Songjiang District Renmin North Road Securities Business Department	Nos. 5, 6 & 7, Lane 171, Renmin North Road, Songjiang District, Shanghai	Ma Huiying (馬惠穎)
243	Shanghai Qingpu District Huijin Road Securities Business Department	2/F, No. 628 and No. 630, Huijin Road and Nos. 607 & 609, Xiuyuan Road, Zhaoxiang Town, Qingpu District, Shanghai	Zheng Kunchang (鄭坤昌)
244	Shanghai Pudong Branch	B-1, 1/F, Building 1, No. 800, Naxian Road, China (Shanghai) Pilot Free Trade Zone	Chen Hao (陳浩)
245	Shanghai Chongming District Chongzhou Road Securities Business Department	No. 617, Chongzhou Road, Chengqiao Town, Chongming District, Shanghai	Chen Zheng (陳錚)
246	Shenzhen Bao'an Securities Business Department	1609-1610, Tower A, Phase III, North District, Yifang Center, No. 99, Xinhua Road, N12 District, Haiwang Community, Xin'an Subdistrict, Bao'an District, Shenzhen	Nie Jing (聶靜)
247	Shenzhen Haide Third Road Securities Business Department	Rooms 801-805, 806A, 810A, 811 & 812, 8/F, Tiley Central Business Plaza, East of Houhai Avenue, Nanshan District, Shenzhen	Gao Ping (高平)
248	Shenzhen Hongling North Road Securities Business Department	3603-3606, 36/F, Tower A, China Merchants Kaiyuan Center, No. 2088, Hongling North Road, Tianxin Community, Sungang Subdistrict, Luohu District, Shenzhen	Shen Zhijing (沈志敬)

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No.	Name of business department	Address	Person in charge
249	Shenzhen Branch Huafu Road Securities Business Department	Room 500, Nanguang Building, No. 1004, Huafu Road, Huahang Community, Huaqiang North Road, Futian District, Shenzhen	Bao Weihua (包衛華)
250	Shenzhen Branch Hongling South Road Securities Business Department	Shop B, 3/F, Podiums Nos. 4 & 5, Hongling Building, Hongling South Road, Futian District, Shenzhen	Luo Jianbin (羅建斌)
251	Shenzhen Jintian Road Securities Business Department	1603-1605, Building 1, Huanggang Business center/ Excellence Century center, Southeast of the Junction of Fuhua 3rd Road and Jintian Road, Fushan Community, Futian Subdistrict, Futian District, Shenzhen	Yang Kenan (楊科南)
252	Shenzhen Qianhai Branch	2302, Tower A, Qianhai Horoy Center, No. 5059, Tinghai Avenue, Nanshan Subdistrict, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen	Zhang Zhijie (章智傑)
253	Shenzhen Shennan Avenue Securities Business Department	Rooms 2909-2915, Tower A, Shahe Century Holiday Plaza, No. 9030, Shennan Avenue, Xinghe Street Community, Shahe Street, Nanshan District, Shenzhen	Wang Yapeng (王亞朋)
254	Shenzhen High-Tech Park Securities Business Department	1703, Building 1, Block 1, Dachong Business Center (Phase II), No. 9680, Shennan Avenue, Dachong Community, Yuehai Subdistrict, Nanshan District, Shenzhen	Lin Xinmeng (林新孟)
255	Shenzhen Meilin Road Securities Business Department	A1109, Zhuoyuehui, Excellence Meilin Central Plaza (South Area), No. 126, Zhongkang Road, Meidu Community, Meilin Subdistrict, Futian District, Shenzhen	Liu Chanji (劉燁吉)
256	Shenzhen Binhe Avenue Securities Business Department	Units 02 and 03, 19/F, Tower B, Building 1, Phase II, Centralcon Binhai Commercial Center, No. 9285, Binhe Avenue, Shangsha Community, Shatou Subdistrict, Futian District, Shenzhen	Wang Feng (汪豐)
257	Shenzhen Yinsha Road Securities Business Department	5405-5406A, Tower A, Kingkey Binhe Times Square, Xiasha Village, No. 9289, Binhe Road, Xiasha Community, Shatou Subdistrict, Futian District, Shenzhen	He Ling (何凌)
258	Chengdu Renmin West Road Securities Business Department	No. 96, Renmin West Road, Chengdu	Yang Zhou (楊洲)
259	Chengdu Jinfeng Road Securities Business Department	No. 201, 2/F, No. 1-1, Jinfeng Road, Qingyang District, Chengdu	Wang Jian (王劍)
260	Chengdu Jiaozi North 2nd Road Securities Business Department	1/F, No. 60, Jiaozi North 2nd Road, Hi-tech Zone, Chengdu	Liu Nian (劉念)
261	Leshan Jiazhou Avenue Securities Business Department	1/F, No. 416, Jiazhou Avenue, Shizhong District, Leshan	Tan Yulong (譚喻隆)

