



# 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



# 2022

## Annual Report

\*For identification purpose only

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## IMPORTANT NOTICE

The Board, Supervisory Committee, Directors, Supervisors and 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 36th meeting of the seventh 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 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 adopts the cash dividends for the profit distribution for the year 2022 that cash dividends of RMB2.10 (inclusive of tax) for every 10 shares will be distributed to the A shareholders of the Company and H shareholders of the Company registered on the record date in the 2022 annual dividend distribution. On the basis of 13,064,200,000 total issued shares of the Company on the date of board meeting approving the 2022 profit distribution plan, the total cash dividends amount to RMB2,743,482,000.00, representing 41.91% of the net profit attributable to the shareholders of the parent company on a consolidated basis in 2022. In the event that the total share capital of the Company changes after the date of the Board meeting at which the profit distribution plan of 2022 was approved 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 2022 will be carried forward to the next year.

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 investments 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 past year 2022 was an extraordinary and challenging year, as well as a year of milestone significance in the history of the CPC and China. During the year, the 20th National Congress of the CPC was successfully convened, drawing up a grand blueprint for building a modern socialist country in all respects and marking that the centennial CPC unites and leads the whole nation to set foot on a new starting point for a new journey and creating a new great cause. In the face of various unexpected impacts during the year, the capital market weathered the severe test and further enhanced its function of serving real economies, making active contributions to stabilizing the general macro economy. The reform and opening up of the capital market was continuously deepened; the implementation of the comprehensive registration-based IPO system initiated; the deterrence of “zero-tolerance” law enforcement was increasingly intensified; and the investor protection systems and mechanisms were further improved.

Only in hard times can courage and perseverance be manifested. Only after polishing can a piece of jade be finer. During the year, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and based on the deployments of the CPC Central Committee, we followed the general principle of making progress while maintaining stability, focused on consolidating the fundamentals of operation and development, braved difficulties and forged ahead with perseverance and resolve, achieving the high-quality development of ourselves in serving the high-quality economic and social development. As of the end of 2022, the total assets of the Group amounted to RMB753,608 million, representing an increase of 1.17% as compared to the end of last year. The net assets attributable to the parent company amounted to RMB164,592 million, representing an increase of 0.89% as compared to the end of last year.

The most fundamental interests of the country are to contribute to the country and the people. During the past year, we actively embraced the national development strategies and firmly adhered to the origin of financial institutions of serving the real economy. With the orientation of enhancing the service capabilities, promoting the high-quality development and creating a high-quality life, we deeply practiced the concept of “One Haitong” and provided customers with high-quality and comprehensive financial services through the coordination and interconnection of the business units including “investment, financing, sponsorship and research” as well as wealth management to better meet diversified financial demands of the public and real economies. As of the end of 2022, the Company provided a total finance of nearly RMB4.4 trillion for real economies and served over 21 million customers and the assets of customers under custody amounted to over RMB5.2 trillion. Focusing on the market positioning of “hard technology” and in combination with national strategic development orientations, we successfully developed the “Haitong brand” in integrated circuit, biopharmaceuticals and other key sectors and completed various benchmark projects. Since the opening of the STAR Market, the Company has ranked among top three in terms of the number of sponsored enterprises and the amount sponsored on the STAR Market. We actively served the overall integrated development of the Yangtze River Delta and provided comprehensive financial support to enterprises in the Yangtze River Delta. In Guangdong-Hong Kong-Macau, Beijing-Tianjin-Hebei and other key regional economic development and construction, we enhanced the function as a link between financial resources and the development of regional real economies and contributed financial vitality to new strategies on regional development.

## STATEMENT OF CHAIRMAN AND GENERAL MANAGER

Only by upholding morality and integrity can enterprises achieve long-term development. Compliant operation has always been the very bottom line for the survival and development of the Company while risk control is an effective driver to balance risk and revenue and ensure long-term and healthy development. During the year, we put compliance and internal control in a prominent position, focused on principal responsibilities and businesses, enhanced internal capabilities and consolidated foundations. Through improving the mechanism, optimizing the structure and perfecting the ecosystem, we enhanced the perception, control and disposal of risks and continuously improved the quality and value of financial services of the Company, consolidating the foundation for high-quality development. In 2022, the Company carried out activities under the “Year of Compliance and Internal Control Culture Construction” throughout the year, comprehensively promoted the improvement and upgrading of the group-wide compliance and internal control systems, deeply integrated the cultural concept with “compliance as the bottom line, integrity as the obligation, professionalism as the feature and stability as the guarantee” into the daily work of all employees. We comprehensively implemented relevant requirements on preventing and defusing significant financial risks, propelled the establishment of group wide risk management systems, revised the management measures on reputational risks, intensified the management and control of credit risks, market risks and other traditional risks and incorporated ESG risks and other emerging risks into the scope of risk management and control. We paid close attention to risk management of subsidiaries, strengthened the management of liquidity risk of the Group and increasingly enhanced the risk management and control of the Group.

We adapt to changes and respond to circumstances. Facing the new requirements on financial services in the new stage of economic development, we must continuously advance transformation and reform with greater courage and more measures to maintain long-term competitiveness. During the year, we initiated the reform of customer service systems, successfully completed the organizational structures reform of wealth management, trading and institutional client services and other business lines, faced up to customer pain points and bottlenecks in customer services for financial institutions, enterprises and high-net-worth individuals and established a customer service system with the improvement of customer experience as the value orientation and customer managers as the core driver through “adjustments at the headquarter and concentration of resources”. The official operation of new departments marks a giant step of the Company on the path of “accurately identifying changes, responding to changes in a scientific manner and actively seeking changes”. We continued to speed up the comprehensive deployment of financial technology. With the target of building “Digital Haitong 2.0”, we carried out the construction of an “agile, platform-based, intelligent and ecosystem-based” financial technology platform and comprehensively promoted the digital transformation in five major areas: business development, operation management, data application, technological capabilities and institutional mechanisms to empower the high-quality development of the Company and contribute Haitong example in the digital transformation of the industry.



## STATEMENT OF CHAIRMAN AND GENERAL MANAGER

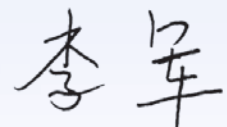
We bear in mind the public and share their concerns. We accurately understand our role as a listed company, a financial company and a corporate resident. With “building a bright future with finance” as the core, we joined shareholders, investors, customers, employees, the environment and social public to build a responsibility ecosystem featured with steady operation, professional services, people first concept, green development and common prosperity and create and share a bright future with partners in the ecosystem. We continuously optimized the ESG management structure and integrated the ESG concept into the strategic development and daily operation through ESG risk management and responsible investment; and released the Action Plan of Haitong Securities on Facilitating Carbon Peaking and Carbon Neutrality during the “14th Five-year Plan” Period with the focus on national “carbon peaking and carbon neutrality” strategies and the high-quality development target to constantly contribute to the green transformation of the development of real economies. In 2022, the ESG rating of the Company was raised to A by MSCI. It was awarded the “Best Listed Company” and the “Best Company of ESG Practice in Listed Companies” in the Golden Bauhinia Awards and included in the Local SOEs Social Responsibility • Pioneer 100 Index. Based on our own resource endowment, we displayed our advantages in financial professional expertise, effectively allocated the work force and assistance funds, deeply promoted the cooperation between the east and the west, solidly carried out the paired assistance through “hundred enterprises in support of hundred villages” and “one company to one county” to deepen the public welfare brand of “Love in Haitong” and assisted the areas under support in promoting rural revitalization and facilitating common prosperity with financial strength. As of the end of 2022, the Company has provided total assistance funds of over RMB14 million.

After an extraordinary journey for decades, we are well-prepared for the future. 2023 is the first year for comprehensively implementing the guiding spirit of the 20th National Congress of the CPC and a crucial year in promoting the implementation of the “14th Five-year” Plan. With the official operation of the Haitong Bund Finance Plaza and the refreshing and upgrading of the cultural concept of “Haitong Home”, we will embrace the 35th anniversary of the establishment of the Company this year, which means a new development stage for Haitong Securities. In the great times for the youth, it is the right moment to strive. Under the guidance of the spirit of the 20th National Congress of the CPC, we will fully understand the missions and tasks of Haitong in the new era and the new journey, firmly seize the historical opportunities in real economies and the deepening of the reform and opening up of the capital market, continue to maintain high pursuit and steady focus, and carry forward the practical working style to ensure the implementation of the guiding spirit of the 20th National Congress of the CPC in Haitong, achieve new results in advancing high-quality development with new morale and efforts and contribute Haitong’s strength in the Chinese path to modernization.

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 Shanghai Stock Exchange
“Articles of Association” or “Articles”	the articles of association of the Company
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors of Haitong Securities
“BSE”	the Beijing Stock Exchange
“Code”	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules
“Company Law”	the Company Law of the People’s Republic of China
“Company” or “Haitong Securities”	Haitong Securities Co., Ltd.
“Compliance and Risk Management Committee”	the compliance and risk management committee of the Company
“CSRC Shanghai Bureau”	Shanghai Regulatory Bureau of the China Securities Regulatory Commission
“CSRC”	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 Haitong Securities
“ETF”	exchange traded fund
“ESG”	Environmental, social and governance
“EUR”	the official currency of the Eurozone

## SECTION I DEFINITIONS AND MATERIAL RISK WARNINGS

“FICC”	fixed-income instruments, currencies, and commodities
“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 Holdings”	Haitong International Holdings Limited (海通國際控股有限公司)
“Haitong International”	Haitong International Securities Group Limited (海通國際證券集團有限公司), listed on the Hong Kong Stock Exchange, stock code: 665
“Haitong UT Capital”	Haitong UT Capital Group Co., Limited (海通恒信金融集團有限公司)
“Haitong UT Holdings”	Haitong UT Holdings Limited (海通恒信融資租賃控股有限公司)
“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-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



## SECTION I DEFINITIONS AND MATERIAL RISK WARNINGS

“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
“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 10 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
“Report”	the annual report for the year ended 31 December 2022
“Reporting Period”	from 1 January 2022 to 31 December 2022
“RMB” or “Renminbi”	the lawful currency of the PRC
“RQFII”	Renminbi Qualified Foreign Institutional Investor
“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 Weitai Properties”	Shanghai Weitai Properties Management Co., Ltd. (上海惟泰置業管理有限公司)

## SECTION I DEFINITIONS AND MATERIAL RISK WARNINGS

“Shanghai Zechun”	Shanghai Zechun Investment & Development Co. Ltd. (上海澤春投資發展有限公司)
“SSE”	the Shanghai Stock Exchange
“Shanghai Stock Exchange Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“Supervisor(s)”	the supervisor(s) of Haitong Securities
“Supervisory Committee”	the supervisory committee of Haitong Securities
“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, Jiang Chengjun
Joint company secretaries	Jiang Chengjun, Wong Wai Ling
Chief compliance officer	Li Haichao

### 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	93,818,677,554.29	85,222,467,669.07

### 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 center (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)



## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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)
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)

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

35. Qualification of the 11th batch of insurance agency for 2013 (Hu Bao Jian Xu Ke [2013] No. 204)
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. SSE Fund Connect market making business (December 2022)

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	Jiang Chengjun	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	<a href="mailto:haitong@haitong.com">haitong@haitong.com</a>
Search index for changes in registration during the Reporting Period	<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> <a href="http://www.sse.com.cn">http://www.sse.com.cn</a>
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	Shanghai Stock Exchange	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 Nonpublic 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 PRC Company Law, the PRC 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 China Securities Regulatory Commission (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

Authorized share capital: HK\$11,180 million

Issued share capital: HK\$11,180 million

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

Shareholding percentage: 100%

Tel: +852-39268888

Nature of business: Investment holding

Scope of business: Investment holding, engaging in brokerage, corporate financing, assets management and other businesses permitted by Hong Kong securities regulatory rules through establishment of various subsidiaries.

## 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: +86-021-23219000

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: Pei Changjiang

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.*

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: He Deyu

Tel: +86-021-23219000

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).

## 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: He Deyu

Tel: +86-021-23219000

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 17, Unit 01, 03, and 04 of Level 6, Level 25 and Unit 05 and 03 of Level 2, No. 1589 Century Avenue, 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: 36-37/F, BEA Finance Tower, No. 66, Huayuan Shiqiao Road, Pudong New Area, Shanghai

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) 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 301 securities branches (see Appendix II of the Report for details).

***(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).

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### 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, PRC
	Signatory accountants	Xu Kangwei (許康璋), Liu Wei (劉偉)
Accounting firm appointed by the Company (overseas)	Name	PricewaterhouseCoopers
	Office address	22/F, Prince Building, Central, Hong Kong, China
	Signatory accountant	Jack Li (黎英傑)
Legal Advisor to the Company, as to PRC laws	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 IFRSs unless otherwise indicated)

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

Item	2022	2021	As compared to the corresponding period of last year	2020
<b>Results of operations</b> (RMB'000)			Change	
Total revenue, gains and other income	<b>41,980,221</b>	57,809,561	-27.38%	54,277,200
Profit before income tax	<b>7,999,036</b>	18,543,799	-56.86%	15,757,310
Profit for the year – attributable to owners of the Company	<b>6,545,347</b>	12,826,517	-48.97%	10,875,396
Net cash generated from/(used in) operating activities	<b>17,793,023</b>	52,747,409	-66.27%	-6,251,302
Other comprehensive income	<b>-138,962</b>	-351,298	N/A	-838,179
<b>Earnings per share</b> (RMB/share)			Change	
Basic earnings per share	<b>0.50</b>	0.98	-48.98%	0.90
Diluted earnings per share	<b>0.50</b>	0.98	-48.98%	0.90
<b>Profitability indicators</b>			Change	
Weighted average returns on net assets (%)	<b>3.99</b>	8.09	decrease by 4.10 percentage points	7.88



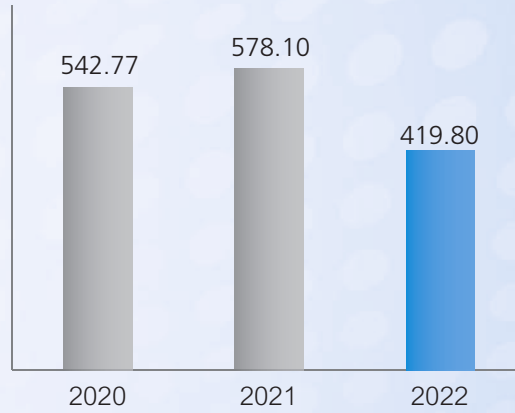
## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Item	31 December 2022	31 December 2021	As compared to the end of the last year	31 December 2020
<b>Indices of size (RMB'000)</b>			Change	
Total assets	<b>753,607,577</b>	744,925,149	1.17%	694,073,351
Total liabilities	<b>575,985,519</b>	567,170,363	1.55%	525,947,039
Accounts payable to brokerage clients	<b>115,513,463</b>	123,202,200	-6.24%	108,167,568
Equity attributable to owners of the Company	<b>164,591,957</b>	163,137,964	0.89%	153,448,468
<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>12.60</b>	12.49	Change 0.88%	11.75
<b>Gearing ratio (%)<sup>(1)</sup></b>	<b>72.16</b>	71.41	increase by 0.75 percentage point	71.30

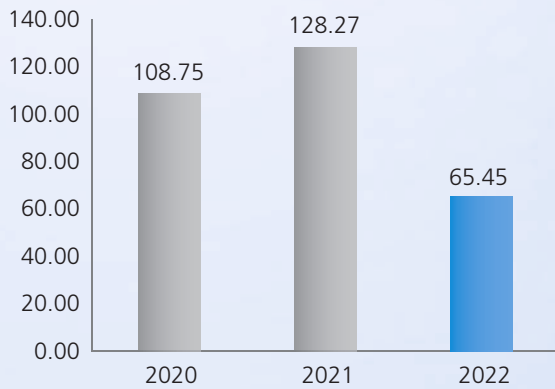
Note 1: Gearing ratio = (total liabilities – accounts payable to brokerage clients)/(total assets – accounts payable to brokerage clients)

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

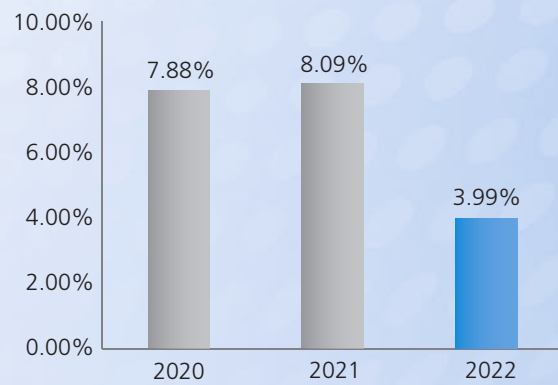
**Total revenue, gains and other income**  
(RMB in 100 million)



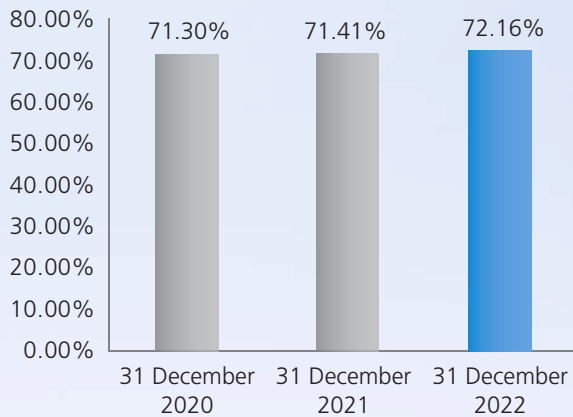
**Profit for the year – attributable to owners of the Company**  
(RMB in 100 million)



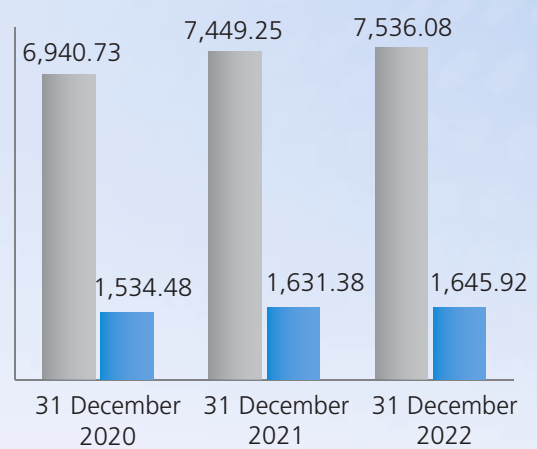
**Weighted average returns on net assets**



**Gearing ratio**



**Indices 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

	2022	2021	2020	2019	2018
Total revenue, gains and other income	<b>41,980,221</b>	57,809,561	54,277,200	51,552,112	38,669,707
Total expenses	<b>34,767,766</b>	40,915,651	39,062,907	37,829,835	31,132,050
Profit before income tax	<b>7,999,036</b>	18,543,799	15,757,310	13,871,921	7,570,366
Profit for the year – attributable to owners of the Company	<b>6,545,347</b>	12,826,517	10,875,396	9,523,248	5,211,093

#### 2. Financial position

Unit: '000 Currency: RMB

	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
Total assets	<b>753,607,577</b>	744,925,149	694,073,351	636,793,631	574,623,634
Total liabilities	<b>575,985,519</b>	567,170,363	525,947,039	495,674,888	444,437,715
Accounts payable to brokerage clients	<b>115,513,463</b>	123,202,200	108,167,568	87,464,142	71,893,535
Equity attributable to owners of the Company	<b>164,591,957</b>	163,137,964	153,448,468	126,090,993	117,858,575
Share capital	<b>13,064,200</b>	13,064,200	13,064,200	11,501,700	11,501,700

#### 3. Key financial indicators

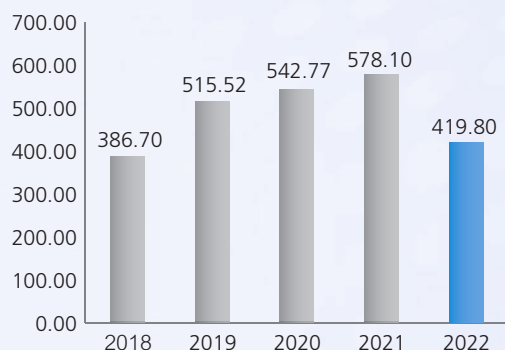
	2022	2021	2020	2019	2018
Dividends per share					
Basic earnings per share	<b>0.50</b>	0.98	0.90	0.83	0.45
Diluted earnings per share	<b>0.50</b>	0.98	0.90	0.83	0.45
Weighted average returns on net assets (%)	<b>3.99</b>	8.09	7.88	7.81	4.42
Gearing ratio (%) <sup>(1)</sup>	<b>72.16</b>	71.41	71.30	74.31	74.10
Net assets per share attributable to owners of the Company (RMB/share)	<b>12.60</b>	12.49	11.75	10.96	10.25

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

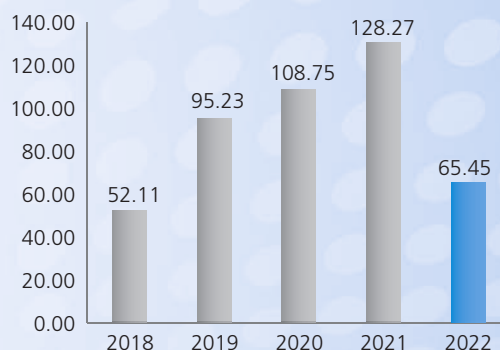


## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

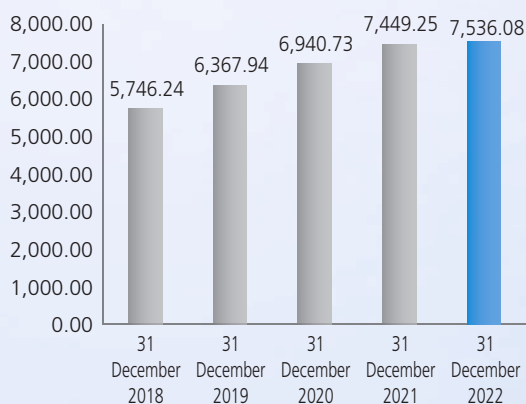
**Total revenue, gains and other income  
(RMB in 100 million)**



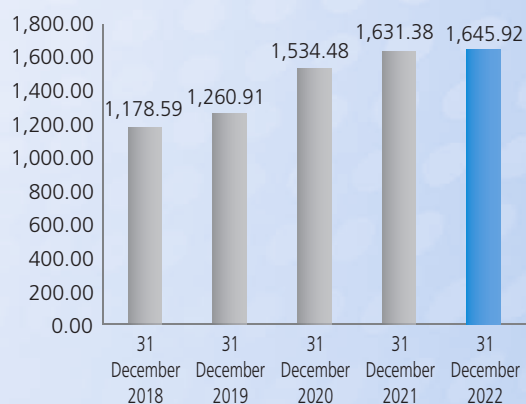
**Profit for the year – attributable to owners of  
the Company (RMB in 100 million)**



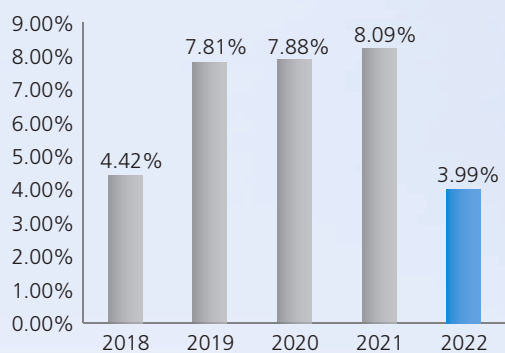
**Total assets  
(RMB in 100 million)**



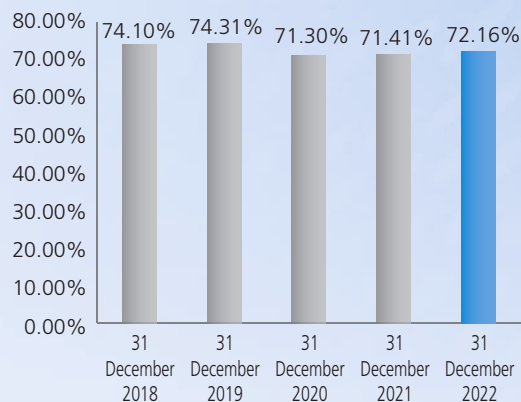
**Equity attributable to owners of the Company  
(RMB in 100 million)**



**Weighted average returns on net assets**



**Gearing ratio**



## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

The net profits for the years ended 31 December 2022 and 2021 and the net assets as at 31 December 2022 and 31 December 2021 as stated in the consolidated financial statements of the Group prepared in accordance with PRC GAAP are consistent with those in accordance with IFRS.