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No.	Name of business department	Address	Person in charge
262	Mianyang Fucheng Road Securities Business Department	No. 1, 2/F, Building 3, No. 2, Mianzhouli, No. 2, Xinguangsha, Fucheng Road, Fucheng District, Mianyang, Sichuan	Li Zhoujuan (李周娟)
263	Zigong Nanhu Road Securities Business Department	Shop 2-01, Building 5, Nanhu Lead Royal, Yuanda, No. 861, Nanhu Road, Ziliujing District, Zigong, Sichuan	Lei Jia (雷佳)
264	Tianjin Shuishang Gongyuan East Road Securities Business Department	5/F, Building 2, Ninghui Building, Shuishang Gongyuan East Road, Nankai District, Tianjin	Li Liu (李柳)
265	Urumqi Youhao North Road Securities Business Department	Room 101 of 1/F, Room 205 and Room 206 of 2/F, Mingyuan New Era Hotel, No. 739, Youhao North Road, Saybag District, Urumqi, Xinjiang	Lu Qinxia (路琴霞)
266	Karamay Junggar Road Securities Business Department	No. 220, Junggar Road (3/F, Building 8, New World Commercial Street), Karamay, Xinjiang	Zhong Yuan (鐘原)
267	Shihezi Beiyi Road Securities Business Department	No. 1-2 and No. 1-3, Beiyi East Road, Phoenix Jiayuan, 51st Area, Development Zone, Shihezi, Xinjiang	Wang Jianyong (王建勇)
268	Dali Yuhua Road Securities Business Department	No. 4 Shop, 1/F, Tai'an Residential Complex Affordable Housing, No. 13, Yuhua Road, Taihe Subdistrict, Dali, Dali Bai Autonomous Prefecture, Yunnan	Tong Wanlin (童婉琳)
269	Mile Ranweng Road Securities Business Department	1/F and 2/F, Shop South No. 18, Yixin Residential Complex, Ranweng West Road, Fuxin Community, Miyang Subdistrict, Mile, Honghe Hani and Yi Autonomous Prefecture, Yunnan	Chen Junjun (陳俊駿)
270	Jinghong Galan Middle Road Securities Business Department	1/F and 2/F, Unit C No. 1-7, Jindi No. 2, No. 100, Garan Middle Road, Jinghong, Xishuangbanna Dai Autonomous Prefecture, Yunnan	Luo Yanping (羅艷萍)
271	Kunming Dongfeng West Road Securities Business Department	No. 1-8, 3/F, Podium, Yunnan Agricultural Reclamation Digital Building, No. 162, Dongfeng West Road, Wuhua District, Kunming, Yunnan	Zheng Li (鄭莉)
272	Kunming Beijing Road Securities Business Department	Nos. 176-177 Shop, 1/F, Tower A, Complex Building, Kunming Yigao Digital Center (phase I), No. 900 Beijing Road, Panlong District, Kunming, Yunnan	Huang Fen (黃芬)
273	Lishui Jiefang Street Securities Business Department	No. 61, Jiefang Street, Liandu District, Lishui, Zhejiang	Luo Miao (駱邈)
274	Xinhang Kangfu Road Securities Business Department	Nos. 569, 571 & 573, Kangfu Road, Qixing Subdistrict, Xinhang County, Zhejiang	Zhang Minhua (張敏華)
275	Hangzhou Fuchun Road Securities Business Department	Shop 103-5, Block 1 and Rooms 3101-3104, Block 3, Qianjiang International Times Square, No. 290, Fuchun Road, Sijiqing Subdistrict, Shangcheng District, Hangzhou, Zhejiang	Wang Zheng (汪崢)