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

As at 31 December 2022, the net capital of the Company was RMB93,819 million, representing an increase of RMB8,597 million as compared to the end of last year (RMB85,222 million). During the Reporting Period, all the risk control indicators including net capital of the Company met the regulatory requirements.

Item	<b>As at 31 December 2022</b>	As at 31 December 2021
Net capital (RMB)	<b>93,818,677,554.29</b>	85,222,467,669.07
Net assets (RMB)	<b>149,045,782,898.20</b>	144,509,229,830.85
Risk coverage ratio (%)	<b>241.25</b>	200.25
Capital leverage ratio (%)	<b>21.12</b>	22.28
Liquidity coverage ratio (%)	<b>293.75</b>	259.39
Net stable funding rate (%)	<b>162.85</b>	157.72
Net capital/net assets (%)	<b>62.95</b>	58.97
Net capital/liabilities (%)	<b>36.97</b>	34.48
Net assets/liabilities (%)	<b>58.74</b>	58.47
Proprietary equity securities and securities derivatives/net capital (%)	<b>16.59</b>	24.03
Proprietary non-equity securities and securities derivatives/net capital (%)	<b>193.66</b>	201.85

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### I. MANAGEMENT DISCUSSION AND ANALYSIS

#### (I) Overall operation

In 2022, the Company closely focused on the main theme of serving the national strategy and serving the real economy and gave full play to the role of finance in serving the real economy, and under the philosophy of “One Haitong” and through the synergy and linkage of “investment, financing, sponsorship and research” and wealth management business, the Company realized positive results in supporting the independent development of technology companies, serving the regional development strategies of China, promoting the development of green finance, and other aspects. Focusing on “hard and core technology” market positioning, the Company provided services for a number of technology companies with outstanding core technologies and high market recognition and lifecycle comprehensive financial services for enterprises in key areas. As of the end of 2022, the Company provided financing services for the real economy of China with a total amount approximately RMB4.4 trillion, of which services with a total amount over RMB1.1 trillion were provided to enterprises in Shanghai. The Company further improved its customer-centricity business operation system, and steadily advanced the structural reform of the wealth management, trading and institutional business lines through structural optimization, which effectively promoted the development of its core business of investment banking, improved its professionalism and concentrated the resources within the Group. The Company has always adhered to the strategy of “development driven by technology” and expedited the development of “Digital Haitong 2.0.” The Company’s investment in technologies continues to maintain the industry’s leading position, continuously promoting the in-depth application of new technologies such as AI, big data and blockchain.

In 2022, the Company actively implemented the requirements of the CSRC on promoting the culture of “compliance, integrity, professionalism and prudence” in the industry, carried out in depth activities in relation to the “Year of Compliance and Internal Control Culture Construction” of the Company, and achieved positive results in compliance and internal control, team building and system development. At the same time, the Company comprehensively implemented relevant requirements on preventing and defusing significant financial risks, and propelled the establishment of group wide risk management systems. The Company continuously enhanced its team building and stimulated the vitality and efficiency of its talent team, providing strong support for its business development.



## SECTION III REPORT OF THE BOARD OF DIRECTORS

### (II) Analysis of principal operations

#### 1. *Wealth management business*

##### *Market conditions:*

Since 2022, with the further deepening of the reform and opening-up of the capital market and the commencement of the implementation of the stock issuance registration system, the role of the capital market to serve the real economy was further improved, and the resilience and potential of the market increased significantly. In the face of the complicated domestic and international economic situation, A-share market underwent significant fluctuations and adjustments in general. The SSE Composite Index, the SZSE Component Index and the ChiNext Price Index plunged 15.13%, 25.85% and 29.37% respectively in 2022. According to Shanghai and Shenzhen stock exchanges, the trading volume of stocks and funds in the SSE and SZSE amounted to RMB495.34 trillion in 2022, down by 10.36% year-on-year. The scale of margin financing and securities lending shrined in fluctuations. As of the end of the Reporting Period, the balance of margin financing and securities lending was RMB1.54 trillion, representing a decrease of 15.93% as compared to the end of last year. With the continuous improvement of various regulatory systems, the expansion of eligible collateral securities for margin financing and securities lending, and the preparation and launching of the margin financing and securities lending business on the BSE, the market liquidity and pricing efficiency were further improved. The stock-pledged repurchase business still developed prudently and steadily, which further highlighted its function of serving the real economy and also presented higher requirements for continuous prevention and mitigation of financial risks. Against the background of the overall market adjustment, the financial product sales market was under pressure. According to the Asset Management Association of China, as at the end of 2022, the scale of public funds in the entire market reached RMB26.03 trillion, increasing slightly by 1.8% from the end of last year. The size of equity public funds was RMB7.48 trillion, down by 13.4% from the end of last year. In 2022, the new public funds in the entire market increased by 1,288, representing a year-on-year decrease of 6.3%; and the units of new public funds reached 216 million units, representing a year-on-year decrease of 54.5%. On 25 November 2022, China launched its first Private Pension Scheme in 36 cities or regions. As of the end of 2022, 19.54 million people participated in the scheme and 6.13 million participants made contributions with a total contribution amount of RMB14.2 billion.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### *Operating measures and performance:*

The Company adhered to “customer eccentricity”, conducted organizational structural adjustment, and enhanced three core competency of the wealth management business, namely “trading services, investment advisory and product sales based on asset allocation”. During the Reporting Period, the Company focused on the strategy of “developing incremental business, providing distinctive services, strengthening coordination, and establishing mechanisms”, accelerated the reform of its branches and the transformation from the traditional brokerage business outlet serving residents communities to the integrated financial platform rooted in industrial parks and serving the development of enterprises. 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. The Company also enhanced the construction of the digital financial platforms, improved the service quality, and expanded the boundaries of its service scope. As at the end of the Reporting Period, the Group had 337 securities and futures branches (including 301 securities branches and 36 futures branches) in 30 provinces, municipalities and autonomous regions in China. The Group’s wealth management business had over 21.00 million customers, and the total assets under management for the customers of the Group exceeded RMB5.2 trillion. As of the end of the Reporting Period, the parent company’s wealth management business had over 17.00 million customers, increasing by 6.9% year on year. The assets under management for the customers of the parent company amounted to RMB3.0 trillion. The number of individual wealth management customers of the Company with assets over RMB2 million was nearly 58,000, with an aggregate asset amount of nearly RMB850 billion. The number of high-net-worth individual customers with an assets over RMB6 million was nearly 14,000, with an aggregate asset amount of nearly RMB710 billion.

### ***Changes in the agency trading volume of the Company as of the end of 2022***

	<b>The Reporting Period</b>	<b>The corresponding period of previous year</b>
Trading volume of stocks <i>(RMB100 million)</i>	136,801	178,262
Trading volume of funds <i>(RMB100 million)</i>	33,828	30,331
<b>Total <i>(RMB100 million)</i></b>	<b>170,629</b>	<b>208,593</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.

The Company continuously implemented the transformation of its wealth management business, and its retail brokerage business developed rapidly with high quality. The Company accelerated the reform of its branches and outlets. Up to date, comprehensive innovation branches, including the Shanghai Pudong Branch, the Shanghai Lingang Branch, the Suzhou Branch, etc., have commenced operation. The branches of the Company achieved an aggregate profit of RMB3.34 billion in 2022, of which 11 branches contributed a profit of over RMB100 million and 8 branches contributed a profit of over RMB50 million. The Company continuously strengthened the construction of digital financial platforms, and released the version for the elderly and the 9.0 major version of the “e-Haitong Cai (e 海通財)” App, precisely identifying the differentiated needs of our customers and building a multi-layer customer service system. As of the end of 2022, the installs of “e-Haitong Cai (e 海通財)” App exceeded 43.00 million with the number of average monthly active users reaching over 5.30 million. The Company established a service system for strategic customers. The Company maintained the focus on key regions, cities, sectors and enterprises, and formulated service standards and customer portraits on strategic customers, and built equity value chains to develop customer ecosystems. The Company enhanced its cooperation with local governments and industrial parks. In 2022, the Company signed strategic cooperation agreements with over 40 local governments and large enterprises. The Company developed an all-around investment advisory service system. The Company officially launched “Ying Investment Advisory (盈投顧)”, the featured service brand, and introduced six services for asset allocation strategy, thematic investment, automatic investment plan in funds, and medium and low risks trade, covering investment research and service on stocks, bonds, funds and ETFs, achieving comprehensive upgrading in various dimensions such as the content system, brand, professionalism, experience and promotion channels. The Company built its brand for private banking services by integrating its resources in investment banking, investment and overseas high-net-worth customer resources, seizing the development opportunities in public REITs and diversifying the key asset allocation toolkits for customers, to provide private banking customers with one-stop integrated private banking services spanning from financing to investment and covering both personal and corporate businesses.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### (2) Sales of financial products

The Company strived 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 leading 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. The sales scale of financial products increased despite the downward trend in the industry. As of the end of 2022, the average daily penetration of the Company's financial products increased to RMB121.4 billion, representing a year-on-year increase of 23.9%. In particular, the average daily penetration of products (other than monetary funds) was RMB82.9 billion, representing a year-on-year increase of 23.3%. The average daily penetration of publicly offered products was RMB77.5 billion, representing a year-on-year increase of 51.1%; and the penetration of ETF products was RMB22.4 billion, representing a year-on-year increase of 431.2%. The Company was successfully granted the qualification, one of the first batch of qualified companies, for the sales of private pension funds and has completed the launching of a total of 126 private pension funds of 40 fund management companies, generally achieving the full coverage of private pension public funds products. Furthermore, the Company focused on promoting the products offered by public funds under broker settlement mode (券結模式) and leading privately offered quantitative funds, to continuously enhance customer recognition of the financial products of the Company and the Company's brand influence.

### (3) Financing business

In 2022, the Company promoted the development of the financing business in a steady and orderly manner, and further optimized the structure of its financing business. The margin financing and securities lending business of the Company continued to expand the sources of securities, maintain its market share through various means and approaches, achieved further diversification of customers. At the same time, the Company also continued to consolidate the customer base, and vigorously explored high-net-worth customers and professional investors. The proportion of the balance of institutional investor and product customers was maintained at a relatively high level. The customer structure of this business segment was significantly optimized. The stock pledge business of the Company continued to focus on the sector of financing services for the real economy, and enhanced its risk control while maintaining a stable business size, as a result of which the quality of collateral assets was effectively improved, and the business entered a stage of healthy development. As at the end of 2022, the size of the Company's financing business was RMB88.8 billion, of which the size of margin financing and securities lending business was RMB61.2 billion and the size of stock pledge business was RMB27.4 billion.



## SECTION III REPORT OF THE BOARD OF DIRECTORS

### *Changes in the scale of the financing business of the Company as at the end of 2022*

	As at the end of the Reporting Period	As at the end of the previous year
Balance of margin financing and securities lending business (RMB100 million)	611.64	739.26
Balance of stock pledge business (RMB100 million) <sup>2</sup>	273.68	312.24
Balance of stock repo transaction (RMB100 million)	2.44	2.24
<b>Total (RMB100 million)</b>	<b>887.76</b>	<b>1,053.74</b>

#### (4) Futures business

Haitong Futures steadily developed its business and continuously consolidated its market position. The trading volume of future contracts under its brokerage amounted to RMB30.5 trillion (without double counting) and its market share was 5.7%. As at the end of the Reporting Period, its client equity amounted to RMB54.1 billion, representing a year-on-year increase of 7.4%. Haitong Futures successfully applied for membership of Guangzhou Futures Exchange, smoothly promoted the implementation of the Internet finance business and actively explored new opportunities for the wealth management business.

### 2. Investment banking business

#### *Market conditions:*

In 2022, in face of the uncertainties and risks in the international environment, the global IPO market turned down sharply into a “bleak winter” and the A-share issuance market delivered mixed performance. On the one hand, with the continuous implementation of the registration system reform, the financing efficiency of the Chinese capital market was further improved. A total of 428 companies completed IPOs in 2022 raising a record high RMB586.9 billion, representing a year-on-year increase of 8%, showcasing a sharp contrast to the plunge in global markets. On the other hand, the secondary A-share market declined amid fluctuations and non-public issuance were affected to a certain extent. In 2022, there were 355 projects of share placement, down by 32% year on year. The fund raised amounted to RMB721.4 billion, down by 20% year on year. In 2022, the BSE established and developed a normalized issuance and listing pattern, and 83 companies were listed on BSE during the year and the fund raised amounted to RMB16.5 billion, representing a year-on-year increase of 120%.

<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 RMB2,608 million

## SECTION III REPORT OF THE BOARD OF DIRECTORS

In 2022, the bond issuance in PRC remained the same level as last year, with a total amount of bond issuance of RMB61.45 trillion. Interest rate bonds issuance reached RMB22.92 trillion, representing a year-on-year increase of 15%, among which treasury bond issuance increased by 43% year on year, the local government bonds issuance decreased by 1% year on year, and policy bank bonds issuance increased by 5% year on year. The credit bonds issuance was RMB18.04 trillion, representing a year-on-year decrease of 10%. The aggregate interbank negotiable certificate of deposit issuance amounted to RMB20.49 trillion, representing a year-on-year decrease of 5%.

### *Operating measures and performance:*

#### (1) Equity financing

In terms of domestic equity financing, the Company firmly adhered to “industry focus” and “region focus” and recorded another ever best operational performance. In 2022, the Company completed 30 IPOs (including those on the BSE) raising RMB39.6 billion, ranking third in the market in terms of deal numbers and fourth in the market in terms of the amount of the funds raised. The Company completed 17 IPOs on the STAR Market raising RMB31.1 billion, ranking second in the market in terms of the number of IPO deal numbers and the amount of fund raised. The Company vigorously promoted the application for IPOs with a rich reserve of equity financing projects. The Company enlarges the depth of its brand advantage and influence in the industry. The Company completed 8 IPOs and 2 re-financing projects in the integrated circuit sector with the funds raised amounting to RMB24.5 billion. It also reserved a number of key projects in the market. It achieved breakthroughs in the biopharmaceutical sector. The Company completed the listing of 10 enterprises with a market share of over 20%, ranking first in the market; and the fund raised was RMB11.6 billion, ranking third in the market. Its localized layout was increasingly optimized. The Company completed a total of 19 IPOs in the Yangtze River Delta with the funds raised amounting to over RMB27.8 billion, both ranking first in the market, where the Company enjoyed noticeable advantages in Shanghai.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

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

		The Reporting Period	The corresponding period of the previous year
IPO	Underwritten amount (RMB100 million)	395.88	339.64
	Number of underwritten transactions	30	35
Subsequent offering	Underwritten amount (RMB100 million)	203.95	273.61
	Number of underwritten transactions	17	26
Number of projects under CSRC review and pending for listing	IPO	70	42

Source: WIND, CSRC, SSE, SZSE and BSE

Regarding the overseas equity financing business, in 2022, Haitong International completed 30 equity financing transactions in the Hong Kong capital market, ranking third among all the investment banks in Hong Kong. It sponsored the “dual-primary listing” of MINISO on the Hong Kong Stock Exchange. It continuously conducted business innovation, actively seized market opportunities, and completed the first SPAC project in the Hong Kong stock market and the first SPAC project in the US stock market. It deepened the linkage of domestic and overseas operations and assisted in completing four GDR projects in Europe by Gotion High-tech, Mingyang Smart Energy and other enterprises. It completed two financial advisory projects for the financing of local enterprises in India.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### (2) Bond financing

Regarding domestic bond financing, the Company continuously works on strengthening the quality of its practice and achieved steady growth in all indicators. In 2022, the Company underwrote 999 bonds with the total amount of bonds underwritten reaching RMB326.7 billion, of which the amount of corporate bonds was RMB23.1 billion, ranking second in the market. The Company focused on serving national strategies and issued a total of 39 green bonds raising a total amount of proceeds of RMB84.3 billion. The Company issued the first “green + rural revitalization + ensuring energy supply” bond in China and has issued a total of 23 technological innovation bonds, raising a total amount of proceeds of RMB26.7 billion. Under the philosophy of “development driven by innovation” and in line with the strategic development direction of China, as a first mover in the industry, the Company achieved a number of breakthroughs in issuing innovative categories of bonds. The Company obtained four awards in the Annual Evaluation of the Business Development Quality of China Central Depository & Clearing Co., Ltd. (CCDC) Members, and has ranked among the top three in the evaluation of credit rating of lead underwriters of corporate bonds by the NDRC for seven consecutive years.

#### ***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)	231	474
	Underwriting quantity	48	64
Corporate bonds	Underwritten amount (RMB100 million)	1,160	1,345
	Underwriting quantity	291	337
Others	Underwritten amount (RMB100 million)	1,877	3,403
	Underwriting quantity	660	1,035

Note: Others include local government bonds, non-policy related financial bonds, short-term commercial papers, mid-term notes, placement instruments, asset-backed securities, convertible bonds and exchangeable bonds.

Source: WIND

Regarding the overseas bond financing business, in 2022, Haitong International ranked third among all the investment banks in Hong Kong in terms of issuance volume in the China Risk G3+CNY bond issuance market; it actively practiced the ESG concept and underwrote a total of 24 green bonds and sustainability bonds throughout the year, raising a total of USD8 billion. Haitong International was included in the FTSE4Good Index Series due to its outstanding ESG performance and ranked top 5 in terms of governance scorings in the global financial industry.



## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 3. *Asset management business*

#### *Market conditions:*

In 2022, securities companies and other institutions followed the reform under new regulations on asset management and gradually returned to the origin of “entrusted wealth management for the benefit of client” in asset management. They developed new business models and continuously optimized the product structure and the competition in the industry was increasingly intensified. Since the implementation of new regulations on asset management and their implementation rules, securities companies achieved remarkable results in de-channeling. They gradually reduced the size of the private fund business and focused on promoting the transformation to the publicly offered mutual funds. The CSRC released the Measures for the Supervision and Administration of Mutual Fund Managers (《公開募集證券投資基金管理人監督管理辦法》) on 20 May 2022, which proposed to relax the restrictions on the number of public fund licenses. As of the end of 2022, the number of asset management subsidiaries in the securities industry has increased to 25. According to the Asset Management Association of China, as of the end of 2022, the total AUM of the fund management companies and their subsidiaries, securities companies, futures companies, and private fund management institutions amounted to approximately RMB66.74 trillion, representing a decrease of 1.7% as compared to the end of last year; the AUM of the publicly offered funds was RMB26.03 trillion, representing an increase of 1.8% as compared to the end of last year and the AUM of the private asset management business of the securities companies and their subsidiaries was RMB6.87 trillion, representing a decrease of 16.5% as compared to the end of last year.

#### *Operating measures and performance:*

The Company implemented the requirements of the Opinions on Speeding up in Promoting the High-quality Development of the Public Fund Industry released by the CSRC, actively planned the transformation of the asset management business and developed in the publicly offered fund market to continuously enhance its active management capability, strive to develop a private fund and asset management product system with the full coverage of customer categories, investment markets and investment strategies and advance the high-quality development of the asset management business. As at the end of 2022, the total AUM of the asset management business of the whole Group was nearly RMB2.0 trillion.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### (1) Fund management company

Fullgoal Fund maintained a sound business development trend. As of the end of 2022, the AUM of Fullgoal Fund reached RMB1.37 trillion. The Company realized continuous breakthroughs in its product innovation, and a number of products such as Fullgoal ChinaBond 7-10 Year Policy Bank Bond ETF, Fullgoal CSI SEEE Carbon Neutral Index ETF and Fullgoal BSE 50 Component Index Fund realized the industry's "first batch of reporting, first batch of approval, and first batch of establishment." The pension business developed well, and the number and scale of annuity portfolios under management realized steady growth. The separate account business developed rapidly, with the AUM exceeding RMB100 billion.

As at the end of 2022, the AUM of HFT Investment amounted to RMB406.3 billion, of which the AUM of mutual funds amounted to RMB141.0 billion and the AUM of bond funds amounted to RMB56.2 billion. The AUM of pension funds amounted to RMB223.9 billion, representing a year-on-year increase of 11.03%; the AUM of occupational annuity amounted to RMB76.7 billion, representing a year-on-year increase of 27.64%. The size of HFT CSI short-term financing ETF became the biggest product in terms of the market size in the bond ETF market in China. The active equity funds realized good short-and long-term performance with its overall performance ranking at the forefront in the market.

### (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. On the one hand, 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. On the other hand, it continuously improved the active management capability. Relying on the sound investment track and market reputation, it actively expanded and resumed the business cooperation with banks and other third-party sales institutions and strived to develop a private fund and asset management product system with full coverage of customer categories, investment markets and investment strategies. HT Asset Management actively promoted the transformation of its collective investment scheme products with reference to the regulatory requirements governing the public funds product. Currently, its 17 products have been granted approval from the CSRC, and HT Asset Management has preliminarily developed the product matrix of publicly offered products of different risk grades and different maturity. Since the filing of private fund products was resumed in June 2022, HT Asset Management issued a total of 55 products during the year.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

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

	The Reporting Period		The corresponding period of the previous year	
	AUM	Net income	AUM	Net income
	(RMB100 million)	(RMB10 thousand)	(RMB100 million)	(RMB10 thousand)
Collective asset management	337	24,763	399	122,619
Targeted asset management	198	13,914	326	37,139
Specialized asset management	353	1,013	385	1,489
<b>Total</b>	<b>888</b>	<b>39,690</b>	<b>1,110</b>	<b>161,247</b>

### (3) Private equity investment funds

The PE investment fund business of the Company focused on following the national strategies and development trends and the key strategic sectors and researching the leading market players in segments. The total AUM of the Company's PE investment funds amounted to RMB30 billion. The Company completed the formation of Haitong Lingang Refreshment Fund (海通臨港煥新基金), and was awarded upon bidding the engagement of acting as the fund managers for several government invested funds including the master fund of industry guiding fund of funds in leading area of Pudong New Area (浦東新區引領區產業引導母基金) and Anhui Conch Industrial Internet Fund of Fund (安徽海螺工業互聯網母基金) and other funds contributed by governments. In 2022, the investment operation of the PE investment funds of the Company invested in 42 new projects. Nine investment projects were listed and 11 projects have been approved by the CSRC and are queuing for IPO.

In 2022, Haitong Capital was awarded the "2022 Top 100 Emerging Enterprises in Shanghai", the "2021-2022 Best Private Equity Investment Institutions", the "2022 Influential Investment Institutions in China" and other honors.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### *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	55	49
AUM balance (RMB100 million)	300	271
Accumulated number of investment projects	42	42
Accumulated amount of investment projects (RMB100 million)	35	28
Number of exited projects (including partial exit)	65	67

#### (4) Overseas asset management

The asset management team of Haitong International coordinated with the investment banking, private wealth management and other business teams of Haitong International in building a featured investment platform with the investment research strength of purchasers and the practice of the ESG investment concept and organizing an investment research team with market experience and forward-looking horizon to continuously optimize the asset management business structure, improve the asset quality, enhance the core competitiveness and persistently conduct investment management. During the Reporting Period, Haitong International won many awards in the industry, including Insights & Mandate – Professional Investment Awards (《投資洞見與委託－專業投資大獎》), Lipper Fund Awards (《理柏基金香港年獎》) and The Asset Triple A Country Awards for Sustainable Finance (《財資－3A國家評選可持續投資大獎》) – Best Innovation ETF in Europe (歐洲區最佳創新ETF).

#### 4. Trading and institutional client services

##### *Market Conditions:*

In 2022, the A-share market witnessed significant adjustments and wide fluctuations, and most indexes fell during the year. In the bond market, against the background of repeated interest rate hikes on US bonds and relatively high pressures on the domestic economy, the central bank of China maintained independent monetary policies, and the market was under stable operation on the whole. The fluctuation of the yields of treasury bonds varies, and the liquidity in the financial market remained abundant.



## SECTION III REPORT OF THE BOARD OF DIRECTORS

### *Operating measures and performance:*

#### (1) Trading business

In 2022, despite of the adverse impacts of the market decline amid fluctuations, the domestic equity and derivative and trading business of the Company controlled risks through continuously optimizing the position structure and reducing the exposure of trend investment. The Company launched the “Toolkit”, an on-balance-sheet product covering, among others, stock index, commodity, interest rate and strategic index, to offer an effective driver to financial institutions, enterprises and high net worth individual customers by providing high-quality services. It successfully launched the “CSI Haitong Dynamic Allocation Index on Major Asset Categories” (中證海通大類動態配置指數) and linked products to meet the investors’ investment demand for the allocation strategy on major asset categories. It actively responded to national strategic goals on “carbon peaking and carbon neutrality” and issued structural income certifications linked with the theme of carbon neutrality, vigorously promoting the ESG investment concept. It is the first group of companies to obtain the market-making qualification for six new exchange-traded options and was awarded China Financial Futures Exchange 2022 annual stock index options “Excellent Market Maker Gold Prize” and “New Variety Listing Outstanding Contribution Award”. The number of ETF market-making products increased to nearly 400, contributing shares and mutual funds trading volume of RMB1.45 trillion. It served the cross-border financing demand of enterprises and achieved interconnection with the cross-border derivative business of Haitong International. It facilitated the successful issuing of global depository receipts (GDRs) by Gotion High-tech and other enterprises.

In 2022, the fixed-income business of the Company seized market opportunities, enhanced the building of the trading capability and constantly improved the credit research and risk pricing capabilities, obtaining satisfactory investment returns. It actively participated in investment and issuance of green bonds and green asset-backed securities and practiced the development concept of green finance. It successfully obtained the qualification for the first commodity swap business primary trader on Shanghai Futures Exchange. The Company achieved breakthroughs for the OTC derivatives business and successfully launched OTC options linked with gold, bond index revenue swap and income certifications as well as cross-border bond revenue swaps. It served the national strategy on the integrated development of the Yangtze River Delta and continuously boosted support to the issuance of local government bonds.

In 2022, Haitong Innovation Securities implemented national innovative development strategies, selected direct equity investment projects and focused on quality enterprises in new-generation information technology, new energy, new materials, high-end equipment manufacturing, bio-pharmaceutical and other industries with the vigorous support of the state. It completed 14 new equity investment projects, and 17 new STAR Market co-investment projects.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

In 2022, Haitong International continuously improved its global market trading capability and has developed a comprehensive trading, research and sales platform for global institutional clients, which provides comprehensive product solutions and facilitates overseas institutional investors to seize investment opportunities in China. The cash stock business maintained stable development with an increasingly diversified customer structure. The top 10 institutional clients covered international long-term investors, hedge funds and Chinese funds, showing the influence and sales ability of Haitong International's various products among institutional clients.

### (2) Institutional client business

The Company strived to build a strong professional institutional sales service team and sped up improving comprehensive service capability towards institutional clients through adjustments to organizational structures to provide excellent services to mutual funds, banks, bank wealth management subsidiaries, insurance, social security funds, private equity funds, QFII, WFOE and other domestic and overseas financial institutions, including research sales, investment consulting, product designing, product sales, securities trading, marketing planning and other comprehensive financial solutions, and provide "one-stop" services for domestic and overseas leading institutions and "accompanying" services for growth stage customers.

In 2022, the Company continued to maintain its market-leading position in QFII/RQFII institutional customer services. The Company continued to focus on cooperation with leading fund companies, optimize custody outsourcing operational process, conduct in-depth product research and development, and continued to make efforts in asset management brand series product development, cooperation with mutual funds under the settlement via trader model, ETF fund research, private fund screening and other aspects.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

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 online forums, further consolidating and exerting its brand advantages. In 2022, the research department of the Company released over 6,000 reports and organized nearly 19,000 events for institutional clients including roadshows, reverse roadshows and visits. With the “investment strategy meeting” as the link, it organized various large-scale activities with social influence, such as the “East Lake Scientific and Technological Innovation Summit” and the “Pharmaceutical CEO Summit”. It achieved outstanding results in various selections by mainstream media and ranked third in the best local research team by the New Fortune. Connecting domestic and overseas research platforms and covering more than 1,650 stocks in Greater China, Japan, the United States, India, Korea and other regions, the research team of Haitong International provided clients with professional, in-depth and timely research and consulting services with an international vision. The Company won 17 awards of the team and analyst categories in the 2022 “Asiamoney” annual poll, demonstrating that the Company has become a leading investment bank in Asia in terms of research capabilities.

### 5. *Financial leasing business*

#### *Market conditions:*

In 2022, regulatory policies on the financial leasing industry were continuously improved and the overall regulatory environment was further optimized. Currently, the financial leasing industry in China is under a crucial period with unified regulation, unified registration, accelerated clearing, transformation and optimization, and both challenges and opportunities exist. As of the end of 2022, the total number of market players in the domestic financial leasing industry was 9,840, down by 2,077 from the end of 2021. The balance of financial leasing contracts was approximately RMB5,850 billion, down by 5.8% from the end of 2021. The financial leasing industry was still under the trend of shrinkage on the whole. With the introduction of the regulatory provisions of the CBIRC and local financial regulatory departments and the implementation of specific regulatory measures on the financial leasing industry, the regulatory mechanisms were increasingly refined; the regulatory requirements were increasingly clarified; and the environment of the industry was significantly purified. Various shell financial leasing enterprises without contact information were cleared and large financial leasing companies focusing on principal businesses with sound governance and strong strength showed outstanding advantages, facilitating the financial leasing industry to steadily step into the new stage of high-quality development.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### *Operating measures and performance:*

In 2022, Haitong UT closely monitored macro-environmental changes, followed the orientation of national industrial policies, and maintained a focus on the leasing operation, and fully exerted the advantages of “financing + assets-leasing”. It further stepped up efforts in industrial development, continuously expanded the regional layout on business, comprehensively improved the breadth and depth in the application of financial technology and constantly stimulated endogenous drivers, achieving outstanding results in revenue increase, stable scale and risk control. In 2022, Haitong UT achieved a profit of RMB1,533 million, representing a year-on-year increase of 8.5%; and recorded a total revenue of RMB8,525 million, representing a year-on-year increase of 4.2%. The average yield rate of interest-bearing assets was 6.81% and the weighted average return on net assets was 9.16%. As of the end of 2022, Haitong UT’s total assets reached RMB124,514 million, up by 8.5% from the end of 2021. Total equity reached RMB18,827 million, up by 6.9% from the end of 2021. Non-performing asset ratio amounted to 1.09% and the provision coverage ratio for non-performing assets was 252.02%.

### **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.

In 2022, the Group recorded a revenue of RMB41,980 million, a net profit attributable to shareholders of the parent company of RMB6,545 million, total assets of RMB753,608 million, and net assets attributable to shareholders of the parent company of RMB164,592 million, and the Group has been in a leading position in the industry for years in terms of the key financial indicators.

### **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, etc. For the details of the business activities of the Group, please see “I. Management Discussion and Analysis” in this section.



## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 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 six aspects.

#### 1. Solid 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. In 2022, the Company seized the market opportunities and completed multiple debt financing and raised over RMB50.0 billion through domestic fundraising including issuance of corporate bonds, subordinated bonds and beneficiary certificates, which enhanced the Company's liquidity management capability and risk prevention and control capability. The Company also actively expanded overseas financing channels to ensure the healthy and orderly development of the overseas operation. Sufficient capital is the foundation for the Company's business transformation, meeting the diverse financial services needs of its customers both inside and outside the country, and continuously improvement of its capability to serve the real economy.

#### 2. Outstanding comprehensive financial service platform

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 brokerage business has a solid customer base. The investment banking segment of the Company follows the core idea of serving the national development strategy and facilitating the development of the real economy, conducts active industry layout and focus exploration in the field of STAR Market with a special focus on "hard and core technology" market position and successfully built "Haitong Brand" in key sectors such as integrated circuits and biomedicine, completed a number of projects with significant market influence, and ranked among the top in the industry. The assets under management (the "AUM") of actively managed 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 the performance indicators of its business in Hong Kong ranked top in the industry. 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 337 securities and futures branches (including 301 securities branches and 36 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 21 million domestic and overseas customers.

### 4. An industry-leading international cross-border service platform

The Group has established an industry-leading international business platform through the acquisition and integration of Haitong International and Haitong Bank and the establishment of a branch in Shanghai Free Trade Zone (FTZ), and acquired first-mover advantages in the Asia-Pacific and the forward-looking strategic reserve in Europe and the United States.

Haitong International and Haitong Bank are important platforms for the Group to implement the "Belt and Road" initiative and the Guangdong-Hong Kong-Macao Greater Bay Area strategy. Haitong International is ranked top among all investment banks in Hong Kong in terms of the number of IPO and equity financing deals, and continued to boost its project execution capabilities and brand influence in overseas markets. Haitong International became a leader among global financial institutions in terms of the number of global bond issuance. At the same time, Haitong International strove to implement the ESG concept and became a leading Chinese financial institution in the field of issuance of green and sustainable development bonds. Haitong Bank owns local expertise and over 20 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 2022, Haitong Bank completed the establishment and registration of the Paris Office, marking another important step forward in the Group's globalization strategy.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

In respect of cross-border business in the free trade zone, Shanghai FTZ Branch, as one of the first securities institutions participating in the FTU (自貿區分賬核算單元) system of the free trade zone, has become the first PRC securities firm successfully implementing the cross-border financing project under FT (自由貿易賬戶). In 2022, the Company, as the global coordinator, assisted Shanghai Lingang Economic Development (Group) Co., Ltd. (上海臨港經濟發展(集團)有限公司) in its successful issuance of the global first green dual-currency FTZ bonds (Mingzhu Bonds), which was selected into the 11th Batch Financial Innovation Examples of Shanghai Pilot Free Trade Zone (上海自貿試驗區第十一批金融創新案例). The Company also assisted Bank of Communications Financial Leasing Co., Ltd. in successfully issuing the national first financial institution ESG FTZ Renminbi bonds (Mingzhu Bonds).

These industry-leading, 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.

### 5. Prudent operational philosophy, effective compliance and risk management and internal control system

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 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

### 6. Technology-leading digital transformation at an accelerated phase

The Company has adhered to the strategy of “development driven by technology” and is the first securities company in the industry with renowned international certifications in four areas including operation and maintenance service system, information security system, software research and development system and software testing system. The Company’s investment in technologies continues to maintain the industry’s leading position, and aims at building the “Digital Haitong 2.0” featured with “agile, platform-based, smart, and ecological,” the Company continuously promoted the in-depth application of new financial technologies, insisted on self-reliance and controllability of key technologies, lead the innovation of various technologies in the industry, and explored and advanced the digital transformation of the industry. First, the digital base capability of the Company is constantly improving. For Zhangjiang Hi-Tech Park, the Company kept up with the upgrading pace of the industry, actively practiced ESG concept, implemented the “Dual Carbon” strategy, adopted energy-saving design and advanced process technologies, strived to build a green and low-carbon park, and became the first securities company in the industry to use photovoltaic energy and successfully commenced operation; our independently developed next-generation core trading system for margin trading was fully put into operation. By innovating and optimizing the technical architecture, the Company greatly improved the performance of the trading system and comprehensively improved customer trading service standards. Second, our efforts devoted to empower business innovation have achieved remarkable results. We released the version for the elderly and the 9.0 major version of our one-stop Internet financial platform “e-Haitong Cai (e 海通財)” App, providing excellent product and service experience for customers. The installs of “e-Haitong Cai (e 海通財)” App exceeded 43.00 million with the number of average monthly active users reaching over 5.30 million, and it remained among the industry’s first echelon. Our one-stop OTC derivatives business platform “e-Haitong Yan (e 海通衍)” integrated hedging transaction, valuation and pricing, contract settlement and other functions and covered various business types including equity, fixed income, commodity-based OTC options and return swaps, it opened up the south-to-north transaction channels and provided overseas and domestic investors with diversified and professional cross-border investment transactions and hedging instruments; our integrated intelligent trading platform “ShareEBook (e 海方舟)” integrated the functions of high-speed trading and highspeed market information, which improved our capability to serve trading using algorithm and provided a basket comprehensive transaction solutions for professional investors. Third, the Company has continuously enhanced its technological innovation capability. Throughout the year, the Company undertook 22 projects of the Ministry of Science and Technology, Shanghai State-owned Assets Supervision and Administration Commission and the industry, and obtained a sub-project under the national key R&D program of the Ministry of Science and Technology; we obtained a total of 15 national patents and 68 software copyrights and ranked in the forefront of the industry; we have won over 30 awards, including the Second Prize of Financial Technology Development Award by People’s Bank of China for 2021 (2021 年度中國人民銀行金融科技發展獎二等獎), the Third Prize of the Eighth Science and Technology Award for Securities and Futures (第八屆證券期貨科學技術獎), the Outstanding Research Achievements of Enterprises under Shanghai State-owned Assets Supervision and Administration Commission (上海市國資委系統企業優秀課題成果) and the Third Batch Informatization Demonstration Projects of Enterprises under Shanghai State-owned Assets Supervision and Administration Commission (上海市國資委系統第三批信息化



## SECTION III REPORT OF THE BOARD OF DIRECTORS

示範工程)。The Company issued the first digital transformation monograph of domestic security companies, namely the Digital Transformation of Security Companies (《證券公司數字化轉型》), and proposed a general systematic framework for securities companies' digital transformation in a forward-looking manner, which provides references and samples for the technological development and digital transformation of domestic securities companies.

### V. OPERATIONS DURING THE REPORTING PERIOD

As of 31 December 2022, the total assets of the Group amounted to RMB753,608 million, and the net assets attributable to the parent company amounted to RMB164,592 million. In 2022, the Group realized a revenue of RMB41,980 million and a net profit attributable to the parent company of RMB6,545 million; the weighted average return on net assets was 3.99%. Its subsidiaries realized a revenue of RMB21,783 million, accounting for 48% of the total revenue of the Group; and its overseas business realized a revenue of RMB9,023 million, accounting for 21% of the total revenue of the Group.

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

##### 1. Composition of revenue

Unit: '000 Currency: RMB

Item	2022	2021	Increase/decrease	
	Amount		Amount	Amount
Commission and fee income	<b>14,668,674</b>	18,762,734	-4,094,060	-21.82%
Interest income	<b>17,514,777</b>	15,625,976	1,888,801	12.09%
Finance lease interest income	<b>2,302,792</b>	3,336,406	-1,033,614	-30.98%
Investment income and gains (net)	<b>-1,034,439</b>	10,678,856	-11,713,295	-109.69%
Other income and gains	<b>8,528,417</b>	9,405,589	-877,172	-9.33%
<b>Total revenue, gains and other income</b>	<b>41,980,221</b>	57,809,561	-15,829,340	-27.38%

In 2022, the total revenue, gains and other income realized by the Group amounted to RMB41,980 million, representing a decrease of RMB15,829 million or 27.38% as compared to the corresponding period of last year, mainly due to the decrease of investment income and gains (net).

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### a. Commission and fee income

Unit: '000 Currency: RMB

Item	2022	2021	Amount change	Percentage change
Commission and fee income of securities and futures brokerage business	<b>7,645,318</b>	9,668,840	-2,023,522	-20.93%
Underwriting and sponsor fees	<b>3,952,650</b>	4,578,454	-625,804	-13.67%
Asset management fee income (including fund management income)	<b>2,305,142</b>	3,691,479	-1,386,337	-37.56%
Financial advisory and consultancy fee income	<b>632,859</b>	651,515	-18,656	-2.86%
Others	<b>132,705</b>	172,446	-39,741	-23.05%
<b>Total commission and fee income</b>	<b>14,668,674</b>	18,762,734	-4,094,060	-21.82%

The commission and fee income amounted to RMB14,669 million, representing a decrease of RMB4,094 million or 21.82% as compared to the corresponding period of last year, mainly due to the decrease of commission and fee income of securities and futures brokerage business.

### b. Interest income

Interest income amounted to RMB17,515 million, representing an increase of RMB1,889 million or 12.0% 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 RMB-1,034 million, representing a decrease of RMB11,713 million or 109.69% as compared to the corresponding period of last year mainly due to the decrease of investment income and gain (net) 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	15,253,339	8,842,013	42.03%	-12.80%	-29.58%	13.82%
Investment banking business	4,651,178	2,469,615	46.90%	-18.63%	-9.25%	-5.48%
Asset management business	2,858,111	1,661,387	41.87%	-31.11%	-29.97%	-0.94%
Trading and institutional client services	4,464,902	8,687,516	-94.57%	-71.50%	-13.20%	-130.69%
Financial leasing business	8,973,629	7,222,429	19.51%	1.08%	-0.86%	1.57%
Others	5,779,062	5,884,806	-1.83%	-2.19%	-1.46%	-0.75%

#### 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	32,956,891	21,966,703	33.35%	-33.71%	-36.86%	3.33%
Overseas business	9,023,330	12,801,063	-41.87%	11.45%	109.07%	-66.24%
Sub-total	41,980,221	34,767,766	17.18%	-27.38%	-15.03%	-12.04%

## SECTION III REPORT OF THE BOARD OF DIRECTORS

In 2022, the Group's wealth management segment revenue amounted to RMB15,253 million, representing a decrease of RMB2,239 million or 12.80% compared to RMB17,492 million of the corresponding period of last year, mainly due to decline in market trading turnover and margin trading scale compared to last period, decreased commission and fee income from brokerage business and interest income from margin financing and securities lending business. In the meantime, the Company adhered to the "client-centricity" philosophy, strengthened major functionalities of the wealth management business through enhancing its trading services, investment advisory capability and asset allocation-based product sales capabilities, enhanced the sales of financial products and maintained steady growth of the AUM. Investment banking segment revenue amounted to RMB4,651 million, representing a decrease of RMB1,065 million or 18.63% as compared to RMB5,716 million of the corresponding period of last year mainly because the Hong Kong capital market suffered significant decline in equity financing scale and reduction in overseas investment banking revenue compared to the corresponding period of last year. In the domestic equity capital market, the Company achieved a new high performance through continuously following the strategy of "industry focus" and "region focus". Asset management segment revenue amounted to RMB2,858 million, representing a decrease of RMB1,291 million or 31.11% as compared to RMB4,149 million of the corresponding period of last year, mainly due to decrease in asset management fee income compared to the corresponding period of last year, caused by decrease in AUM of funds in asset management subsidiaries. Trading and institutional client services segment revenue amounted to RMB4,465 million, representing a decrease of RMB11,202 million or 71.50% as compared to RMB15,667 million of the corresponding period of last year, mainly due to fair value change caused by high market volatility. Financial leasing segment revenue amounted to RMB8,974 million, representing an increase of RMB96 million or 1.08% as compared to RMB8,878 million of the corresponding period of last year. The leasing industry was in a critical period of transformation and optimization in 2022. The Company's leasing business closely followed national strategy and policy guidance, further served the real economy, and continued to optimize its asset allocation structure through steadily increase investment in key industries including urban public utility, construction, culture and tourism, energy and environment, healthcare and advanced manufacturing. Other segment revenue amounted to RMB5,779 million, representing a decrease of RMB129 million or 2.19% as compared to RMB5,908 million of the corresponding period of last year.



## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 2. Composition of expenses

Unit: '000 Currency: RMB

Total expenses	2022	2021	Increase/decrease	
			Amount	Percentage
Depreciation and amortization	<b>1,581,428</b>	1,569,341	12,087	0.77%
Staff costs	<b>5,785,269</b>	9,025,250	-3,239,981	-35.90%
Brokerage transaction fees and other services expenses	<b>3,083,635</b>	3,770,637	-687,002	-18.22%
Interest expenses	<b>13,607,710</b>	12,341,619	1,266,091	10.26%
Expected credit losses	<b>1,665,649</b>	3,351,674	-1,686,025	-50.30%
Other asset impairment losses	<b>65,121</b>	499,168	-434,047	-86.95%
Other expenses	<b>8,978,954</b>	10,357,962	-1,379,008	-13.31%
<b>Total</b>	<b>34,767,766</b>	40,915,651	-6,147,885	-15.03%

In 2022, the total expenses of the Group amounted to RMB34,768 million, representing a decrease of RMB6,148 million or 15.03% as compared to last year, mainly due to the decrease of staff costs.

In 2022, the Group recorded a net profit attributable to owners of the Company of RMB6,545 million, representing a decrease of 48.97% as compared to the corresponding period of last year. The Group recorded basic earnings per share of RMB0.50, representing a decrease of 48.98% as compared to the corresponding period of last year; the weighted average return on net assets amounted to 3.99%, representing a decrease of 4.10 percentage points as compared to the corresponding period of last year.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 3. Public welfare contributions

In 2022, the Group contributed a total of RMB29,760 thousand in public welfare areas including environmental protection, disaster relief donations, education subsidies and charitable donations.

#### Breakdown of public welfare contributions for 2022.

Unit: '000 Currency: RMB

Item	Amount during the Reporting Period
Charitable donations	29,760
Total	29,760

### 4. Others

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

#### Cash flow

Analysis on major items of the consolidated statement of financial position

In 2022, the Group's net cash and cash equivalents increased to RMB67,530 million, in which:

Net cash from operating activities was RMB17,793 million which was mainly due to cash inflow of RMB9,782 million caused by increase in financial assets sold under repurchase agreements, and cash inflow of RMB8,737 million caused by decrease in cash held on behalf of clients.

Net cash used in investing activities was RMB15,284 million which was mainly due to cash outflow of RMB43,591 million caused by purchases of debt instruments at fair value through other comprehensive income, and cash inflow of RMB27,903 million caused by proceeds from disposal of debt instruments at fair value through other comprehensive income.

Net cash from financing activities was RMB6,133 million which was mainly due to cash inflow of RMB104,859 million caused by proceeds from issuance of non-convertible bonds and short-term financing bills payable, cash inflow of RMB71,594 million caused by borrowings raised, and cash outflow of RMB155,278 million caused by repayment of borrowings, commercial paper, non-convertible bonds and others.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### Analysis on major items of 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 2022	Composition	31 December 2021	Composition	Amount	Percentage
<b>Non-current assets</b>	<b>187,511,996</b>		157,943,199		29,568,797	18.72%
Including: Finance lease receivables	7,102,583	0.94%	11,270,189	1.51%	-4,167,606	-36.98%
Receivables arising from sale and leaseback arrangements	47,847,820	6.35%	31,521,846	4.23%	16,325,974	51.79%
Debt instruments measured at fair value through other comprehensive income	45,975,346	6.10%	33,050,889	4.44%	12,924,457	39.10%
Equity instruments at fair value through other comprehensive income	6,096,319	0.81%	10,246,871	1.38%	-4,150,552	-40.51%
Financial assets at fair value through profit or loss	25,043,377	3.32%	25,132,195	3.37%	-88,818	-0.35%
Other loans and receivables	2,518,564	0.33%	2,394,396	0.32%	124,168	5.19%
Investments accounted for using equity method	7,013,714	0.93%	6,454,420	0.87%	559,294	8.67%
Financial assets held under resale agreements	50,071	0.01%	575,403	0.08%	-525,332	-91.30%
Property and equipment	17,016,634	2.26%	15,088,876	2.03%	1,927,758	12.78%
Loans and advances	5,031,733	0.67%	4,119,086	0.55%	912,647	22.16%
Goodwill	3,676,231	0.49%	3,365,313	0.45%	310,918	9.24%
<b>Current assets</b>	<b>566,095,581</b>		586,981,950		-20,886,369	-3.56%
Including: Bank balances and cash	153,392,719	20.35%	156,448,163	21.00%	-3,055,444	-1.95%
Security deposit	21,380,695	2.84%	16,765,418	2.25%	4,615,277	27.53%
Financial assets at fair value through profit or loss	184,555,352	24.49%	195,277,554	26.21%	-10,722,202	-5.49%
Advances to customers	67,843,871	9.00%	75,223,404	10.10%	-7,379,533	-9.81%
Accounts receivable	10,394,515	1.38%	11,372,016	1.53%	-977,501	-8.60%
Financial assets held under resale agreements	32,595,078	4.33%	39,185,614	5.26%	-6,590,536	-16.82%
Finance lease receivables	12,355,870	1.64%	22,202,398	2.98%	-9,846,528	-44.35%
Receivables arising from sale and leaseback arrangements	36,702,132	4.87%	23,566,177	3.16%	13,135,955	55.74%
Debt instruments measured at fair value through other comprehensive income	6,876,553	0.91%	4,002,056	0.54%	2,874,497	71.83%
Deposits with exchanges	22,664,637	3.01%	17,491,923	2.35%	5,172,714	29.57%
Derivative financial assets	1,477,167	0.20%	1,084,731	0.15%	392,436	36.18%
Other loans and receivables	4,209,604	0.56%	12,544,269	1.68%	-8,334,665	-66.44%
<b>Total assets</b>	<b>753,607,577</b>		744,925,149		8,682,428	1.17%

## SECTION III REPORT OF THE BOARD OF DIRECTORS

	As at 31 December 2022		As at 31 December 2021		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
<b>Current liabilities</b>	<b>389,396,092</b>		401,513,715		-12,117,623	-3.02%
Including: Accounts payable to brokerage clients	115,513,463	20.05%	123,202,200	21.72%	-7,688,737	-6.24%
Financial assets sold under repurchase agreements	101,694,357	17.66%	91,911,952	16.21%	9,782,405	10.64%
Borrowings	56,864,912	9.87%	48,402,335	8.53%	8,462,577	17.48%
Placements from banks and other financial institutions	3,218,363	0.56%	12,723,438	2.24%	-9,505,075	-74.71%
Financial liabilities at fair value through profit or loss	5,478,358	0.95%	10,456,105	1.84%	-4,977,747	-47.61%
Derivative financial liabilities	898,419	0.16%	1,548,316	0.27%	-649,897	-41.97%
Other payables and accruals	21,262,810	3.69%	28,635,826	5.05%	-7,373,016	-25.75%
Short-term financing bills payable	16,159,094	2.81%	24,986,688	4.41%	-8,827,594	-35.33%
Customer accounts	3,784,565	0.66%	2,758,837	0.49%	1,025,728	37.18%
Tax liabilities	1,727,757	0.30%	3,477,590	0.61%	-1,749,833	-50.32%
Bonds payable	60,153,220	10.44%	52,513,925	9.26%	7,639,295	14.55%
<b>Net current assets</b>	<b>176,699,489</b>		185,468,235		-8,768,746	-4.73%
<b>Non-current liabilities</b>	<b>186,589,427</b>		165,656,648		20,932,779	12.64%
Including: Bonds payable	121,677,698	21.13%	111,072,145	19.58%	10,605,553	9.55%
Long-term borrowings	33,951,333	5.89%	30,751,726	5.42%	3,199,607	10.40%
Financial liabilities at fair value through profit or loss	17,410,122	3.02%	5,860,112	1.03%	11,550,010	197.10%
Placements from banks and other financial institutions	3,057,738	0.53%	2,941,219	0.52%	116,519	3.96%
<b>Total liabilities</b>	<b>575,985,519</b>		567,170,363		8,815,156	1.55%
<b>Total equity</b>	<b>177,622,058</b>		177,754,786		-132,728	-0.07%



## SECTION III REPORT OF THE BOARD OF DIRECTORS

As at 31 December 2022, the non-current assets amounted to RMB187,512 million, representing an increase of 18.72% as compared to the end of 2021, mainly due to the increase of receivables arising from sale and leaseback arrangements; the current assets amounted to RMB566,096 million, representing a decrease of 3.56% as compared to the end of 2021, mainly due to the decrease of financial assets at FVTPL. The current liabilities were RMB389,396 million, representing a decrease of 3.02% as compared to the end of 2021, mainly due to the decrease of placements from banks and other financial institutions; the net current assets were RMB176,699 million, representing a decrease of 4.73% as compared to the end of 2021; the non-current liabilities were RMB186,589 million, representing an increase of 12.64% as compared to the end of 2021, mainly due to the increase of bonds payable.

As at 31 December 2022, the Group's equity attributable to owners of the Company was RMB164,592 million, representing an increase of RMB1,454 million or 0.89% as compared to the end of 2021; without taking into account the accounts payable to brokerage customers, the Group's gearing ratio was 72.16%, representing an increase of 0.75 percentage point as compared to 71.41% as at the end of 2021. The Group's asset-liability structure remained relatively stable.

### *Borrowings and bond investment*

As of 31 December 2022, the total borrowings and bond financing of the Group amounted to RMB288,806 million. The following table sets forth the breakdown of the Group's borrowings and bond financing as at the end of 2022:

*Unit: '000 Currency: RMB*

	<b>31 December 2022</b>	31 December 2021
Bonds payable	<b>181,830,918</b>	163,586,070
Borrowings	<b>90,816,245</b>	79,154,061
Short-term financing bills payable	<b>16,159,094</b>	24,986,688
<b>Total</b>	<b>288,806,257</b>	267,726,819

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 2022, the Group's borrowings, short-term financing bills payable and bonds payable due within one year amounted to RMB133,177 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 RMB176,699 million. Therefore, the liquidity risk exposure of the Group was immaterial. Save for the liabilities disclosed in the Report, as at 31 December 2022, 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.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### (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.

### (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 RMB7,014 million, representing an increase of RMB560 million or 8.67% as compared to the end of last year (RMB6,454 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 RMB209,599 million, financial liabilities at fair value through profit or loss of RMB22,888 million, equity instruments at fair value through other comprehensive income of RMB6,096 million, debt instruments at fair value through other comprehensive income of RMB52,852 million, and derivative financial instruments of RMB579 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 and integration of assets.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### (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 2022, the total assets of Haitong Innovation Securities reached RMB20,617 million, and the net assets were RMB19,681 million. In 2022, Haitong Innovation Securities realized a revenue of RMB2,073 million and a net profit of RMB1,660 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 2022, the total assets of Haitong International Holdings reached HK\$267,953 million, and the net assets were HK\$31,252 million. In 2022, Haitong International Holdings realized a revenue of HK\$3,041 million and a net profit of HK\$-5,340 million.
3. Haitong Capital, with a registered capital of RMB7,500 million, in which Haitong Securities holds 100% equity interest. As at 31 December 2022, the total assets of Haitong Capital reached RMB12,961 million, and the net assets were RMB11,195 million. In 2022, Haitong Capital realized a revenue of RMB632 million and a net profit of RMB528 million.
4. HT Asset Management, with a registered capital of RMB2,200 million, in which Haitong Securities holds 100% equity interest. As at 31 December 2022, the total assets of HT Asset Management reached RMB7,080 million, and the net assets were RMB5,466 million. In 2022, HT Asset Management realized a revenue of RMB743 million and a net profit of RMB414 million.
5. Shanghai Zechun, with a registered capital of RMB100 million, in which Haitong Securities holds 100% equity interest. As at 31 December 2022, the total assets of Shanghai Zechun reached RMB482 million, and the net assets were RMB224 million. In 2022, Shanghai Zechun realized a revenue of RMB68 million and a net profit of RMB36 million.
6. Shanghai Weitai Properties, with a registered capital of RMB10 million, in which Haitong Securities holds 100% equity interest. As at 31 December 2022, the total assets of Shanghai Weitai Properties reached RMB241 million, and the net assets were RMB15 million. In 2022, Shanghai Weitai Properties realized a revenue of RMB62 million and a net profit of RMB4,291,300.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

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 2022, the total assets of Haitong Futures reached RMB59,170 million, and the net assets were RMB3,466 million. In 2022, Haitong Futures realized a revenue of RMB6,669 million and a net profit of RMB224 million.
8. HFT Investment, with a registered capital of RMB300 million, in which Haitong Securities holds 51% equity interest. As at 31 December 2022, the total assets of HFT Investment reached RMB3,669 million, and the net assets were RMB2,253 million. In 2022, HFT Investment realized a revenue of RMB1,294 million and a net profit of RMB457 million.
9. Fullgoal Fund, with a registered capital of RMB520 million, in which Haitong Securities holds 27.775% equity interest. As at 31 December 2022, the total assets of Fullgoal Fund reached RMB13,071 million, and the net assets were RMB7,745 million. In 2022, Fullgoal Fund realized a revenue of RMB7,359 million and a net profit of RMB2,066 million.

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

The Company has recognized and included 55 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 no new securities branch and discontinued no securities branch; as at the end of the Reporting Period, the Company had 29 securities branch offices and 301 securities branches (please refer to Appendix II to this report for details).



## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 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 standardization and enhanced supervision and review, etc. 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 38 unqualified capital accounts (including 24 unqualified cash-only accounts), 588 small-amount-dormant capital accounts (including 72 cash-only small-amount-dormant accounts), and 120 dormant accounts without risk management. As at 31 December 2022, the Company still had 25,714 unqualified capital accounts (including 22,793 unqualified cash-only capital accounts), 1,537,788 small-amount-dormant capital accounts (including 444,914 cash-only small-amount-dormant capital accounts) and 96,908 dormant capital accounts without risk management.

### 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. In 2022, the Group was one of the first institutions to obtain various qualifications launched in the industry, including: the qualification of the main market maker of CSI 1000 stock index options and SSE 50 stock index options on the CFFEX, the qualification of the main market maker of CSI 500 ETF options on the SSE, the qualification of the main market maker of ChiNext ETF options, CSI 500 ETF options and SZSE 100 ETF options on the SZSE, the qualification of first-class dealer for the commodity exchange business on the SHFE and the membership of the Guangzhou Futures Exchange. The Company was included in the list of private pension fund sales institutions and the pilots on capital market fintech innovation (Shanghai). The Company also obtained the qualification of Class B General Clearing Members and the qualification for net settlement of bonds and credit default swap proprietary liquidation on the Shanghai Clearing House, qualification of market maker under the SSE Fund Connect and other qualifications.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

- (2) The Company insisted on driving its principal businesses with innovation and serving the transformation and upgrading of real economies with industry-leading business solutions. The Company continuously boosted its financing operation focused on the science and technology innovation sector, and built its brand advantages of its investment banking business and sponsorship business. The Company was involved in successful listing on the STAR Market, including SICCC, the “first stock of silicon carbide substrate”, ASR Microelectronics, the “first stock of baseband chips”, Deep Glint Technology, the first computer vision AI enterprise in the A-share market, and Obio Technology, the first enterprise in the gene therapy industry in the A-share market. The Company also insisted on promoting the combination and synergy of industry sector and the financing sector through innovation and continuously developed various first-of-its-kind and benchmark projects in the bond market, including the issuance of the world’s first green dual-currency FTZ bond by Lingang Group, the first FTZ RMB bond for ESG of financial institutions in China issued by BOCOM Leasing, the first three-subject bond for “green + rural revitalization + old revolutionary base areas” in China and the first three-subject bond for “green + rural revitalization + ensuring energy supply” in China issued by Haolebaoji-Ji’an Railway, the first corporate bond for special entrepreneurship and innovation under digital economy in China issued by Optics Valley Financial Holding Group, one of the first corporate bonds in China and the first corporate bond in Shanghai for technology innovation issued by Shanghai State-owned Assets Management (after the publication of “SSE Guidelines for Sci-Tech Innovation Corporate Bonds”), the first blue bond on the SZSE issued by China Merchants Commerce Leasing and the first corporate bond for low-carbon transformation on the SZSE issued by Pangang Group. The Company won the bidding for the industry guiding fund of funds in the leading area of Pudong New Area; cooperated with Lingang Holdings (臨港投控) in jointly initiating the establishment of Lingang Haitong Refreshment Fund (臨港海通煥新基金) to invest in new energy, carbon neutrality, integrated circuit and other high-tech enterprises under the “14th Five-year Plan” of Lingang Group; vigorously promoted cross-border business linkage and facilitated the issuance of the first green bond of private enterprises listed in Luxembourg and Macau in China by Zoomwe Hong Kong New Energy Technology, the issuance of the first GDR project of private enterprises in China and the first GDR project in the global new energy sector issued by Ming Yang Smart Energy and one of the first batch of GDR programs of listed companies on the SZSE issued by Gotion High-tech.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

- (3) The Company improved its fintech capability through independent innovation and empowered business processes and management improvement. The Company adhered to the development strategy of “leading by technology” and technology empowerment, and its investment in science and technology has continued to rank top in the industry. It has become one of the trailblazers and pioneers in the industry’s digital transformation, and the first securities company in the industry with international authoritative certification in four areas including operation and maintenance service system, information security system, software research and development system and software testing system. Based on the Company’s “14th Five-year Plan” for science and technology development, the Company accelerated the development of “Digital Haitong 2.0” and has established an independent brand technology product system and developed 21 “e-Haitong” series trademarks covering all business segments and all operation and management sectors. As of the end of 2022, the Company has obtained 15 national patents and 68 software copyrights, and won more than 30 important awards in the industry, including 4 prizes at the 8th Securities and Futures Science and Technology Awards in 2022, 5 prizes of the first, second and third prize of the Joint Research Topics on the Industry in 2021 by the IT R&D Center (Shanghai) of Securities Industry and 3 prizes of the first, second and third prize of the Research Topics in 2021 by The Financial Science and Technology Research and Development Center of the Securities and Futures Industry (Shenzhen).

## SECTION III REPORT OF THE BOARD OF DIRECTORS

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

#### (I) Industry layout 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. The 20th National Congress of the CPC put forward a great blueprint for advancing the rejuvenation of the Chinese nation on all fronts through a Chinese path to modernization and explicitly proposed to “improve the functions of the capital market and increase the proportion of direct financing”, which is also the important historical mission of the capital market in building a high-standard socialist market economy and promoting high-quality development. Under the new development pattern of domestic and international dual circulation, independent innovation in real economies, the development of strategic and emerging industries, and enterprise assets and household wealth accumulated during high-quality economic growth will provide huge potential for the development of the capital market and securities companies. Firstly, the marketization of the Chinese capital market will be further improved alongside the releasing and implementation of rules on the full implementation of the stock issuance registration system and the continuous progress in the comprehensive in-depth reform of the capital market at various levels, and the Company’s business segments including the general brokerage, general investment banking, general asset management, private equity investments, alternative investments and cross-border business will usher in new development opportunities. Secondly, in the context of continuous regulatory scrutiny featured with “system development, non-intervention, and zero tolerance”, the basics of profit generation and the industrial landscape in the securities industry have undergone profound changes, and 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, 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 and the revenue, profit, and market shares of various businesses of leading securities companies will continue to rise despite more intense competition among industry leaders and differentiation of operations in terms of capital drives, integrated services and fin-tech. 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, 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.



## SECTION III REPORT OF THE BOARD OF DIRECTORS

### (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 informatization 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 Securities into a leading domestic and globally influential modern financial service enterprise.