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No.	Name of business department	Address	Person in charge
276	Hangzhou Huancheng West Road Securities Business Department	No. 46-2, Huancheng West Road, Xiacheng District, Hangzhou, Zhejiang	Qian Hang (錢杭)
277	Hangzhou Shixin North Road Securities Business Department	4/F, No. 36-7, Shixin North Road, Economic & Technological Development Area, Xiaoshan District, Hangzhou, Zhejiang	Yu Guoping (俞國平)
278	Hangzhou Binjiang Qianmo Road Securities Business Department	No. 333, Qianmo Road, Xixing Subdistrict, Binjiang District, Hangzhou, Zhejiang	Mu Miao (繆苗)
279	Huzhou Tiaoxi West Road Securities Business Department	Nos. 277-281 (odd NOs.), Tiaoxi West Road, Tiaoxi Commercial & Residential Building 2, Wuxing District, Huzhou, Zhejiang	Fei Jianping (費建平)
280	Jiaxing Zhongshan West Road Securities Business Department	Nos. 850 & 852, Zhongshan West Road, Jiaxing, Zhejiang	Wang Honglei (王宏雷)
281	Ningbo Heji Street Securities Business Department	(10-4) and (10-5), Building 002, Block 2, No. 181, Heji Street, Yinzhou District, Ningbo, Zhejiang	Sun Song (孫嵩)
282	Ningbo Jiefang North Road Securities Business Department	Nos. 136-148, Jiefang North Road, Haishu District, Ningbo, Zhejiang	He Zheng (何嶢)
283	Cixi Bei'erhuan East Road Securities Business Department	Room 108, Nos. 204-206, Bei'erhuan East Road, Gutang Subdistrict, Cixi	Zhu Wenshuai (朱文帥)
284	Shangyu Shimin Avenue Securities Business Department	1-3/F, No. 678, Shimin Avenue, Baiguan Subdistrict, Shangyu District, Shaoxing, Zhejiang	Pan Wei (潘偉)
285	Shaoxing Laodong Road Securities Business Department	No. 158, Laodong Road, Yuecheng District, Shaoxing, Zhejiang	Xu Bin (徐斌)
286	Shengzhou Xiqian Street Securities Business Department	No. 89, Xiqian Street, Shanhu Subdistrict, Shengzhou, Zhejiang	Fan Mie (範乜)
287	Wenzhou Jinxiu Road Securities Business Department	Room 106, 1st Building, Ruikang Commercial Building, Jinxiu Road, Lucheng District, Wenzhou	Zhu Lianyou (朱連有)
288	Yiwu Binwang Road Securities Business Department	1-3/F, No. 226, Binwang Road, Choucheng Street, Yiwu, Zhejiang	Pan Jingxia (潘靜霞)
289	Zhoushan Haishan Road Securities Business Department	4A, 4/F, Finance Tower, No. 96, Huancheng West Road, Changguo Subdistrict, Dinghai District, Zhoushan, Zhejiang	Wang Zhaoming (王兆銘)
290	Zhuji Huancheng East Road Securities Business Department	No. 199, Huancheng East Road, Huandong Subdistrict, Zhuji, Zhejiang	Gao Hongming (高洪銘)
291	Jinhua Huixi Street Securities Business Department	No. 196, Huixi Street, Chengbei Subdistrict, Wucheng District, Jinhua, Zhejiang	Wang Haiqin (汪海琴)
292	Taizhou Shifu Avenue Securities Business Department	Nos. 231, 233 & 235, Shifu Avenue, Taizhou, Zhejiang	Zheng Yawen (鄭雅文)
293	Hangzhou Xinye Road Securities Business Department	Room 703, 7/F, Building 1, Hongshou Financial Center, No. 300, Xinye Road, Sijiqing Subdistrict, Shangcheng District, Hangzhou, Zhejiang	Gao Jinxiao (高金嘯)
294	Hangzhou Jinhua South Road Securities Business Department	Room 307, Building 2, Ocean International Center, Gongshu District, Hangzhou, Zhejiang	Yang Yi (楊溢)