### (III) Business plan

In 2023, under the guidance of the overall development strategy, the Company will continue to practice the concept of "One Haitong" and a focused and coordinated approach serving the overall situation, and concentrate on key areas including key industrial chains in the manufacturing industry, scientific and technological innovation, reform of state-owned enterprises, private enterprises development, regional economy, and green finance, facilitate the virtuous cycle of "technology-industry-finance". The Company will strengthen team building, market development and expansion, scientific management, vertical operation, peer benchmarking and compliance risk control, to achieve a scale with quality, management with high efficiency, and standard operation to promote the high-quality development of the Company.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

According to the general requirements for the Company's operation in 2023, the Company will focus on the following key tasks: The general investment banking business of the Company will steadily advance and implement the reform measures, continuously improve the investment banking business system, actively embrace the full implementation of the registration system and promote the comprehensive development of "investment, financing, sponsorship and research" and wealth management business. The wealth management segment of the Company will strengthen synergy and collaboration, optimize the service system on strategic customers, develop a multi-level and classified investment advisory service system, build the brand of private banking service, continuously optimize the financing business structure and expand the existing size of the Company's financial products to achieve the high-quality development of the wealth management business. The trading and institutional client services of the Company will expand business categories, develop a research team with higher service capability and influence and bolster the service capability of licensed institutions to effectively provide comprehensive financial services. The asset management of the Company will establish an investment research team with market competitiveness, strengthen the efficient cooperation with various departments at the headquarters and branches, vigorously boost the core business capability and brand influence to develop an all-around asset management institution. The overseas business of the Company will continue to deepen cooperation across different products, teams, departments and regions, increasingly improve technology capacity and global comprehensive operation capability, boost the resilience in operating results, firmly focus on the principal business of investment banking and vigorously expand businesses driven by customer demands. The leasing business of the Company will focus on the principal business of leasing, highlight the featured "assets leasing", focus on the development of green leasing and intensify business synergy and linkage to further promote the optimization of the asset structure. The private equity investment and direct investment business of the Company will actively complete the formation of the master funds, improve the private equity customer ecosystem, focus on business reform and transformation, continuously supervise rectifications and vigorously complete rectifications. Meanwhile, the Company will also go all out to improve the level of technology empowerment, promote the improvement and upgrading of compliance and risk management, enhance the organizational and human resources efficiency, perfect the management systems of the Group, and improve the Group's treasury management and control capability.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### (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, 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 (i.e. departments of headquarter, branches, subsidiaries), constantly revamped various risk management processes including risk identification, assessment, measurement, monitoring, reporting and response, regulated various business processes and enhanced advance prevention, in-process monitoring and follow-up inspection and handling as to risks. 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. In the meanwhile, by enhancing the centralized and unified management of risks for the same client and the same business and based on the management framework for the same business and the same client, the Company established a group risk limit system, conducting daily monitoring by separating each department and subsidiary. The Company measured market risks, credit risks and liquidity risks, established a model management mechanism and procedure, 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 daily reports, monthly reports, quarterly reports, interim/annual reports on the risks 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 systems, data and systems, the establishment of the talent team and enhancing investment in risk management.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 2. *Structure of Risk Management*

In compliance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, 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 policy and major system of the Company's risk management, the overall risk appetite 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 appetite 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, reviews, and evaluations for risk management systems established and perfected by the Company, arrange supervision and inspections for the implementation of risk management policies and procedures of the Company, make suggestions on and supervise the improvement of 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.



## SECTION III REPORT OF THE BOARD OF DIRECTORS

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 unit to formulate business risk management systems and procedures, identifying and evaluating major risks of the Company's related businesses, organizing supervision and inspections 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 units, 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, etc.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 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*

The “compliance risks” mentioned in the Management Measures for the Compliance of Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司合規管理辦法》) refer 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 due to 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 clear-cut job responsibilities 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, chief compliance officer and other senior management, and the compliance department, other internal control departments, the subordinate units 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 compliance management 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”.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

During the Reporting Period, to effectively prevent compliance risks, facilitate the effective operation of the Company's compliance management, and promote the Company to develop in a sustainable, healthy and regulated manner, the Company further enhanced compliance review, compliance inspection, compliance monitoring and other basic compliance management functions, so as to further optimize the compliance management mechanism and improve the scientific and technological level in respect of compliance management of the Group. The Company determined the year of 2022 as the "Year of Compliance and Internal Control Culture Construction," and comprehensively promoted the compliance and internal control culture cultivation within the Group, and implemented the compliance concept of "all employees are responsible for compliance, management leads by example, compliance creates value to the Company and compliance ensures the Company's survival." The Company has carried out five core tasks, including training and advocacy, anti-laundering, team building, problem identification and rectification and implementation of relevant policies, which promoted the establishment and improvement of the compliance and internal control long-term mechanism and continuously enhanced the compliance and internal control management efficiency.

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

In accordance with the Guidelines for the Management of Money Laundering and Terrorism Financing Risk of Corporate Financial Institutions (Trial) (Yin Fan Xi Fa [2018] No. 19) (《法人金融機構洗錢和恐怖融資風險管理指引(試行)》) (銀反洗發 [2018]19 號), 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》), established 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. 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.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

During the Reporting Period, the Company incorporated the “special governance on anti-money laundering” into the overall planning on the “Year of Compliance and Internal Control Culture Construction”, organized internal inspection in respect of anti-money laundering work, carried out internal assessment on money laundering risk, comprehensively advanced the publicity of the money laundering and terrorism financing risk management culture, strengthened the establishment of the money laundering risk management culture and carried out series of trainings on money laundering risk management to continuously improve the money laundering and terrorism financing risk management of the Company. Meanwhile, the Company actively fulfilled anti-money laundering promotion obligations and distributed promotional materials on anti-money laundering through the WeChat official account of the Company to 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 the China Securities Depository and Clearing Corporation Limited. Such cash and cash equivalents are facing relatively low credit risks. In terms of securities brokerage business, trading is settled under gross margin to effectively avoid relevant credit risks.

#### **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, etc. 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.



## SECTION III REPORT OF THE BOARD OF DIRECTORS

### 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.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### **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 rating management, subject securities management, risk responses and handling and conducts daily market-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 interbank 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 necessary monitoring and countermeasures for credit risks in the context of market fluctuations, including but not limited to transaction margin arrangement, internal rating and credit management of counterparties, future potential risk exposure measurement, wrong-way risk identification, etc.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

The Group continued 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 focusing on the same customer and the same business. Firstly, the Group established the intelligent warning center supported by cloud computing, blockchain, big data, artificial intelligence and other financial technologies, and implemented the dynamic public opinion monitoring, default monitoring and warning, financial report risk analysis and high-risk customer management tools to empower business lines and enhance the risk warning and judgment capability. Secondly, it further improved the credit risk management system of counterparties of the bond investment transaction business and underlying bonds. Leveraging the Group's T+1 risk data market, it continuously upgraded the credit risk management information system, enhanced its risk identification, measurement and stress testing capabilities and improved the credit risk limit system in terms of asset quality, risk offset and concentration risk. Thirdly, it continued to enhance the unified rating and centralized credit management mechanism, revised the implementation rules on the financial product customer credit risk rating and credit management and dynamically optimized the credit rating and credit limit models. Fourthly, it improved the systematic recognition procedures on risk assets under credit business for the purpose of effectively tracking and monitoring the overall credit risks and the execution of risk limit of the Group. Fifthly, it completed the revision of ESG risk management measures, established and improved the customer ESG risk access and tracking and monitoring mechanism, 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 261.31%, the average performance guarantee ratio of our customers in securities repurchase transaction business was 240.91%, and the average performance guarantee ratio of our customers in stock pledged repo business operated was 252.87%. 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 risks*

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, exchange rates and commodity price, 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 the market risk effectively 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. During the Reporting Period, the Group's international layout continued to improve. Facing the complex and volatile overseas market, the Group took the initiative to reduce the leverage level of overseas assets. The overall scale of foreign currency assets was reduced, and the risk exposure of exchange rate was effectively controlled. The Group continued to monitor and study the latest developments in the foreign exchange market, constantly optimized system construction and internal management, took various measures to hedge and mitigate exchange rate risks exposure. The Group focused on matching foreign currency assets and liabilities to control the foreign exchange risk exposure. The Group also adopted treatments, for example, hedges of net investment in overseas operations and other means, to smooth the influence of foreign currency exposure on the Group's operating results. 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 arise 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 as the above-mentioned risk factors, overseas investment and transaction businesses conducted by the Group are also exposed to relevant market risks. Fluctuations of each element of market risk around the world may affect the overall profit or loss of the Group. 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, and included the investment and transaction businesses of subsidiaries into the overall market risk management system. 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 market risk limit indicators such as value-at-risk limit and stop loss limit. Subsidiaries are required to strictly implement such requirements in daily business activities and submit risk reports to the Company as required. 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.

The Group measures and controls market risks arising from various investment and transaction businesses through a VaR-based quantitative indicator system for market risks. VaR refers to the maximum possible loss arising from an investment portfolio due to market fluctuations in a specific forward-looking period in the future at a certain level of confidence, which is the main indicator to measure market risks. 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 0.3% and the market risk was controllable and acceptable.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### (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. Based on the operational risk management measures and other systems, the Group leveraged on various risk management tools (including risk and control self-assessment, key risk indicators and loss data collection) to carry out the identification, assessment, monitoring, and report of operational risk. The Group conducted annual self-assessment of risk and control and special self-assessment of risk and control in accordance with the regulatory requirements and the new business and products development. The Group established the key risk indicators system covering the main departments and subsidiaries of the Group, and carried out monitoring of key risk indicators. The Group collected information on operational risk events within the Group, monitored the occurrence and development of risk events, checked and analyzed the problems revealed from risk events in a timely manner and formulated corresponding rectifications. During the Reporting Period, there were no material changes in the nature and extent of operational risks 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 that would materially affect the Company's operation.

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. 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, and no major information technology risk events occurred during the Reporting Period.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

### (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 in compliance with management requirements, which ensured smooth business development and timely repayment of matured liabilities of the Company. The Company continued to improve the management and control system for daily liquidity and risk indicators, built a linkage system of capital and indicator combining with assets and liabilities, and improved a liquidity risk analysis framework including daily indicator position follow-up, monthly indicator assessment and forecast and department indicator disassemble, 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.

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 control over liquidity risks from the source. On the one hand, the Company set up the Assets and Liabilities Allocation Committee to actively carry out asset and liability management work and adjust its liability maturity mix by timely analyzing business development trend and potential need for mid-term and long-term funds, in order to ensure a reasonable maturity and scale 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 valued maintaining good relationships with major commercial banks, emphasized regulated operations, maintained good reputation, and kept financing channels open.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

Furthermore, the Company steadily implemented the requirements on the liquidity risk management for the Group and subsidiaries, and guided by 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, with different requirements proposed from three aspects: organizational system guarantee, risk control framework and risk response measures. Secondly, the Company issued limit management requirements for the subsidiaries based on the liquidity risk indicators and the industry, location and risk features of the subsidiaries, to monitor the liquidity risk actuality of each subsidiary more effectively. Lastly, to strengthen the Group's capability to handle liquidity risks, the Company adopted the Group's liquidity supporting management measures as its general management guiding principle, continuing to improve the support system for the Group's liquidity, safeguarding the Group against any liquidity risks.

During the Reporting Period, facing the change in market environment and internal capital demand, the Company actively planned on the basis of different areas to continuously strengthen the control on liquidity risks 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 risks and ensured its capability of stable operations in a complex market environment. During the Reporting Period, the daily average liquidity coverage ratio of the core liquidity monitoring indicators of the Company was 268.19% while the daily average NSFR was 166.24%, 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 Group attached great importance to the forward-looking and proactive management of reputational risk, continuously met the requirements of the regulatory authorities on systematic management of reputational risk, strengthened reputational risk monitoring domestically and abroad and established publicity channels in Mainland China and Hong Kong in order to take the initiative in publicity based on the Group's operating results and business development highlights, which can create a favorable public opinion environment for the Company's development. The Company could make correct judgments, respond quickly and take the initiative to respond to a small number of negative public opinions reports. The Company could understand the trend of public opinions in a timely manner, maintain healthy communication with mainstream media and provide guidance on public opinions to protect the Company's brand image. In accordance with the relevant provisions of the Guidelines for the Management of Reputational Risk of Securities Companies (《證券公司聲譽風險管理指引》) issued by the Securities Association of China, the Company revised and issued 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》), and conducted publicity towards all staff and implemented such measures within the Group through online providing special courses, organizing intensive learning, analyzing typical cases and other means to continuously enhance the Group's reputational risk preventing standard. During the Reporting Period, the Group 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 2022, the Company's total investment in compliance and risk control was RMB716 million.

## SECTION III REPORT OF THE BOARD OF DIRECTORS

Regarding the investment in information technology, the Company comprehensively deepened its digital transformation, accelerated the development progress of “Digital Haitong 2.0 (數字海通 2.0)” and continued to invest in technology development. In 2022, the parent company’s total investment in information technology was RMB1,479 million, which was mainly used in the second phase development of the new-generation core trading system, building a multi-layer customer service system, enhancing the brand building of institutional business, and empowering the operation and development of the Company.

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

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

To establish and improve the dynamic monitoring mechanism of risk control indicators, strengthen risk monitoring, and carry out businesses under measurable, controllable and enduring risks, 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 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 achieved reporting to the local securities regulatory bureaus about the Company’s net capital calculation sheet, calculation sheet of the total on-balance-sheet and off-balance-sheet assets, calculation sheet of liquidity coverage ratio, calculation sheet of net stable funding rate, calculation sheet of risk capital reserves and statement of risk control indicators monitoring 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 by reducing the scale of the proprietary investment products with high risks, reinforcing collection of receivables, raising share capital, issuing subordinated bonds, etc.

## 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 RMB93,819 million; the net assets were RMB149,046 million; the “net capital/net assets” ratio was 62.95%; the risk coverage ratio was 241.25%; the capital leverage ratio was 21.12%; the liquidity coverage ratio was 293.75% and the net stable funding rate was 162.85%. During the Reporting Period, the operating risks of the Company were controlled at an acceptable level with asset in high quality 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 2022, 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 2022, the Company conducted 34 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 risks 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 non-executive Director, 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., therefore it may compete or is likely to compete, either directly or indirectly, with some aspects 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 2022, 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 the 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 PRC 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 is 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, multinational 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 2022, the revenue generated from the top five customers of the Company accounted for 3.47% 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 61 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 16 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 “Section IV Corporate Governance” of the Report.

### **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 2022 Corporate Social Responsibility Report disclosed by the Company separately on the same date of the 2022 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 2022, 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. *Events subsequent to the Reporting Period***

Save as disclosed in note 79 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 places where the shares of the Company are listed, and is dedicated to maintain and improve its good market image. Pursuant to the Company Law, the Securities Law, 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 its sound compliance and risk management system and internal control management mechanism. The Company has also formed a corporate governance structure under which the general meeting, the Board, the Supervisory Committee and the management are separated from each other and can check and balance each other, which enables all levels to perform their respective duties and obligations within their respective responsibilities and powers and ensures the standardized operations of the Company, and the scientific, standardized and transparent corporate governance. The procedures and regulations 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, strictly in 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 relationship management in a professional and regulated manner.

During the Reporting Period, in accordance with the Notice on Issuing of Requirement for the Chief Officer of Municipal State-Owned Assets Supervision and Administration Commission to Perform the Duties as Principal Responsible Officer for Promoting Legal Governance and General Legal Construction jointly issued by the Shanghai Municipal State-owned Assets Supervision and Administration Commission of the Communist Party of China (中共上海市國有資產監督管理委員會) and the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government (上海市國有資產監督管理委員會), the Guidelines for the Articles of Association of the Listed Companies (2022 Revision) and the Rules for the Shareholders' Meetings of Listed Companies (2022 Revision) issued by the CSRC, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (Revised in January 2022) and the Guidelines No. 1 of the Shanghai Stock Exchange on the Application of Self-Regulation Rules for Listed Companies – Standardized Operation issued by the Shanghai Stock Exchange, the Measures for the Administration of Securities Investment Fund Custody Business jointly issued by the CSRC and the China Banking and Insurance Regulatory Commission, the Opinions on Strengthening the Regulation of Business Integrity of Intermediaries under the Registration System jointly issued by CSRC, the Ministry of Justice and the Ministry of Finance and other relevant regulations as well as the actual situation of the Company, the Company amended the current Articles of Association and its appendix, including the Rules of Procedure for the Shareholders' General Meetings of Haitong Securities Co., Ltd., the Rules of Procedure for the 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 not limited to the objectives of the operation of the Company, duties and review procedures of the general meeting, the Board and the Supervisory Committee, the provisions on the submission of regular reports, administration targets on business integrity and general requirements and other contents. The abovementioned amendments were made in two separate times, and both of them have been considered and approved at the general meeting. 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 the majority of the recommended best practice provisions therein.

During the Reporting Period, the Company convened 43 meetings in total, including 2 general meetings, 12 meetings of the Board, 8 meetings of the Supervisory Committee, 2 annual report work meetings of the independent non-executive Directors, 6 meetings of the Audit Committee, 2 meetings of the Nomination, Remuneration and Assessment Committee, 7 meetings of the Development Strategy and ESG Management Committee and 4 meetings of the Compliance and Risk Management Committee.

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

During the Reporting Period, the Company revised the Insider Registration System of Haitong Securities Co., Ltd. in accordance with the current the Administrative Measures for Information Disclosure of Listed Companies, the Shanghai Stock Exchange Listing Rules, the Provisions on Strengthening the Supervision and Administration of Listed Securities Companies, the Guidelines for the Supervision and Administration of Listed Companies No. 5 – Measures on Registration of Insiders of Listed Companies and other laws, regulations, departmental rules and regulatory rules, as well as the Articles of Association and the Company's Administrative Measures on Information Disclosure, and taking into account the actual situation of the Company. The revised Insider Registration System of the Company was considered and approved at the 32th meeting of the seventh session of the Board of Directors of the Company held on 26 August 2022 and became effective on the same day.

During the Reporting Period, in major events such as preparation of periodic reports, the Company, as required by the Insider Registration System, performed well in inside information management and insider registration, and truly and completely recorded the list of all insiders involved in the reporting, delivery, preparation, auditing and disclosure before publication of the inside information as well as the files concerning the contents of the inside information known by the insider and the timing thereof to facilitate enquiries made by the Company and relevant regulatory authorities. During the Reporting Period, no violation of the Insider Registration System by the Company has occurred and the said system was well implemented.

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

Whether there is material difference between the Company's governance practices and the laws, administrative regulations and the regulations of the CSRC regarding the governance of listed companies or not; if there is any material difference, reasons shall 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. There is 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 function independently with independent and complete business and self-operating capabilities.

## SECTION IV CORPORATE GOVERNANCE

### 1. Business Independence

According to the PRC 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 businesses, by which shapes its independent and complete business structure and the capability to conduct independent operation. The Company's business operation is free of control or influence from its shareholders or related parties and is able to participate in market competition independently. There is no violation of the Company's operational procedures by any shareholder or related party to intervene the Company's internal management or business decision-making.

### 2. Staff Independence

The Company has an established human resource department with independent and complete labor, personnel and salary administration system. 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 strictly complies with the PRC Company Law, the PRC Securities Law and the Articles of Association, and is conducted in lawful procedures. The Company has established comprehensive labor employment, personnel administration, payroll management and social security system, and all employees have signed labor contracts with the Company. The Company has the independent rights to sign labor contracts without interference of any shareholders.

### 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 management departments in sound condition and accountable for their own responsibilities. The general meeting, the Board, the Supervisory Committee and the management function well and exercise their respective functions and duties in accordance with the law. The Company has independent and complete securities operation and management system to independently conduct business operation, and its structure and operation of organization are in compliance with the relevant requirements of the CSRC. The existing offices and premises are separate from our shareholders. There is no mix of corporate structures or direct interference against the operations of the Company by any shareholder.

## SECTION IV CORPORATE GOVERNANCE

### 5. Financial Independence

The Company has set up dedicated financial department, with dedicated financial accounting system and financial management system. The Company makes financial decisions in accordance with decision-making procedures. There is no occasion where any shareholder or related party interferes the Company's use of fund. The chief financial officer of the Company is appointed by the Board and works with dedicated financial officers. They have opened separate bank accounts thus no shareholder or related party shares any bank account with the Company. As an independent tax payer, the Company pays various taxes 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	Query index of the designated website for resolutions disclosure	Date of resolutions disclosure	Resolutions of the meeting
2021 Annual General Meeting	21 June 2022	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="https://www.hkexnews.hk/">https://www.hkexnews.hk/</a>	22 June 2022 21 June 2022	See "Descriptions of the general meetings" below for details
The 2022 First Extraordinary General Meeting	7 September 2022	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="https://www.hkexnews.hk/">https://www.hkexnews.hk/</a>	8 September 2022 7 September 2022	See "Descriptions of the general meetings" below for details

*Note:* To inspect the announcements of the resolutions of the meetings above, please visit the HKEX news website of the Hong Kong Stock Exchange and the Company's website on the dates of the meetings, or visit the website of the SSE or read 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

Applicable Not applicable

During the Reporting Period, the Company held the 2021 Annual General Meeting at Haitong Securities Building on 21 June 2022, at which 11 resolutions were considered and approved, including: 1. the report of the Board of Directors of the Company for the year 2021; 2. the report of the Supervisory Committee of the Company for the year 2021; 3. the annual report of the Company for the year 2021; 4. the final accounts report of the Company for the year 2021; 5. the profit distribution proposal of the Company for the year 2021; 6. the proposal of the Company on renewal of engagement of auditing firms; 7. the proposal regarding the estimated investment amount for the proprietary business of the Company for the year 2022; 8. the proposal regarding the projected routine related party/connected transactions of the Company in 2022; 9. the proposal regarding general mandate to issue onshore and offshore debt financing instruments of the Company; 10. the proposal regarding the amendments to the articles of association of the Company and appendices thereof; and 11. the proposal regarding the grant of general mandate by the general meeting to the Board to authorize, allot or issue A Shares and/or H shares. Among them, resolutions numbered 1 to 8 were ordinary resolutions, while the resolutions numbered 9 to 11 were special resolutions.

The Company held the 2022 First Extraordinary General Meeting at Haitong Securities Building on 7 September 2022, at which two resolutions were considered and approved, namely, the resolution regarding the appointment of Mr. Tong Jianping as a supervisor of the Company (as an ordinary resolution), and the resolution regarding the amendments to the Articles of Association and appendices thereof (as a special resolution).