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No.	Name of business department	Address	Person in charge
295	Chongqing Jinlong Road Securities Business Department	Unit 3-Business 4, Building 10, Caixin City International, No. 261-21, Jinlong Road, Longxi Subdistrict, Yubei District, Chongqing	Weng Yuyang (翁玉洋)
296	Chongqing Minsheng Road Securities Business Department	Part of 2/F, No. 283, Minsheng Road, Yuzhong District, Chongqing	Cheng Xie (程謝)
297	Chengdu Dongda Street Securities Business Department	No. 1206A, 12/F, Mingyu Financial Plaza, Unit 1, Building 1, No. 35, Zidong Building Section, Dongda Street, Jinjiang District, Chengdu, Sichuan	Xu Dan (胥丹)
298	Nanchong Nanmen North Street Securities Business Department	No. 6, Nanmen North Street, Shunqing District, Nanchong, Sichuan	Zhao Lian (趙鍊)
299	Tianjin Nanjing Road Securities Business Department	L2-07, 2/F, Hechuan Building, No. 237, Nanjing Road, Nanyingmen Street, Heping District, Tianjin	Zhang Zhenyu (張振宇)
300	Dongguan Humen Liansheng Road Securities Business Department	Room 101, No. 86, Liansheng Road, Humen Town, Dongguan, Guangdong	Liu Yanling (劉燕玲)
301	Shanghai Huangpu District Zhongshan South Road Securities Business Department	D Zone of 1/F, Room 0201, Room 0202, Room 0203, Room 0204, Room 0233 of 2/F, No. 868, Zhongshan South Road, Huangpu District, Shanghai	Pang Yajuan (龐亞娟)
302	Shanghai Lingang Branch	1/F, No. 857, Huanhu West 1st Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone	Jin Shiwei (金世偉)
303	Putian Dongyuan West Road Securities Business Department	Rooms 104 and 105, Building 5, No. 1033, Dongyuan West Road, Longqiao Subdistrict, Chengxiang District, Putian, Fujian	Li Hongyuan (李洪源)
304	Shanghai Minhang District Humin Road Securities Business Department	108, 109, 1/F, Building 99, No. 1441 Humin Road, Minhang District, Shanghai	Guo Mingxuan (郭茗萱)
305	Shanghai Pudong New Area Dongyu Road Securities Business Department	3/F, No. 2, Lane 255, Dongyu Road, China (Shanghai) Pilot Free Trade Zone	Qu Shiyin (瞿時尹)
306	Shanghai Changning District Hongbaoshi Road Securities Business Department	Rooms 01 and 02a, 19/F, Building 2, No. 500, Hongbaoshi Road, Changning District, Shanghai	Xi Qinyun (席沁昀)
307	Khorgos Branch	Rooms 101, 102, 103, Unit 1, Building 14, Tang Palace Hotel, No. 23, Ya'ou North Road, Horgos, Ili Kazakh Autonomous Prefecture, Xinjiang	Zhang Li (張利)