The above announcements of the resolutions of the general meetings were published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company's website on the dates of the meetings, and published on the websites 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 (Note)	Gender	Age	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
Zhou Jie	Executive Director, Chairman, and Secretary of CPC Committee *	Male	55	28 October 2016	To date	0	0	0	-	91.87	No
Li Jun	Executive Director, General Manager and Deputy Secretary of CPC Committee*	Male	53	28 September 2021	To date	0	0	0	-	98.19	No
Tu Xuanxuan	Non-executive Director	Male	49	18 June 2019	To date	0	0	0	-	-	Yes
Zhou Donghui	Non-executive Director	Male	53	18 June 2020	To date	0	0	0	-	-	No
Yu Liping	Non-executive Director	Female	60	8 June 2015	To date	0	0	0	-	-	Yes
Xu Jianguo	Non-executive Director	Male	58	18 October 2016	To date	0	0	0	-	-	Yes
Zhang Ming	Independent non-executive Director	Male	64	12 June 2016	To date	0	0	0	-	26	Yes
Lam Lee G.	Independent non-executive Director	Male	63	6 April 2017	To date	0	0	0	-	24	Yes
Zhu Hongchao	Independent non-executive Director	Male	63	18 June 2019	To date	0	0	0	-	23	No
Zhou Yu	Independent non-executive Director	Male	63	18 June 2019	To date	0	0	0	-	25	No
Ren Peng (Resigned)	Executive Director and Deputy General Manager	Male	60	18 June 2019	30 January 2023	0	0	0	-	88.37	No
Tong Jianping	Chairman of the Supervisory Committee	Male	60	7 September 2022	To date	0	0	0	-	-	No
Zhao Yonggang	Vice chairman of the Supervisory Committee, employee representative Supervisor and Deputy Secretary of CPC Committee*	Male	50	11 June 2021	To date	0	0	0	-	82.68	No

## SECTION IV CORPORATE GOVERNANCE

Unit: Share

Name	Position (Note)	Gender	Age	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
Shi Xu	Employee representative Supervisor	Male	50	18 June 2019	To date	0	0	0	-	217.75	No
Wu Xiangyang	Employee representative Supervisor	Male	56	18 June 2019	To date	0	0	0	-	170.56	No
Ruan Feng	Supervisor	Male	54	20 October 2020	To date	0	0	0	-	-	Yes
Li Zhenghao	Supervisor	Male	47	18 June 2020	To date	0	0	0	-	-	No
Cao Yijian	Supervisor	Male	46	18 June 2019	To date	0	0	0	-	-	No
Dong Xiaochun	Supervisor	Male	58	20 October 2020	To date	0	0	0	-	-	Yes
Dai Li	Supervisor	Female	49	18 June 2019	To date	0	0	0	-	-	No
Pei Changjiang	Deputy General Manager	Male	57	22 August 2013	To date	0	0	0	-	86.41	No
Mao Yuxing	Deputy General Manager and Chief Information Officer	Male	51	25 February 2019	To date	0	0	0	-	86.41	No
Li Haichao	Deputy General Manager and Chief Compliance Officer	Male	54	3 March 2022	To date	0	0	0	-	79.20	No
Chen Chunqian	Assistant to the General Manager	Male	59	14 March 2012	To date	0	0	0	-	384.66	No
Zhang Xiangyang	Assistant to the General Manager	Male	57	30 December 2014	To date	0	0	0	-	-	No
Li Jianguo	Assistant to the General Manager	Male	59	22 October 2008	To date	0	0	0	-	-	No

## SECTION IV CORPORATE GOVERNANCE

Unit: Share

Name	Position (Note)	Gender	Age	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 remuneration from related party(ies) of the Company or not
Jiang Chengjun	Assistant to the General Manager, Secretary to the Board	Male	54	29 March 2017	To date	0	0	0	-	317.76	No
Du Hongbo	Chief Risk Officer	Male	59	12 May 2017	To date	0	0	0	-	293.30	No
Pan Guangtao	Assistant to the General Manager	Male	51	12 May 2017	To date	0	0	0	-	316.80	No
Zhang Xinjun	Chief Financial Officer	Male	47	27 March 2018	To date	0	0	0	-	293.30	No
Wang Jianye (Resigned)	Chief Compliance Officer	Male	62	12 July 2010	3 March 2022	0	0	0	-	128.66	No
Lin Yong (Resigned)	Assistant to the General Manager	Male	53	30 December 2014	16 March 2023	0	0	0	-	-	No
Total	/	/	/	/	/	/	/	/	/	2,833.92	/

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 served as a Director since 18 October 2016; Mr. Ren Peng has served as a deputy general manager since 24 November 1997; and Mr. Mao Yuxing has served as the chief information officer since 19 September 2016.



## SECTION IV CORPORATE GOVERNANCE

2. The term of the seventh session of the Board and the Supervisory Committee expired on 18 June 2022. Given that the election process of the eighth session of the Board and the Supervisory Committee is still in preparation, in order to ensure the continuity of the work of the Board and the Supervisory Committee, the renewal of the seventh session of the Board and the Supervisory Committee will be postponed, and the terms of office of various committees and senior management of the Board will be extended accordingly. All personnel of the seventh session of the Board, the Supervisory Committee and senior management of the Company will continue to perform their duties in accordance with the relevant laws and regulations and the relevant provisions under the Articles of Association before the completion of the renewal. For details, please refer to the Indicative Announcement on the Postponed Election of the New Session of the Board and the Supervisory Committee of the Company dated 13 June 2022.
3. The total remuneration received from the Company during the Reporting Period is the remuneration attributable to and paid in 2022 and excludes deferred remuneration attributable to the previous years and paid in 2022. In particular, Mr. Zhou Jie received RMB0.6034 million; Mr. Li Jun received RMB0.1533 million; Mr. Ren Peng received RMB0.414 million; Mr. Zhao Yonggang received RMB0.209 million; Mr. Shi Xu received RMB0.378 million; Mr. Wu Xiangyang received RMB0.2822 million; Mr. Pei Changjiang received RMB0.4048 million; Mr. Mao Yuxing received RMB0.4048 million; Mr. Chen Chunqian received RMB1.8656 million; Mr. Jiang Chengjun received RMB1.7947 million; Mr. Du Hongbo received RMB1.5996 million; Mr. Pan Guangtao received RMB1.8648 million; Mr. Zhang Xinjun received RMB1.5996 million; Mr. Wang Jianye received RMB1.7776 million.
4. The amounts above did not include the remuneration attributable to 2022 received by senior management of the Company from subsidiaries. In particular, Mr. Li Jianguo, an assistant to the general manager of the Company, received remuneration of RMB3.4838 million from Haitong International Holdings; Mr. Lin Yong, an assistant to the general manager of the Company, received remuneration of RMB3.8589 million from Haitong International Securities; Mr. Zhang Xiangyang, an assistant to the general manager of the Company, received remuneration of RMB2.26 million attributable to 2022 from Haitong Capital, and received deferred remuneration of RMB6.80 million which is attributable to the previous years and paid in 2022. 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

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

Zhou Jie (周杰)	<p>Mr. Zhou Jie was born in 1967 and is a holder of master's degree in engineering. Mr. Zhou has served as an executive Director since 23 September 2016, the Chairman of the Board since 28 October 2016, and the secretary of the CPC Committee of the Company since July 2016. Mr. Zhou has concurrently served as the chairman of the Assets and Liabilities Allocation Committee of the Company. 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 the director and 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 Shanghai Stock Exchange 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.</p>
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## SECTION IV CORPORATE GOVERNANCE

Name	Major 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 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 Shenzhen Stock Exchange 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, listed on the Hong Kong Stock Exchange under the stock code of 0665), 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	Major Work Experience
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### Non-executive Directors (4)

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 Shanghai Stock Exchange 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 Shanghai Stock Exchange under the stock code of 600820) since January 2022, and a director of Anxin Trust Co., Ltd. (安信信託股份有限公司, listed on the Shanghai Stock Exchange under the stock code of 600816) since September 2022.</p>
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## SECTION IV CORPORATE GOVERNANCE

Name	Major Work Experience
Zhou Donghui (周東輝)	<p>Mr. Zhou Donghui was born in 1969 and is a holder of a bachelor's degree in accountancy and a senior accountant. Mr. Zhou has been a non-executive Director since 18 June 2020. Mr. Zhou served as the general manager of Shanghai Haiyan Investment Management Company Limited (上海海煙投資管理有限公司) from July 2015 to November 2022. Mr. Zhou served as a staff member of the finance section and a deputy section chief of the fund and price section of the finance and price department of Shanghai Tobacco (Group) Company (上海煙草(集團)公司) from July 1991 to September 2000. Mr. Zhou was also a deputy manager and the manager of the finance department of China Tobacco Shanghai Import &amp; Export Co., Ltd. (中國煙草上海進出口有限責任公司) from September 2000 to September 2008 and a deputy director of the Investment Management Department of Shanghai Tobacco (Group) Company from September 2008 to April 2011. Mr. Zhou served as a deputy director of the finance department of Shanghai Tobacco Group Co., Ltd. (上海煙草集團有限責任公司) from April 2011 to February 2015, and an executive deputy director of the Investment Department of Shanghai Tobacco Group Co., Ltd. and an executive deputy general manager of Shanghai Haiyan Investment Management Company Limited from February 2015 to July 2015. Mr. Zhou has been a non-executive director of Orient Securities Company Limited (東方證券股份有限公司, listed on the Shanghai Stock Exchange under the stock code of 600958; listed on the Hong Kong Stock Exchange under the stock code of 03958) since May 2020, and a non-executive director of China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司, listed on the Shanghai Stock Exchange under the stock code of 601601; listed on the Hong Kong Stock Exchange under the stock code of 02601) since January 2021.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Major Work Experience
Yu Liping (余莉萍)	<p>Ms. Yu Liping was born in 1962 and is a holder of master's degree in business administration and a senior accountant. Ms. Yu has served as a non-executive Director since 8 June 2015. Ms. Yu served as a vice president of Bright Food (Group) Co., Ltd. (光明食品(集團)有限公司) from August 2010 to June 2022. Ms. Yu served in several positions in Shanghai Light Industry Bureau (上海輕工業局) and Shanghai Light Industry Company (Group) (上海輕工控股(集團)公司) from August 1996 to April 2006, including deputy director of the finance department, manager of the finance department and vice general accountant. She was a member of CPC Committee, a vice president and the chief financial officer of Shanghai Yimin Food Plant No.1 (Group) Co., Ltd. (上海益民食品一廠(集團)有限公司) from August 2006 to August 2008. Ms. Yu served as the chief financial officer of Shanghai Guangdian (Group) Co., Ltd. (上海廣電(集團)有限公司) from August 2008 to August 2010. Ms. Yu served as the chairman of the supervisory committee of Shanghai Yimin Food Group (上海益民食品集團) from March 2015 to May 2017, and the chairman of the supervisory committee of NGS Supermarket (Group) Co., Ltd. (農工商超市(集團)有限公司) from September 2013 to September 2018. Ms. Yu was the legal representative of Shanghai Light Industry Company (Group) (上海輕工控股(集團)公司) from March 2014 to February 2019. Ms. Yu was the chairman of the supervisory committee of Bright Food Group Finance Co., Ltd. (光明食品集團財務有限公司) from September 2014 to July 2019. Ms. Yu served as 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) from November 2018 to June 2022.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Major Work Experience
Xu Jianguo (許建國)	<p>Mr. Xu Jianguo was born in 1964 and is a holder of Master of Professional Accountancy degree and a senior accountant. Mr. Xu has been a non-executive Director of the Company since 18 October 2016. He 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, formerly known as Shanghai Electric (Group) Corporation (上海電氣(集團)總公司)) 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 September 2005, respectively. He served as an assistant to the financial manager of the management department I of Shanghai Electric Assets Management Company Limited from September 2005 to August 2008, 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 of the financial budget department of Shanghai Electric (Group) Corporation from December 2009 to April 2013, and the director of the financial budget department of Shanghai Electric (Group) Corporation from April 2013 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 Shanghai Stock Exchange under the stock code of 600619) from December 2017 to February 2023, the chairman of the board of directors of Shanghai Haiya Industrial Co., Ltd.(上海亥雅實業有限公司) from March 2019 to June 2022, the chairman of the board of directors of Shanghai Kaihai Industrial Co., Ltd. (上海開亥實業有限公司) from June 2019 to June 2022, 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, and a director of Shanghai Life Insurance Company Ltd. (上海人壽保險股份有限公司) since March 2015. Mr. Xu has also served as a director of Shanghai Micro Electronics Equipment Co., Ltd. (上海微電子裝備股份有限公司) since June 2016, 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	Major Work Experience
<b>Independent Non-Executive Directors (4)</b>	
Zhang Ming (張鳴)	<p>Mr. Zhang Ming was born in 1958 and is a holder of doctor's degree in economics, a professor, a doctoral supervisor, and a senior researcher. Mr. Zhang has served as an independent non-executive Director since 12 June 2016. He currently lectures at the School of Accountancy of Shanghai University of Finance and Economics (上海財經大學會計學院). Mr. Zhang has lectured in Shanghai University of Finance and Economics since graduation from this university in 1983 and has been the director of the teaching office, a deputy department director and then the deputy director of the school of accountancy. He is now a professor and a doctoral supervisor in the same university. Mr. Zhang has been an independent director of Wuxi Zhenhua Automobile Parts Co., Ltd. (無錫市振華汽車部件股份有限公司, listed on the Shanghai Stock Exchange under the stock code of 605319) since May 2018, an independent director of National Silicon Industry Group Co., Ltd. (上海硅產業集團股份有限公司, listed on the Shanghai Stock Exchange under the stock code of 688126) since March 2019, a director of Shanghai Shensi Enterprise Development Co., Ltd. (上海申絲企業發展有限公司) since November 2019, and an independent director of Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. (上海張江高科技園區開發股份有限公司, listed on the Shanghai Stock Exchange under the stock code of 600895) since June 2021. Mr. Zhang served as an independent director of Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司, listed on the Shanghai Stock Exchange under the stock code of 600000) from May 2016 to April 2022,</p>



## SECTION IV CORPORATE GOVERNANCE

Name	Major Work Experience
Lam Lee G. (林家禮)	<p>Mr. Lam Lee G. was born in 1959 and is a holder of doctor's degree in philosophy, a solicitor of the High Court of Hong Kong (and formerly a member of the Hong Kong Bar), an accredited mediator of the center for Effective Dispute Resolution (CEDR), a fellow of Certified Management Accountants (CMA) Australia, the Hong Kong Institute of Arbitrators, the Hong Kong Institute of Directors and the Institute of Corporate Directors Malaysia (ICDM), and an honorary fellow of Certified Public Accountants (CPA) Australia, the Hong Kong Institute of Facility Management, and the University of Hong Kong School of Professional and Continuing Education. Mr. Lam has served as an independent non-executive Director of the Company since 6 April 2017. Mr. Lam is experienced in general management, strategy consulting, corporate governance, direct investment, investment banking and asset management. Mr. Lam earlier served as the general manager of Hongkong Telecom, vice president and managing partner – Greater China of A.T. Kearney (an international management consulting firm), a member of the senior management of ChiaTai Enterprises International Limited (now known as C.P. Lotus Corporation) and also held positions including chairman, director and CEO at various subsidiaries of this group, the managing director of BOC International Holdings (the international investment banking arm of Bank of China Group) and a vice chairman and the COO of the investment banking division of BOC International Holdings, an executive director of Singapore Technologies Telemedia (a member of Temasek Holdings), the chairman – Hong Kong, Vietnam, Cambodia, Laos, Myanmar and Thailand and a senior advisor – Asia of Macquarie Capital, the non-executive chairman – Greater China and ASEAN and the chief advisor – Asia of Macquarie Infrastructure and Real Assets, and a senior advisor – Asia of Macquarie Group.</p> <p>Mr. Lam is currently an independent non-executive director of each of CSI Properties Limited (stock code: 497), Vongroup Limited (stock code: 318), Mei Ah Entertainment Group Ltd. (stock code: 391), Elife Holdings Limited (stock code: 223), Hang Pin Living Technology Company Limited (stock code:1682), Huarong International Financial Holdings Limited (stock code: 993), Kidsland International Holdings Limited (stock code: 2122), and Greenland Hong Kong Holdings Limited (Stock code: 337), and a non-executive director of each of Sunwah Kingsway Capital Holdings Limited (stock code: 188), China LNG Group Limited (stock code: 931) and Mingfa Group (International) Company Limited (stock code: 846) and was redesignated as an executive director from non-executive director of Hong Kong Aerospace Technology Group Limited (stock code: 1725) since 3 January 2022, the shares of all of which are listed on the Hong Kong Stock Exchange. Mr. Lam is also an independent non-executive director of Asia-Pacific Strategic Investments Limited (Stock code: 5RA), Alset International Limited (stock code: 40V), Beverly JCG Limited (stock code: VFP), and Thomson Medical Group Limited (stock code: A50), the shares of all of which are listed on the Singapore Exchange. Mr. Lam is an independent non-executive director of AustChina Holdings Limited (stock code: AUH), whose shares are listed on the Australian Securities Exchange and TMC Life Sciences Berhad (stock code:0101), whose shares are listed on the Bursa Malaysia, and a non-executive director of Jade Road Investments Limited (stock code: JADE), whose shares are listed on the London Stock Exchange.</p> <p>Mr. Lam served as a non-executive director of National Arts Group Holdings Limited (a company listed on the Hong Kong Stock Exchange under the stock code of 8228) from June 2017 to July 2022. Mr. Lam has been serving as an independent non-executive director of RENHENG Enterprise Holdings Limited (stock code: 3628) since 30 June 2022.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Major Work Experience
Zhu Hongchao (朱洪超)	<p>Mr. Zhu Hongchao was born in 1959 and is a holder of master's degree in law and a senior lawyer. Mr. Zhu has been an independent non-executive Director since 18 June 2019. Mr. Zhu served as the director and a senior partner of Shanghai United Law Firm (上海市聯合律師事務所) from June 1986 to March 2020 and since 1998, respectively. Mr. Zhu currently serves as an arbitrator of each of Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration center) and Shanghai Arbitration Commission, and a part-time professor of East China University of Political Science and Law. Mr. Zhu has been selected as one of Shanghai Leading Talents (上海市領軍人才). Mr. Zhu served as a lawyer at Shanghai First Law Firm (上海市第一律師事務所) from July 1983 to June 1986, and the vice president of All China Lawyers Association and the president of the sixth session of Shanghai Bar Association from 1994 to 2018. Mr. Zhu has served as an independent director of Caitong Fund Management Co., Ltd. (財通基金管理有限公司) since June 2011, an independent director of Jupai Holdings Limited (鈺派投資有限公司, listed on NYSE under the stock code of JPPYY) since June 2015, an independent director of Leju Holdings Limited (樂居控股有限公司, listed on NYSE under the stock code of LEJU) since March 2017, an independent non-executive director of E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司, listed on the Hong Kong Stock Exchange under the stock code of 2048) since July 2018, an independent director of Shanghai Hysea Industrial Communications Co., Ltd. (上海海希工業通訊股份有限公司) since July 2020, an independent director of Shanghai Research Institute of Building Sciences Group Co., Ltd. (上海建科集團股份有限公司) since November 2020, an independent non-executive director of Sansheng Holdings (Group) Co., Ltd. (三盛控股(集團)有限公司, listed on the Hong Kong Stock Exchange under the stock code of 2183) since February 2021, an independent director of Shanghai Bailian Group Co., Ltd. (上海百聯集團股份有限公司, listed on the Shanghai Stock Exchange under the stock code of 600827) since June 2021, and an independent director of Bright Real Estate Group Co., Ltd. (光明房地產集團股份有限公司, listed on the SSE under the stock code of 600708) since August 2021.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Major Work Experience
Zhou Yu (周宇)	<p>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 since 18 June 2019. He is currently a researcher of Shanghai Academy of Social Sciences. 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) 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 from April 2000 to November 2000, 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 (上海社會科學院) 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.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Major Work Experience
<b>Resigned Executive Director (1)</b>	
Ren Peng(任澎) (Resigned)	<p>Mr. Ren Peng was born in 1962 and is a holder of master's degree in business administration and an economist. Mr. Ren served at the Company from March 1996 to January 2023. From November 1997 to January 2023, Mr. Ren served as a deputy general manager of the Company mainly in charge of investment banking business and financial leasing business. From 18 June 2019 to January 2023, Mr. Ren served as an executive Director of the Company. Mr. Ren served in several managerial positions in Xihu Office of Industrial and Commercial Bank of China (中國工商銀行) from June 1982 to February 1988 and served in various positions in Hangzhou Branch of Bank of Communications (中國交通銀行) from March 1988 to March 1996, including head of deposit-taking business and manager of the securities department. In addition, Mr. Ren was the manager of Hangzhou business outlet of Haitong Securities Company Limited from March 1996 to November 1997. Mr. Ren was a director of Haitong Capital Investment Co., Ltd. (海通開元投資有限公司) from October 2008 to August 2011. Mr. Ren served as the chairman of the board of directors of Haitong UniTrust International Leasing Corporation (海通恒信國際租賃有限公司) from June 2014 to May 2017, the chairman of the board of directors of Haitong UniFortune International Leasing Co., Ltd. (海通恒運國際租賃有限公司) from July 2014 to March 2018, the chairman of the board of directors of Haitong UniTrust Finance &amp; Leasing Corporation (Shanghai) (海通恒信融資租賃(上海)有限公司) from November 2014 to August 2018, and the chairman of the board of directors of Haitong Unitrust International Financial Leasing Co., Ltd. (海通恒信國際融資租賃股份有限公司) (formerly known as "Haitong UniTrust International Leasing Co., Ltd." (海通恒信國際租賃股份有限公司, listed on the Hong Kong Stock Exchange under the stock code of 01905)) from May 2017 to May 2020.</p>



## SECTION IV CORPORATE GOVERNANCE

Name	Major 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). He has served as 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 from July 1984 to September 1988, and became a deputy-section-chief level officer since October 1987; he served as an officer and deputy head of the district/county section when working in the Tax Office of Shanghai People's Procuratorate from September 1988 to July 1993, and became a section-chief level officer since March 1992; he served as a 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 from July 1993 to May 1995; from May 1995 to December 2009, Mr. Tong worked in the Second Branch of the People's Procuratorate of Shanghai Municipality, and successively served as a deputy director of the Corruption and Bribery Office, where he attended the 14th training course for section level officers in Party School of Politics and Law of Shanghai from October 1995 to November 1995, and became a division-director officer since June 2000, a deputy director of the political department, where he attended the 21st advanced course for senior specialists of Party School of Shanghai Committee of the CPC from May 2001 to June 2001, and the director of the Anti-Corruption and Bribery Bureau where he attended the 24th training course for young and middle-aged cadres of Party School of Shanghai Committee of the CPC from September 2002 to January 2003, became a member of the procuratorial committee since June 2003, served a temporary position in the politics and law committee of the Shanghai Municipal Committee of the CPC from September 2003 to December 2003 and took on-job postgraduate program of Party School of the Central Committee of the CPC from July 2004 to July 2007; and from December 2009 to June 2012, he worked in the First Branch of the People's Procuratorate of Shanghai Municipality where he served as the director of the political department (deputy bureau director level) from December 2009 to May 2012, and was a member of the Leading Party Members Group from February 2010 to June 2012. Mr. Tong served a temporary position as a deputy secretary of the discipline inspection committee and 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, 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	Major Work Experience
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### Employee Representative Supervisors (3)