## APPENDIX III: INFORMATION ABOUT THE ESTABLISHMENT AND DISPOSAL OF BRANCH OFFICES (BRANCHES AND BUSINESS DEPARTMENTS)

### 1. ESTABLISHMENT OF BRANCH OFFICES

No.	Name of branch office	Address	Obtain license date
1	Shanghai Huangpu District Zhongshan South Road Securities Business Department of Haitong Securities Co., Ltd.	D Zone of 1/F, Room 0201, Room 0202, Room 0203, Room 0204, Room 0233 of 2/F, No. 868, Zhongshan South Road, Huangpu District, Shanghai	2 February 2023
2	Shanghai Lingang Branch of Haitong Securities Co., Ltd.	1/F, No. 857, Huanhu West 1st Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone	2 February 2023
3	Putian Dongyuan West Road Securities Business Department of Haitong Securities Co., Ltd.	Rooms 104 and 105, Building 5, No. 1033, Dongyuan West Road, Longqiao Subdistrict, Chengxiang District, Putian, Fujian	20 April 2023
4	Shanghai Minhang District Humin Road Securities Business Department of Haitong Securities Co., Ltd.	108, 109, 1/F, Building 99, No. 1441 Humin Road, Minhang District, Shanghai	6 May 2023
5	Shanghai Pudong New Area Dongyu Road Securities Business Department of Haitong Securities Co., Ltd.	3/F, No. 2, Lane 255, Dongyu Road, China (Shanghai) Pilot Free Trade Zone	17 May 2023
6	Shanghai Changning District Hongbaoshi Road Securities Business Department of Haitong Securities Co., Ltd.	Rooms 01 and 02a, 19/F, Building 2, No. 500, Hongbaoshi Road, Changning District, Shanghai	10 July 2023
7	Khorgos Branch of Haitong Securities Co., Ltd.	Rooms 101, 102, 103, Unit 1, Building 14, Tang Palace Hotel, No. 23, Ya'ou North Road, Horgos, Ili Kazakh Autonomous Prefecture, Xinjiang	12 October 2023

### 2. RELOCATION OF BRANCH OFFICES

No.	Name of branch office before relocation	Name of branch office after relocation	New address	Obtain license date
1	Fujian Branch of Haitong Securities Co., Ltd.	Fujian Branch of Haitong Securities Co., Ltd.	701A, 7/F, Building 3, Zhengxiang Center, No. 153, Wuyi North Road, Shuibu Street, Gulou District, Fuzhou, Fujian	12 May 2023
2	Hainan Branch of Haitong Securities Co., Ltd.	Hainan Branch of Haitong Securities Co., Ltd.	203A, 2/F, Building B, Internet Finance Building, No. 3, Guoxing Avenue, Meilan District, Haikou, Hainan	17 October 2023
3	Yueyang Baling Middle Road Securities Business Department of Haitong Securities Co., Ltd.	Yueyang Qingnian Middle Road Securities Business Department of Haitong Securities Co., Ltd.	Room 101, 1/F & Room 304, 3/F, Yinnong Building, No. 372, Qingnian Middle Road, Yueyanglou District, Yueyang, Hunan	12 January 2023
4	Suzhou Luxiang South Road Securities Business Department of Haitong Securities Co., Ltd.	Suzhou Branch of Haitong Securities Co., Ltd.	Room ABC, 26/F, Suzhou Modern Media Plaza, No. 265, Suzhou Avenue East, Suzhou Industrial Zone, Suzhou Area of China (Jiangsu) Pilot Free Trade Zone	3 February 2023

## APPENDIX III: INFORMATION ABOUT THE ESTABLISHMENT AND DISPOSAL OF BRANCH OFFICES (BRANCHES AND BUSINESS DEPARTMENTS)

No.	Name of branch office before relocation	Name of branch office after relocation	New address	Obtain license date
5	Fu'an Yangtuo Square North Road Securities Business Department of Haitong Securities Co., Ltd.	Ningde Jiaocheng South Road Securities Business Department of Haitong Securities Co., Ltd.	Room 201, No. 11, Jiaocheng South Road, Jiaocheng District, Ningde, Fujian	23 February 2023
6	Tai'an Daizong Street Securities Business Department of Haitong Securities Co., Ltd.	Taian Yingsheng East Road Securities Business Department of Haitong Securities Co., Ltd.	1/F, No. 27-5, Yingsheng East Road, Tai'an, Shandong	24 February 2023
7	Hangzhou Jinhua South Road Securities Business Department of Haitong Securities Co., Ltd.	Hangzhou Jinhua South Road Securities Business Department of Haitong Securities Co., Ltd.	Room 307, Building 2, Ocean International Center, Gongshu District, Hangzhou, Zhejiang	28 February 2023
8	Zunyi Zhonghua South Road Securities Business Department of Haitong Securities Co., Ltd.	Zunyi Beihai Road Securities Business Department of Haitong Securities Co., Ltd.	7/F, Building B, Zuntou Building, Beihai Road, Shanghai Road Street, Huichuan District, Zunyi, Guizhou	16 March 2023
9	Daqing Chengfeng Avenue Securities Business Department of Haitong Securities Co., Ltd.	Daqing Chengfeng Avenue Securities Business Department of Haitong Securities Co., Ltd.	No. 130 (2/F), Chengfeng Avenue, Chengfeng Subdistrict, Ranghulu District, Daqing, Heilongjiang	27 March 2023
10	Hohhot Xinhua East Street Securities Business Department of Haitong Securities Co., Ltd.	Hohhot Xinhua East Street Securities Business Department of Haitong Securities Co., Ltd.	1/F & 4/F, Building B, Yubo Fortune Complex, Xinhua East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region	11 April 2023
11	Harbin Zhongshan Road Securities Business Department of Haitong Securities Co., Ltd.	Harbin Zhongshan Road Securities Business Department of Haitong Securities Co., Ltd.	No. 101, Zhongshan Road, Xiangfang District, Harbin	11 April 2023
12	Jiayuguan Xinhua Middle Road Securities Business Department of Haitong Securities Co., Ltd.	Jiayuguan Yuquan Middle Road Securities Business Department of Haitong Securities Co., Ltd.	Room 23, 1/F, No. 1000, Area B, Yuandong Huafu, Yuquan Middle Road, Jiayuguan, Gansu	14 April 2023
13	Guangzhou Huadu Fenghuang North Road Securities Business Department of Haitong Securities Co., Ltd.	Guangzhou Nansha Branch of Haitong Securities Co., Ltd.	Room 2101, Room 2110 & Room 2111, No. 1, Mingzhu First Street, Hengli Town, Nansha District, Guangzhou	20 April 2023
14	Shenzhen Branch Hongling Middle Road Securities Business Department of Haitong Securities Co., Ltd.	Shenzhen Hongling North Road Securities Business Department of Haitong Securities Co., Ltd.	3603-3606, 36/F, Tower A, China Merchants Kaiyuan Center, No. 2088, Hongling North Road, Tianxin Community, Sungang Subdistrict, Luohu District, Shenzhen	24 April 2023
15	Fuzhou Mass Road Securities Business Department of Haitong Securities Co., Ltd.	Fuzhou Wuyi North Road Securities Business Department of Haitong Securities Co., Ltd.	701B, 7/F and 901A, 9/F, Building 3, Zhengxiang Center, No. 153, Wuyi North Road, Shuibu Subdistrict, Gulou District, Fuzhou, Fujian	24 April 2023
16	Shanghai Pilot Free Trade Zone Branch of Haitong Securities Co., Ltd.	Shanghai Pilot Free Trade Zone Branch of Haitong Securities Co., Ltd.	Room 306, Nos. 859-863 (odd Nos.), Huanhu West First Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone	6 May 2023