Zhao Yonggang (趙永剛)	<p>Mr. Zhao Yonggang was born in 1972 and is a holder of bachelor's degree in economics and an economist. He has served as a deputy secretary of the CPC Committee of the Company since May 2021, an employee representative Supervisor and the vice chairman of the Supervisory Committee of the Company since 11 June 2021. Mr. Zhao worked in Shapingba Sub-branch of Chongqing Branch of China Pacific Insurance Company (中國太平洋保險公司) from July 1995 to March 2000, where he served successively as a salesman, a deputy manager of the business department and the manager of the business department. He worked in Chongqing Branch of China Pacific Life Insurance Co., Ltd. (中國太平洋人壽保險股份有限公司) from March 2000 to September 2001, during which he successively served as the section chief of the human resources department, the person-in-charge of the human resources department and the deputy manager of the human resources department in charge of operation. He served as the deputy secretary of the Youth League Committee in charge of operation and secretary of the Youth League Committee of China Pacific Life Insurance Co., Ltd. from September 2001 to February 2006. Mr. Zhao served as a member of the CPC Committee and a deputy general manager of Guizhou Branch of China Pacific Life Insurance Co., Ltd. from February 2006 to March 2008. Mr. Zhao served as the deputy head of the department of the Party and masses affairs, deputy director of the office of the CPC Committee, secretary of the Youth League Committee, general manager of the staff work department and director of the party affair department of China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司) from March 2008 to July 2011. Mr. Zhao served as the director of the strategic transformation office of China Pacific Life Insurance Co., Ltd. from July 2011 to December 2011. He served as the secretary of the CPC Committee and the general manager of Heilongjiang Branch of China Pacific Life Insurance Co., Ltd. from November 2011 to October 2014, the secretary of the CPC Committee of Henan Branch of China Pacific Life Insurance Co., Ltd. from October 2014 to December 2016, the general manager of Henan Branch of China Pacific Life Insurance Co., Ltd. from October 2014 to July 2016, a member of the CPC Committee of China Pacific Life Insurance Co., Ltd. from May 2016 to January 2018, the chairman of the trade union of China Pacific Life Insurance Co., Ltd. from August 2016 to September 2018, the head of the organization department of the CPC Committee and the general manager of human resources department of China Pacific Life Insurance Co., Ltd. from December 2016 to January 2018, and the human resources director of China Pacific Life Insurance Co., Ltd. from March 2017 to February 2018. From August 2016 to March 2019, Mr. Zhao served as the chairman of the trade union of China Pacific Insurance (Group) Co., Ltd. He served as the head of the organization department of the CPC Committee of China Pacific Insurance (Group) Co., Ltd. from January 2018 to April 2020, a member of the CPC Committee of China Pacific Insurance (Group) Co., Ltd. from January 2018 to May 2021, and a vice president of China Pacific Insurance (Group) Co., Ltd. from October 2018 to May 2021.</p>
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## SECTION IV CORPORATE GOVERNANCE

Name	Major Work Experience
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 an employee representative Supervisor of the Company since 18 June 2019. He has served as the general manager of the audit department of the Company since December 2019. Mr. Shi served in the following various positions in the Company since July 1999, including: project assistant, deputy manager of the off-site audit department and manager of the off-site audit department when working in the audit department from July 1999 to November 2007; manager of the audit department IV of the risk control headquarter from November 2007 to June 2009; manager of the on-site audit department VI of the risk control headquarter from June 2009 to March 2011; manager of the on-site audit department IV of the audit department from March 2011 to March 2014; manager of the audit department IV of the audit department from March 2014 to November 2014; assistant to general manager of the audit department from November 2014 to March 2018; and deputy general manager of the audit department from March 2018 to December 2019. Mr. Shi served as a supervisor of Liaoning Haitong New Energy Low-carbon Industry Equity Investment Fund Limited (遼寧海通新能源低碳產業股權投資基金有限公司) from December 2016 to November 2019, and a supervisor of Fullgoal Fund Management Co., Ltd. (富國基金管理有限公司) from November 2016 to October 2020. He has served as a supervisor of Haitong Auspicate Capital Management Co., Ltd. (海通新創投資管理有限公司) since December 2016, and 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

Name	Major Work Experience
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 served as an employee representative Supervisor of the Company 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 from January 2001 to September 2002; legal counsel of the general manager office from September 2002 to July 2007; deputy manager of the legal affairs department of the general manager office from July 2007 to January 2008; deputy manager of the legal compliance department of the compliance office from January 2008 to November 2008; manager of the legal compliance department of the compliance department from November 2008 to March 2010; manager of the compliance inspection department of the compliance department from March 2010 to March 2011; manager of the compliance inspection department of the compliance and risk management headquarters from March 2011 to March 2014; manager of the compliance review department of the compliance and risk management headquarters from March 2014 to August 2015; and assistant to general manager of the compliance and risk management headquarters from August 2015 to May 2017. He worked in the compliance and legal department from May 2017 to January 2023, where he served as an assistant to the general manager of the compliance and legal department of the Company from March 2018 to March 2020, a deputy general manager of the compliance and legal department of the Company from March 2020 to March 2022, and a deputy general manager (in charge of daily operation) of the compliance and legal department of the Company from March 2022 to January 2023. He has served as the chairman of the supervisory committee of Haitong Futures Co., Ltd. (海通期貨有限公司) 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 (海通恒信國際租賃有限公司) since May 2022.</p>



## SECTION IV CORPORATE GOVERNANCE

Name	Major Work Experience
<b>Shareholder Supervisors (5)</b>	
Ruan Feng (阮峰)	<p>Mr. Ruan Feng was born in 1968 and is a holder of bachelor's degree in accountancy and is recognized as a senior auditor. Mr. Ruan has served as a Supervisor of the Company since 20 October 2020. Mr. Ruan has been a deputy general manager of the audit department (formerly the audit and supervision department) of Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司) since May 2019. Mr. Ruan worked at Shanghai Municipal Audit Bureau (上海市審計局) from August 1994 to May 2019 and successively served in various positions including staff member of the audit division in the commercial grain trade commission; staff member, deputy section chief and section chief of the audit division in the economic and trade commission; and senior section member 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 served as 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 served as an accountant, a loan officer and a senior account manager 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) from July 1997 to January 2003. Mr. Li served as the president of Siping Road Sub-branch of Shanghai Pudong Development Bank from February 2003 to March 2007. 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, and the manager and the director of operations of the planning and finance department. Mr. Li served as a 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	Major 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 served 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 and a staff member of the asset operation department at Shanghai Qiangsheng Group Co., Ltd. (上海強生集團有限公司) from August 2007 to November 2008. He also worked as an assistant to the manager of the asset operation department of Shanghai Qiangsheng Group Co., Ltd. from November 2008 to June 2009 and a deputy manager of the asset operation department of Shanghai Qiangsheng Group Co., Ltd. from June 2009 to April 2012. He then served as the manager of the asset operation department of Shanghai Qiangsheng Group Co., Ltd. from April 2012 to June 2013 and 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. (上海上國投資產管理有限公司) since September 2021.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Major Work Experience
Dong Xiaochun (董小春)	<p>Mr. Dong Xiaochun was born in 1964 and is a holder of MBA degree and is recognized as a senior accountant. Mr. Dong has served as a Supervisor of the Company since 20 October 2020. Mr. Dong has been the chief financial officer of Shanghai Bailian Group Co., Ltd. (上海百聯集團股份有限公司) (a company listed on the SSE, stock code: 600827) since May 2020, and the secretary to the board of directors and a director of Shanghai Bailian Group Co., Ltd. since June 2020. Mr. Dong worked in Shanghai Hualian Commercial Building (上海華聯商廈) as a deputy section chief of the finance section from September 1983 to September 1992. He served as the chief financial officer and the secretary to the board of directors of Hualian Supermarket Co., Ltd. (華聯超市股份有限公司) from October 1992 to August 2004, the chief financial officer of the department store division of Shanghai Bailian Group Ltd. (上海百聯集團有限公司) from August 2004 to April 2006, the secretary to the board of directors and the chief financial officer of Shanghai Bailian Group Co., Ltd. from April 2006 to September 2011, a director of Shanghai Bailian Group Co., Ltd. from April 2010 to April 2011, the secretary to the board of directors and the chief financial officer of Shanghai Friendship Group Incorporated Company (上海友誼集團股份有限公司) from September 2011 to August 2014, the secretary to the board of directors and the chief financial officer of Shanghai Bailian Group Co., Ltd. from August 2014 to June 2015, and the chief financial officer of Bailian Financial Services Co., Ltd. (百聯金融服務有限公司, formerly known as Bailian E-Commerce Co., Ltd. (百聯電子商務有限公司)) from June 2015 to May 2020. He has been a director of Lianhua Supermarket Holdings Co., Ltd. (聯華超市股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 0980) since June 2020. Mr. Dong was a Supervisor of the Company from July 2007 to July 2015.</p>
Dai Li (戴麗)	<p>Ms. Dai Li was born in 1973 and is a holder of master's degree in law and MBA degree and a mid-level economist. Ms. Dai has served as a Supervisor of the Company since 18 June 2019. She has served as the head of the economic management department of Shanghai United Media Group (上海報業集團) since July 2022. Ms. Dai worked as a teaching assistant intern at Nanyang Institute of Technology (南陽理工學院) from July 1995 to August 1996, a section member at Nanyang Customs (南陽海關) from August 1996 to August 2000, a legal counsel, the head of investment and a deputy-director level propagandist of Wenhui Xinmin United Press Group (文匯新民聯合報業集團) from July 2002 to October 2013, a deputy-division-director level officer and a deputy director of the asset operation department of Shanghai United Media Group from October 2013 to June 2018, and the head of the asset operation department of Shanghai United Media Group from June 2018 to July 2022. Ms. Dai has served as a director of Shanghai DongJie Advertising Media Co., Ltd. (上海東傑廣告傳媒有限公司) since June 2016, a director of Shanghai Evening News Media Co., Ltd. (上海新聞晚報傳媒有限公司) since November 2017, and an executive director and the legal representative of Shanghai Shenjiang Service Guide Post Co., Ltd. (上海申江服務導報社有限公司) since January 2019.</p>



## SECTION IV CORPORATE GOVERNANCE

### Name Major Work Experience

#### Other Senior Management (10)

**Pei Changjiang**  
(裴長江)

Mr. Pei Changjiang was born in 1965 and is a holder of master's degree in economics. Mr. Pei has served as a deputy general manager of the Company since he joined the Company in August 2013. Mr. Pei is also the vice chairman of the Wealth Management Committee of the Company. From July 1993 to July 1996, Mr. Pei successively held various positions at 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. From August 1996 to October 2002, he served as the general manager of Zhabei business department, a deputy general manager of Zhejiang management headquarters, and a deputy general manager of the brokerage headquarter of Shenyin Wanguo Securities Co., Ltd. (申銀萬國證券公司). From October 2002 to August 2013, he successively served as the investment director of Fortune Trust & 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 has been a director of Fullgoal Fund Management Co., Ltd. (富國基金管理有限公司) since August 2014, the chairman of the board of directors of Fullgoal Fund Management Co., Ltd. since March 2019, and 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) since November 2014. 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 has been the chairman of the board of directors of Haitong Futures Co., Ltd. (海通期貨股份有限公司) since March 2016.

**Mao Yuxing**  
(毛宇星)

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. Mr. Mao is also the chairman of the IT Management Committee of the Company. 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》).



## SECTION IV CORPORATE GOVERNANCE

Name	Major Work Experience
Li Haichao (李海超)	<p>Mr. Li Haichao was born in 1968 and is a holder of doctor's degree in economics. Mr. Li joined the Company in January 2022 and was appointed as a deputy general manager and the chief compliance officer of the Company by the Board. Mr. Li is also a member of the Wealth Management Committee of the Company. From July 1990 to February 1994, Mr. Li served as a section member of the Policies and Regulations Restructuring Department at the former Ministry of Machinery and Electronics Industry (機械電子工業部); from February 1994 to August 2003, he worked in the former State Commission for Restructuring Economic System (國家經濟體制改革委員會) and the former State Council Office for Restructuring the Economic System (國務院經濟體制改革辦公室), serving successively as a principal section member and a CPC Party Branch Committee member of the Market Circulation Department, and a principal section member, an associate analyst and a deputy director of the Industries and Markets Department; from August 2003 to July 2004, he served as a deputy director in the Special Reform Division I of the Comprehensive Economic Reform Department under the National Development and Reform Commission (國家發展和改革委員會). Besides, from December 2002 to July 2004, he took temporary posts as a member of the leading CPC Party group of the People's Government and a deputy mayor of Wangqing County in Jilin Province; from July 2004 to December 2008, he successively served as a deputy-division-director level officer and a division-director level officer of the Northeast Area Revitalization Office of the State Council (國務院振興東北辦); from December 2008 to June 2009, he served as the director of the General Affairs Division of the Northeast Area Revitalization Department under the National Development and Reform Commission; from June 2009 to January 2013, he worked at the National Academy of Governance (國家行政學院), where he served successively as a deputy inspector of the Decision-Making Consulting Department, an executive deputy secretary-general and the CPC branch secretary of the Chinese Society of Administrative Reform (deputy-bureau-director level, in charge of the daily work); from January 2013 to January 2022, he worked in the CSRC and successively served as a deputy-bureau-director level officer and a deputy inspector of the research center, a deputy director of the intermediary and investment fund supervision department, and a deputy director of the futures supervision department (in charge of the daily work), and also served as a member of the CPC Party Committee and an executive vice president of China Financial Futures Exchange (中國金融期貨交易所) (during which he served as a vice precedent of China Futures Association). Currently, Mr. Li is a vice chairman of the Compliance Management and Integrity Practice Committee of China Securities Association, the vice chairman of the board of Shanghai Enterprise Legal Counsel Association, and an executive director of Shanghai Financial Association.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Major 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 joined the Company in October 1997 and has been an assistant to the general manager of the Company since March 2012. He is responsible for the brokerage business of the Company. Mr. Chen has been entitled to the Company's deputy-general-manager level benefits since February 2017. Mr. Chen is also the chairman of the brokerage committee, the vice chairman of the IT Management Committee, the vice chairman of the Wealth Management Committee, and a member of the Assets and Liabilities Allocation Committee. He 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). 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.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Major 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 joined the Company in May 1996 and has been an assistant to the general manager since December 2014. He has been entitled to the Company's deputy-general-manager level benefits since January 2021. Mr. Zhang is also the chairman of the PE and Industrial Capital Investment Committee of the Company. Mr. Zhang previously 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, 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 Innovative Capital Management Co., Limited (海通創新資本管理有限公司) from November 2011 to July 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, and the chairman of the board of directors of Haitong New Energy Equity Investment Management Co., Ltd. from July 2015 to May 2016. Mr. Zhang has been the chairman of the board of directors and 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. (海通創意私募基金管理有限公司, formerly known as "Haitong Creative Capital Management Co., Ltd.") since March 2016, the chairman of the board of directors of Haitong M&amp;A Capital Management (Shanghai) Co., Ltd. (海通併購資本管理(上海)有限公司) since June 2016, and a director of Haitong-Fortis Private Equity Fund Management Co., Ltd. (海富產業投資基金管理有限公司) since March 2018. 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	Major Work Experience
Li Jianguo (李建國)	<p>Mr. Li Jianguo was born in 1963 and is a holder of doctor's degree in economics. Mr. Li joined the Company in 1998, and has been an assistant to the general manager of the Company since 2008. Mr. Li served as the general manager of Henan Securities Co., Ltd. (河南省證券有限公司) from 1992 to 1998, a deputy general manager of Haitong Securities Co., Ltd. from 1998 to 1999, and a vice chairman of the board of directors and the general manager of Fullgoal Fund Management Co., Ltd. (富國基金管理有限公司) from May 1999 to August 2008. Mr. Li served as the chairman of the board of directors of Haitong International Holdings Limited (海通國際控股有限公司) from October 2008 to August 2010. He has been the vice chairman of Haitong International Holdings Limited since August 2010, an executive director of Haitong International Securities Group Limited (海通國際證券集團有限公司, listed on the Hong Kong Stock Exchange under the stock code of 0665) since January 2010, and the vice chairman of the board of directors of Haitong International Securities Group Limited since March 2010.</p>
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 an assistant to the general manager and the secretary to the Board of the Company since 29 March 2017, a joint company secretary and a joint authorized representative of the Company since 5 April 2017, and the general manager of investment banking headquarters of the Company since April 2017. Mr. Jiang concurrently serves the chairman of the Investment Banking Committee and a member of the Assets and Liabilities Allocation Committee. Mr. Jiang was a 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, a 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, a deputy general manager in the investment banking department of the Company from August 2000 to July 2007, a deputy general manager (in charge of operations) in the investment banking department of the Company from July 2007 to April 2009, and the general manager of investment banking department of the Company from April 2009 to April 2017.</p>



## SECTION IV CORPORATE GOVERNANCE

Name	Major Work Experience
Du Hongbo (杜洪波)	<p>Mr. Du Hongbo was born in 1963 and is a holder of bachelor's degree in engineering and an engineer. Mr. Du has been the Chief Risk Officer of the Company since May 2017. Mr. Du is also a member of each of the Assets and Liabilities Allocation Committee, the IT Management Committee, and the Wealth Management Committee of the Company. Mr. Du worked at Wuhan Computer Application Institute (武漢市電子計算機應用開發研究所) from August 1984 to December 1990, Wuhan Branch of Stone Group Corp. (四通集團武漢分公司) from December 1990 to August 1992, Wuhan Software Research center (武漢軟件研究中心) from August 1992 to August 1996, and the information technology center of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) from August 1996 to March 2002. Mr. Du was an assistant to the general manager of the website management department of the Company from March 2002 to May 2003, an assistant to the general manager of the brokerage business headquarters of the Company from May 2003 to May 2005, a deputy general manager of the integrated business management headquarters of the Company from May 2005 to May 2006. He worked at the risk control headquarters of the Company from May 2006 to March 2011, successively serving as a deputy general manager and a deputy general manager (entitled to benefits as general manager). He was the general manager of the compliance and risk management headquarters of the Company from March 2011 to January 2013, the general manager of OTC department of the Company from January 2013 to February 2014, the general manager of securities finance department of the Company from February 2014 to March 2017, and the general manager of the risk management department of the Company from March 2017 to July 2020. Mr. Du was an employee representative Supervisor of the Company from 16 May 2011 to 30 December 2014. Mr. Du is currently a member of the risk management committee of the Securities Association of China (中國證券業協會風險管理委員會).</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Major Work Experience
Pan Guangtao (潘光韜)	<p>Mr. Pan Guangtao was born in 1971 and is a holder of MBA degree, an engineer and an assistant economist. Mr. Pan has been an assistant to the general manager of the Company since May 2017 and the general manager of the equity investment trading department of the Company since March 2013. Mr. Pan concurrently serves as the chairman of the Proprietary Trading Decision and FICC Committee and a member of the Assets and Liabilities Allocation Committee of the Company. Mr. Pan worked as the head of IT at the IT department of brokerage headquarter of Shenyin Wanguo Securities Co., Ltd. (申銀萬國證券公司) from July 1994 to July 1998. He worked at the first securities investment department of the securities investment headquarters of Shenyin Wanguo Securities Co., Ltd. from July 1998 to July 2002, successively serving as an assistant to manager and a deputy manager. Mr. Pan worked as an assistant to the general manager of second trading department of the Company from August 2002 to June 2003. He worked at the trading headquarters of the Company from July 2003 to August 2004, successively serving as an assistant to the general manager and a deputy general manager. He worked as a deputy general manager of investment management department of the Company from August 2004 to August 2006. He worked at the securities investment department of the Company from August 2006 to March 2013, successively serving as a deputy general manager and a deputy general manager (in charge of operations). He has been a non-executive director of Haitong Bank S.A. since November 2015 and a director of Haitong Innovation Securities Investment Co., Ltd. (海通創新證券投資有限公司) since May 2019.</p>
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 joined the Company in July 2001 and has been the chief financial officer of the Company since 27 March 2018. Mr. Zhang is also a member of the Assets and Liabilities Allocation Committee of the Company. Mr. Zhang worked at the finance and accounting 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, and has been 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, listed on the Hong Kong Stock Exchange under the stock code of 0665) from March 2010 to March 2018. He has been a non-executive director and a member of each of the audit committee and the strategic development committee of Haitong International Securities Group Limited since March 2018, a non-executive director of Haitong Bank S.A. since January 2018, a director of Fullgoal Fund Management Co., Ltd. since February 2019, and a director of Haitong Investment Ireland PLC (海通投資愛爾蘭公眾有限公司) since February 2020.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Major Work Experience
<b>Other Resigned Senior Management (2)</b>	
Wang Jianye (王健業) (Resigned)	<p>Mr. Wang Jianye was born in 1960 and is a holder of master's degree and a senior economist. Mr. Wang served in the Company from August 1994 to March 2022 and served as the chief compliance officer of the Company from July 2010 to March 2022. Mr. Wang successively served as a section member, a probationary deputy director and deputy director of the Education Division of PBOC(中國人民銀行) Inner Mongolia Branch from August 1984 to August 1990, a deputy director of the Financial Administration Division of PBOC Inner Mongolia Branch from August 1990 to May 1992, a deputy general manager of the Securities Department of Inner Mongolia Securities Company (內蒙古自治區證券公司) from May 1992 to March 1993, and a deputy general manager of the same company from March 1993 to July 1994. Mr. Wang previously served in various positions in the Company including head of the trading department from August 1994 to March 1996, deputy general manager of the business management headquarters from March 1996 to September 1998, and general manager of the integrated business management headquarters from September 1998 to August 2004. Mr. Wang was an assistant to the general manager of the Company from June 2001 to February 2011, and concurrently served as the general manager of the brokerage business headquarters from March 2005 to June 2006 and the general manager of the risk control headquarters from October 2008 to March 2011, and was successively in charge of the integrated business management headquarters, the brokerage business headquarters, the IT department, the brokerage operations center, the sales and transactions headquarters, customer asset management department and the risk control department. Mr. Wang served as the general manager of the compliance and legal department of the Company from March 2017 to December 2019 and the Chief Risk Officer (entitled to the Company's deputy-general-manager level benefits) from May 2011 to March 2017.</p>
Lin Yong (林涌) (Resigned)	<p>Mr. Lin Yong was born in 1969 and is a holder of doctor's degree in economics. Mr. Lin joined the Company in December 1996 and has been an assistant to the general manager of the Company from December 2014 to March 2023. He is also the vice chairman of the Investment Banking Committee and a member of the International Business Committee. Mr. Lin served in various positions in the Company, including serving in the investment banking department from December 1996 to July 2003 as a deputy general manager, and as a deputy general manager (in charge of daily operations) from January 2001 to July 2003, a deputy general manager of the fixed income department from July 2003 to May 2004. Mr. Lin successively served as the deputy general manager (in charge of daily operations) and the general manager of the investment banking department (Shanghai) from May 2004 to July 2007. Mr. Lin has been the general manager of Haitong International Holdings Limited (海通國際控股有限公司) since July 2007 and a director of Haitong International Holdings Limited since August 2007. He has been an executive director of Haitong International Securities Group Limited (海通國際證券集團有限公司, listed on the Hong Kong Stock Exchange under the stock code of 0665) since December 2009, an executive director and a joint chief executive officer of Haitong International Securities Group Limited from March 2010 to March 2011. Mr. Lin has been an executive director, the vice chairman of the board of directors, the managing director and the chief executive officer of Haitong International Securities Group Limited since April 2011, a non-executive director of Haitong Bank S.A. since June 2016, and the chairman of the board of directors of Haitong Bank S.A. since October 2017.</p>



## SECTION IV CORPORATE GOVERNANCE

### *Descriptions of other changes*

#### *1. Change in Director*

On 30 January 2023, the Board of Directors of the Company received the written resignation report from Mr. Ren Peng. Mr. Ren Peng resigned as a 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 concern. According to the relevant provisions of the Company Law and the Articles of Association, the resignation of Mr. Ren Peng does not lead to failure of the Board to form a quorum or affect the normal operation of the Board. The resignation report of Mr. Ren Peng took effect on the date when it 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 HKEXnews of the Hong Kong Stock Exchange on 30 January 2023.