## APPENDIX III: INFORMATION ABOUT THE ESTABLISHMENT AND DISPOSAL OF BRANCH OFFICES (BRANCHES AND BUSINESS DEPARTMENTS)

No.	Name of branch office before relocation	Name of branch office after relocation	New address	Obtain license date
17	Shenzhen Bao'an Securities Business Department of Haitong Securities Co., Ltd.	Shenzhen Bao'an Securities Business Department of Haitong Securities Co., Ltd.	1609-1610, Tower A, Phase III, North District, Yifang Center, No. 99, Xihu Road, N12 District, Haiwang Community, Xin'an Subdistrict, Bao'an District, Shenzhen	8 May 2023
18	Changzhou Guangdian West Road Securities Business Department of Haitong Securities Co., Ltd.	Changzhou Changwu North Road Securities Business Department of Haitong Securities Co., Ltd.	No. 58, Changwu North Road, Wujin National Hi-tech Industrial Development Zone, Changzhou, Jiangsu	20 June 2023
19	Hangzhou Jiefang East Road Fortune Finance Center Securities Business Department of Haitong Securities Co., Ltd.	Hangzhou Xinye Road Securities Business Department of Haitong Securities Co., Ltd.	Room 703, 7/F, Building 1, Hongshou Financial Center, No. 300, Xinye Road, Sijiqing Subdistrict, Shangcheng District, Hangzhou, Zhejiang	25 June 2023
20	Jinan Hongjialou South Road Securities Business Department of Haitong Securities Co., Ltd.	Jinan Shunhua Road Securities Business Department of Haitong Securities Co., Ltd.	South of 3-103 & South of 3-202, Building 11, Shuntai Plaza, No. 2000, Shunhua Road, Hi-tech Industry Development Zone, Jinan, Shandong	10 July 2023
21	Linyi Suhe South Street Securities Business Department of Haitong Securities Co., Ltd.	Linyi Beijing Road Securities Business Department of Haitong Securities Co., Ltd.	Room 102, Building 11, Huanqiu Danguiyuan, Beicheng New District, Lanshan District, Linyi, Shandong	19 July 2023
22	Shenzhen Binhe Avenue Securities Business Department of Haitong Securities Co., Ltd.	Shenzhen Binhe Avenue Securities Business Department of Haitong Securities Co., Ltd.	Units 02 and 03, 19/F, Tower B, Building 1, Phase II, Centralcon Binhai Commercial Center, No. 9285, Binhe Avenue, Shangsha Community, Shatou Street, Futian District, Shenzhen	4 August 2023
23	Xinyu Fenyi Fuguan Road Securities Business Department of Haitong Securities Co., Ltd.	Xinyu Fenyi Qianshan East Road Securities Business Department of Haitong Securities Co., Ltd.	Building A, South Side of Qianshan East Road (Dongxing Jiayuan), Fenyi County, Xinyu, Jiangxi	9 August 2023
24	Zhangjiagang Donghuan Road Securities Business Department of Haitong Securities Co., Ltd.	Zhangjiagang Renmin Middle Road Securities Business Department of Haitong Securities Co., Ltd.	01-101, Building 2, No. 15, Renmin Middle Road, Yangshe Town, Zhangjiagang, Jiangsu	24 August 2023
25	Harbin Gogol Avenue Securities Business Department of Haitong Securities Co., Ltd.	Harbin Gogol Avenue Securities Business Department of Haitong Securities Co., Ltd.	- 1-1/F, No. 188, Gogol Avenue, Nangang District, Harbin, Heilongjiang	1 September 2023
26	Karamay Junggar Road Securities Business Department of Haitong Securities Co., Ltd.	Karamay Junggar Road Securities Business Department of Haitong Securities Co., Ltd.	No. 220, Junggar Road (3/F, Building 8, New World Commercial Street), Karamay, Xinjiang	4 September 2023
27	Shenzhen Jingtian Road Securities Business Department of Haitong Securities Co., Ltd.	Shenzhen Qianhai Branch of Haitong Securities Co., Ltd.	2302, Tower A, Qianhai Horoy Center, No. 5059, Tinghai Avenue, Nanshan Subdistrict, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen	12 September 2023
28	Cangzhou Shuxi Street Securities Business Department of Haitong Securities Co., Ltd.	Cangzhou Qiushi Avenue Securities Business Department of Haitong Securities Co., Ltd.	Room 102, 1/F, Building 15, Industrial New City, Cangzhou High-tech Zone, Hebei	12 September 2023



## APPENDIX III: INFORMATION ABOUT THE ESTABLISHMENT AND DISPOSAL OF BRANCH OFFICES (BRANCHES AND BUSINESS DEPARTMENTS)

No.	Name of branch office before relocation	Name of branch office after relocation	New address	Obtain license date
29	Shanghai Zhongdeqiao Road Securities Business Department of Haitong Securities Co., Ltd.	Shanghai Jing'an District Beijing West Road Securities Business Department of Haitong Securities Co., Ltd.	Rooms 101 & 1203-1207, No. 1465, Beijing West Road, Jing'an District, Shanghai	7 October 2023
30	Haikou Longkun North Road Securities Business Department of Haitong Securities Co., Ltd.	Haikou Guoxing Avenue Securities Business Department of Haitong Securities Co., Ltd.	202-203, 2/F, Building B, Internet Finance Building, No. 3, Guoxing Avenue, Meilan District, Haikou, Hainan	12 October 2023
31	Jiujiang Xunyang East Road Securities Business Department of Haitong Securities Co., Ltd.	Jiujiang Changhong Avenue Securities Business Department of Haitong Securities Co., Ltd.	10#-13#, Examining Building, 1/F, Changhong Complex Building, junction of Changhong Avenue and Nanhu Branch Road, Xunyang District, Jiujiang, Jiangxi	16 November 2023
32	Chengdu Jinli Road Securities Business Department of Haitong Securities Co., Ltd.	Chengdu Dongda Street Securities Business Department of Haitong Securities Co., Ltd.	No. 1206A, 12/F, Mingyu Financial Plaza, Unit 1, Building 1, No. 35, Zidong Building Section, Dongda Street, Jinjiang District, Chengdu, Sichuan	17 November 2023
33	Guilin Lijiang Road Securities Business Department of Haitong Securities Co., Ltd.	Guilin Wulidian Road Securities Business Department of Haitong Securities Co., Ltd.	Shops 1-4, 1/F, Building 1, No. 3, Wulidian Road, Qixing District, Guilin	5 December 2023
34	Jiangmen Yingbin Avenue West Securities Business Department of Haitong Securities Co., Ltd.	Jiangmen Baishi Avenue Securities Business Department of Haitong Securities Co., Ltd.	Room 118, No. 201, Baishi Avenue, Pengjiang District, Jiangmen	22 December 2023
35	Shanghai Qingpu District Qinghu Road Securities Business Department of Haitong Securities Co., Ltd.	Shanghai Qingpu District Huijin Road Securities Business Department of Haitong Securities Co., Ltd.	2/F, No. 628 and No. 630, Huijin Road and Nos. 607 & 609, Xiuyuan Road, Zhaoxiang Town, Qingpu District, Shanghai	26 December 2023
36	Yulin Yuyang Securities Business Department of Haitong Securities Co., Ltd.	Yulin Jianye Avenue Securities Business Department of Haitong Securities Co., Ltd.	Street-side Shops No.17-19#03, East Side of Manhattan Community, Jianye Avenue, Hi-tech Industry Park, Yulin, Shaanxi	28 December 2023
37	Shenzhen Longhua Securities Business Department of Haitong Securities Co., Ltd.	Shenzhen Yinsha Road Securities Business Department of Haitong Securities Co., Ltd.	5405-5406A, Tower A, Kingkey Binhe Times Square, Xiasha Village, No. 9289, Binhe Road, Xiasha Community, Shatou Subdistrict, Futian District, Shenzhen	29 December 2023

### 3. REVOCATION OF ADMINISTRATIVE LICENSES BY THE BUSINESS DEPARTMENT DURING THE REPORTING PERIOD

No.	Name of branch closed	Closed branch address	Date of revocation
1	Shanghai Putuo District Yichuan Road Securities Business Department of Haitong Securities Co., Ltd.	1/F & 2/F, No. 363, Yichuan Road, Putuo District, Shanghai	26 September 2023



海通证券股份有限公司  
HAITONG SECURITIES CO., LTD.