#### *2. Changes in Supervisors*

On 7 September 2022, the resolution on the election of Mr. Tong Jianping as a supervisor of the Company was considered and approved at the 2022 first extraordinary general meeting of the Company, to resolve to the nominate Mr. Tong Jianping as a supervisor of the seventh session of the Supervisory Committee of the Company. This matter was considered and approved at the 17th meeting (extraordinary meeting) of the seventh session of the Supervisory Committee held on 12 August 2022 and agreed to be submitted to the general meeting. On the same day, the 19th meeting (extraordinary meeting) of the seventh session of the Supervisory Committee was held by the Company through voting by correspondence, at which the proposal regarding the election of the chairman of the Supervisory Committee was considered and approved and Mr. Tong Jianping was appointed as the Chairman of the Supervisory Committee. The term of office of Mr. Tong Jianping as a supervisor and the chairman of the Supervisory Committee commences from 7 September 2022 until the expiry of the term of office of the seventh session of the Supervisory Committee.

#### *3. Changes in Senior Management*

On 3 March 2022, the Resolution on the Appointment of Deputy General Manager and Chief Compliance Officer of the Company was considered and approved at the 24th meeting (extraordinary meeting) of the seventh session of the Board of the Company, and the appointment of Mr. Li Haichao (李海超) as deputy general manager and chief compliance officer of the Company was approved, while Mr. Wang Jianye, the former chief compliance officer of the Company, ceased to be the chief compliance officer due to age concern. The term of office of Mr. Li Haichao as the deputy general manager and chief compliance officer of the Company shall commence from 3 March 2022 and expire on the expiry of the term of office of the seventh session of the Board.

On 16 March 2023, the Board of the Company 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 related work arrangements. Mr. Lin Yong’s resignation took effect from the date of submission of the resignation letter to the Board. For details, please see the Overseas Regulatory Announcement published by the Company on the website of HKEXnews of the Hong Kong Stock Exchange on 17 March 2023.



## 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 Capital Operation Department	2020	To date
Zhou Donghui	Shanghai Haiyan Investment Management Company Limited (上海海煙投資管理有限公司)	General Manager	2015	2022
Yu Liping	Bright Food (Group) Co., Ltd. (光明食品(集團)有限公司)	Vice President	2010	2022
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	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 Audit Department	2019	To date
Li Zhenghao	Shenergy Group Company Limited (申能(集團)有限公司)	General Manager of Finance Department	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	2018	To date
Dong Xiaochun	Shanghai Bailian Group Co., Ltd. (上海百聯集團股份有限公司)	Chief Financial Officer, Secretary to the Board, Director	2020	To date
Dai Li	Shanghai United Media Group (上海報業集團)	Head of the Economic Management Department	2022	To date

## SECTION IV CORPORATE GOVERNANCE

### 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
Tu Xuanxuan	Shanghai Shengrui Investment Co., Ltd. (上海盛睿投資有限公司)	General Manager, Executive Director, Legal Representative	2021	To date
	Arcplus Group PLC (華東建築集團股份有限公司)	Director	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	2021	To date
	Shanghai Tunnel Engineering Co., Ltd. (上海隧道工程股份有限公司)	Director	2022	To date
	Shanghai Di'an Investment Management Co., Ltd (上海砥安投資管理有限公司)	Director	2021	To date
	Shanghai Weian Investment Management Co., Ltd (上海維安投資管理有限公司)	Director	2021	To date
	Anxin Trust Co.,Ltd (安信信託股份有限公司)	Director	2022	To date
Zhou Donghui	Shanghai Jieqiang Sugar & Wine (Group) Co., Ltd. (上海捷強糖酒(集團)有限公司)	Vice Chairman of the Board of Directors, Director	2015	To date
	Shanghai Deqiang Industrial Co., Ltd.(上海得強實業有限公司)	Vice Chairman of the Board of Directors, Director	2015	To date
	China Hangfa Commercial Aviation Engine Co., Ltd. (中國航發商用航空發動機有限責任公司)	Supervisor	2015	To date
	Orient Securities Company Limited(東方證券股份有限公司)	Director	2020	To date
	China Pacific Insurance (Group) Co., Ltd.(中國太平洋保險(集團)股份有限公司)	Director	2021	To date
	Shanghai Tobacco Machinery Co., Ltd.(上海煙草機械有限公司)	Vice Chairman of the Board of Directors, Director	2015	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
	Shanghai Gaoyang International Tobacco Co., Ltd. (上海高揚國際煙草有限公司)	Director	2015	2023
	Yangpu Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group (上海煙草集團楊浦煙草糖酒有限公司)	Director	2015	2023
	Minhang Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group (上海煙草集團閔行煙草糖酒有限公司)	Director	2015	2023
	Baoshan Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group (上海煙草集團寶山煙草糖酒有限公司)	Director	2015	2023
	Pudong Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group (上海煙草集團浦東煙草糖酒有限公司)	Director	2015	2023
	Songjiang Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group (上海煙草集團松江煙草糖酒有限公司)	Director	2015	2023
	Qingpu Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group (上海煙草集團青浦煙草糖酒有限公司)	Director	2015	2023
	Chongming Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group (上海煙草集團崇明煙草糖酒有限公司)	Director	2015	2023
	Shanghai Wangbaohe Hotel Co., Ltd. (上海王寶和大酒店有限公司)	Director	2015	2023
	Shanghai Tobacco Group Real Estate Development and Operation Co., Ltd. (上海煙草集團房地產開發經營有限公司)	Director	2015	2023
	Shanghai Haiyan Tobacco, Sugar & Wine Co., Ltd. (上海海煙煙草糖酒有限公司)	Director	2015	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
	Suzhou Zhonghuayuan Hotel Co., Ltd. of Shanghai Tobacco Group(上海煙草集團蘇州中華園大飯店有限責任公司)	Director	2015	2023
	China Tobacco Shanghai Import and Export Co., Ltd. (中國煙草上海進出口有限責任公司)	Director	2016	2023
	Xuhui Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group(上海煙草集團徐匯煙草糖酒有限公司)	Director	2016	2023
	Hongkou Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group (上海煙草集團虹口煙草糖酒有限公司)	Director	2016	2023
	Zhongwei Capital Holding Co., Ltd. (中維資本控股股份有限公司)	Supervisor	2016	2023
	Shenzhen New Tobacco Products Co., Ltd. (深圳新型煙草製品有限公司)	Director	2018	2023
	Shanghai Baiyulan Tobacco Material Co., Ltd. (上海白玉蘭煙草材料有限公司)	Director	2019	2023
	Huangpu Tobacco, Sugar and Wine Co., Ltd. of Shanghai Tobacco Group (上海煙草集團黃浦煙草糖酒有限公司)	Director	2019	2023
Yu Liping	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	2018	2022
Xu Jianguo	Shanghai Electric Group Finance Co., Ltd.(上海電氣集團財務有限責任公司)	Director	2013	To date
	Shanghai Life Insurance Company Ltd.(上海人壽保險股份有限公司)	Director	2015	To date
	Shanghai Micro Electronics Equipment Co., Ltd. (上海微電子裝備股份有限公司)	Director	2016	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
	Shanghai Electric Group Hong Kong Limited (上海電氣集團香港有限公司)	Chairman of the Board of Directors	2021	To date
	Shanghai Electric Hongkong Co. Limited (上海電氣香港有限公司)	Chairman of the Board of Directors	2022	To date
	Shanghai Haiya Industrial Company Limited (上海亥雅實業有限公司)	Chairman of the Board of Directors	2019	2022
	Shanghai Kaihai Industrial Company Limited (上海開亥實業有限公司)	Chairman of the Board of Directors	2019	2022
	Tianjin Pipe (Group) Corporation (天津鋼管集團股份有限公司)	Director	2020	2023
	Shanghai Highly (Group) Co., Ltd. (上海海立(集團)股份有限公司)	Chairman of the Supervisory Committee	2017	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	2020	2023

**Positions of current independent non-executive Directors:**

Zhang Ming	School of Accountancy of Shanghai University of Finance and Economics (上海財經大學會計學院)	Professor	1997	To date
	Wuxi Zhenhua Automobile Parts Co., Ltd. (無錫市振華汽車部件股份有限公司)	Independent Director	2018	To date
	National Silicon Industry Group Co., Ltd. (上海硅產業集團股份有限公司)	Independent Director	2019	To date
	Shanghai Shensi Enterprise Development Co., Ltd. (上海申絲企業發展有限公司)	Director	2019	To date
	Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. (上海張江高科技園區開發股份有限公司)	Independent Director	2021	To date
	Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司)	Independent Director	2016	2022

## 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
Lam Lee G.	Macquarie Group	Asia Senior Advisor	2021	2022
	CSI Properties Limited (資本策略地產有限公司)	Independent Director	2001	To date
	Vongroup Limited (黃河實業有限公司)	Independent Director	2005	To date
	Sunwah Kingsway Capital Holdings Limited (新華匯富金融控股有限公司)	Director	2007	To date
	AustChina Holdings Limited	Independent Director	2013	To date
	China LNG Group Co., Ltd. (中國天然氣集團有限公司)	Director	2014	To date
	ELife Holdings Limited (易生活控股有限公司)	Independent Director	2015	To date
	Jade Road Investments Limited (fka: Adamas Finance Asia Limited)	Director	2017	To date
	Asia-Pacific Strategic Investments Limited (fka: China Real Estate Grp Limited)	Independent Director	2017	To date
	Hang Pin Living Technology Company Limited (杭品生活科技股份有限公司)	Independent Director	2017	To date
	Kidsland International Holdings Limited (凱知樂國際控股有限公司)	Independent Director	2017	To date
	Mei Ah Entertainment Group Ltd.	Independent Director	2017	To date
	Beverly JCG Limited	Independent Director	2018	To date
	Thomson Medical Group Limited	Independent Director	2019	To date
	TMC Life Sciences Berhad (TMC 生命科學)	Independent Director	2019	To date
	Alset International Limited	Independent Director	2020	To date
	Greenland Hong Kong Holdings Limited (綠地香港控股有限公司)	Independent Director	2020	To date
	Mingfa Group (International) Company Limited (明發集團(國際)有限公司)	Director	2020	To date
	Hong Kong Aerospace Technology Group Limited (香港航天科技集團有限公司)	Director	2021	To date

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Name	Name of other entities	Positions taken in other entities	Commencement date of tenure for the session	Ending date of tenure for the session
Zhu Hongchao	Huarong International Financial Holdings Limited (華融國際金融控股有限公司)	Independent Director	2021	To date
	Renheng Enterprise Holdings Limited (仁恒實業控股有限公司)	Independent Director	2022	To date
	National Arts Group Holdings Limited (國藝集團控股有限公司)	Director	2017	2022
	Shanghai United Law Firm (上海市聯合律師事務所)	Senior Partner	1986	To date
	Caitong Fund Management Co., Ltd.(財通基金管理有限公司)	Independent Director	2011	To date
	Jupai Holdings Limited (鉅派投資有限公司)	Independent Director	2015	To date
	Leju Holdings Limited (樂居控股有限公司)	Independent Director	2017	To date
	E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司)	Independent Director	2018	To date
	Shanghai Hysea Industrial Communications Co., Ltd. (上海希工業通訊股份有限公司)	Independent Director	2020	To date
	Shanghai Research Institute of Building Sciences Group Co., Ltd.(上海建科集團股份有限公司)	Independent Director	2020	To date
	Sansheng Holdings (Group) Co. Ltd.(三盛控股(集團)有限公司)	Independent Director	2021	To date
	Shanghai Bailian Group Co., Ltd.(上海百聯集團股份有限公司)	Independent Director	2021	To date
	Bright Real Estate Group Co., Limited (光明房地產集團股份有限公司)	Independent Director	2021	To date
Zhou Yu	Shanghai Academy of Social Sciences(上海社會科學院)	Professor	2008	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
<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	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	2021	To date
Li Zhenghao	Shanghai Gas Company Limited(上海燃氣有限公司)	Director	2019	To date
	Shenergy Company Limited(申能股份有限公司)	Director	2020	To date
	Shanghai Shenxin Environmental Protection Co., Ltd. (上海申欣環保有限公司)	Chairman of the Supervisory Committee	2019	2022
Cao Yijian	Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司)	Supervisor	2019	To date
	Shanghai SITICO Assets Management Co., Ltd. (上海上國投資產管理有限公司)	Director	2021	To date
Dong Xiaochun	Lianhua Supermarket Holdings Co., Ltd.(聯華超市股份有限公司)	Director	2020	To date
	Shanghai Bailian Commercial Brand Investment Co., Ltd. (上海百聯商業品牌投資有限公司)	Director	2020	To date
	Shanghai Friendship Department Store Co., Ltd. (上海友誼百貨有限公司)	Director, General Manager	2020	To date
	Anfubao Business Co., Ltd. (安付寶商務有限公司)	Director	2020	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
Dai Li	Shanghai DongJie Advertising Media Co., Ltd.(上海東傑廣告傳媒有限公司)	Director	2016	To date
	Shanghai Evening News Media Co., Ltd.(上海新聞晚報傳媒有限公司)	Director	2017	To date
	Shanghai Shenjiang Service Guide Post Co., Ltd.(上海申江服務導報社有限公司)	Executive Director and Legal Representative	2019	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	2015	To date

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

Procedure for determining the remunerations of Directors, Supervisors and senior management

The remuneration of our independent non-executive Directors is determined by the Board and proposed to the general meeting for consideration and approval. The allowances of the independent non-executive Directors are provided monthly. The remuneration of the senior management is considered and determined by the Board. Procedures for determination of the remunerations of Directors and senior management are as follows: the Nomination, Remuneration and Assessment Committee of the Board is responsible for making recommendations to the Board on the remunerations and structure for all Directors and senior management and on the establishment of standard and transparent procedures for developing remuneration policy. The Board decides the remunerations, rewards and punishment matters for the senior management, and the general meeting decides the remunerations of the Directors.

## SECTION IV CORPORATE GOVERNANCE

Basis of determining the remunerations of the Directors, Supervisors and senior management	Remunerations of the Directors and Supervisors (non-employee Supervisors) are determined by reference to factors including operating results of the Company, their functions and duties, performance and market environment. Remunerations of the independent non-executive Directors are determined based on the average level of our listed competitors in the industry. The non-executive Directors and external Supervisors do not receive any remuneration from the Company. Remunerations of our internal Directors, employee Supervisors and senior management are determined based on the remuneration and assessment system of the Company and according to their positions and duties and the progress of achieving annual targets. Under the existing legal framework, the Company has a bonus scheme based on performance. The Board will offer and distribute bonus based on the Company's operating results in accordance with the established policy.
Actual payments of remunerations 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.
Remunerations received in aggregate by all the Directors, Supervisors and senior management at the end of the Reporting Period	As at the end of the Reporting Period, the actual remuneration attributable to 2022 received by all the Directors, Supervisors and senior management from the Company was RMB28.3392 million in aggregate. (The total figure above did not include remuneration the senior management of the Company received from subsidiaries and deferred performance-based bonuses, term incentives and medium- and long-term incentives received by the Directors, Supervisors and senior management which were attributable to previous years and paid in 2022.

## SECTION IV CORPORATE GOVERNANCE

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

Name	Position	Particulars of changes	Reasons of change
Ren Peng	Director, Deputy General Manager	Resignation	Age concern
Lin Yong	Assistant to the General Manager	Resignation	Work arrangements
Wang Jianye	Chief Compliance Officer	Resignation	Age concern
Li Haichao	Deputy General Manager, Chief Compliance Officer	Appointment	/
Tong Jianping	Chairman of the Supervisory Committee	Election	/

### (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 23rd meeting (extraordinary meeting) of the seventh session of the Board	24 February 2022	The Board considered and approved the Resolution regarding the Amendment of 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》), the Resolution on the Deregistration of Haitong Unitrust Commercial Factoring Co., Ltd.* (海通恒信商業保理有限公司) and the Resolution on the Amendments of Risk Tolerance Indicators of the Company.
The 24th meeting (extraordinary meeting) of the seventh session of the Board	3 March 2022	The Board considered and approved the Resolution on the Appointment of Deputy General Manager and Chief Compliance Officer of the Company.

## SECTION IV CORPORATE GOVERNANCE

Session of the meeting	Date of the meeting	Resolutions of the meeting
The 25th meeting of the seventh session of the Board	29 March 2022	<p>The Board considered and approved the Annual Report of the Company for the Year 2021, the Final Accounts Report of the Company for the Year 2021; the Profit Distribution Proposal of the Company for the Year 2021, the Compliance Report of the Company for the year 2021, the Internal Control Evaluation Report of the Company for the Year 2021, the Special Audit Report on Related Party Transactions of the Company for the Year 2021, the Report on Performance of Duties of the Audit Committee under the Board of Directors of the Company for the Year 2021, 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 Special Report on the Deposit and Actual Usage of Proceeds Raised of the Company, the Proposal regarding General Mandate to Issue Onshore and Offshore Debt Financing Instruments of the Company, the Proposal regarding the Estimated Investment Amount for the Proprietary Business of the Company for the Year 2022, the Report of the Board of Directors of the Company for the Year 2021, the Work Report of the Independent Directors for the Year 2021, the 2021 Corporate Social Responsibility Report of the Company, the Resolution regarding the Projected Daily Related Party/Connected Transactions of the Company for the Year 2022, the Special Audit Report on Anti-money Laundering Work of the Company for the Year 2021, the Resolution regarding the Amendments to the Articles of Association and Appendices thereof, the Resolution on the Amendments of the Terms of Reference of the Compliance and Risk Management Committee, 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 the Convening of 2021 Annual General Meeting of the Company. The Board also listened to the Operating Report for the Year 2021 and Work Plan for the Year 2022 of the Company and the Relevant Opinions of the Audit Committee on the Accounting Firm's Engagement in Audit Work for the Year, the Report on the Implementation of Risk Control Indicators of the Company in 2021, the Special Report on Shareholder Loans Provided by the Company to Haitong Futures and Haitong Resources and the Report regarding the Management's Assessment of the Overall Effect and Efficiency of the Company's Information Technology Management in 2021. The list of the latest related parties/connected person 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 26th meeting (extraordinary meeting) of the seventh session of the Board	22 April 2022	The Board considered and approved the Resolution on the Company's Purchase of Other Shareholders' Equity in Haitong Futures.
The 27th meeting of the seventh session of the Board	26 April 2022	The Board considered and approved the First Quarterly Report of the Company for the Year 2022.
The 28th meeting (extraordinary meeting) of the seventh session of the Board	23 June 2022	The Proposal regarding the Transfer of Shares in Haitong-Fortis Private Equity Fund Management Co., Ltd. by the Company was considered and approved.
The 29th meeting (extraordinary meeting) of the seventh session of the Board	11 July 2022	The Board considered and approved the Proposal regarding the Results of Assessment of Senior Management of the Company in 2021, the Proposal regarding the Appraisal and Incentive Plan of Senior Management of the Company for the Year 2022, the Resolution on the Formulation of the Management Measures for Protection of Investors' Rights and Interests of Haitong Securities Co., Ltd., and the Resolution on Purchase of Office Building by Haitong Unitrust International Financial Leasing Co., Ltd.
The 30th meeting (extraordinary meeting) of the seventh session of the Board	28 July 2022	The Board considered and approved the Proposal on the Adjustment of the Organizational Structure of the Company.
The 31st meeting (extraordinary meeting) of the seventh session of the Board	12 August 2022	The Board considered and approved the Resolution regarding the Amendments to the Articles of Association and Appendices thereof, the Resolution on the Establishment of Pudong Branch, and the Resolution regarding the Convening of the First Extraordinary General Meeting of the Company for the Year 2022.

## SECTION IV CORPORATE GOVERNANCE

<b>Session of the meeting</b>	<b>Date of the meeting</b>	<b>Resolutions of the meeting</b>
The 32nd meeting of the seventh session of the Board	26 August 2022	The Board considered and approved the Interim Report of the Company for the Year 2022, the Resolution on the Amendments of Administrative Measures on Information Disclosure of the Company, the Resolution regarding the Amendments of Corporate Insider Registration System and the Group Risk Assessment Report of the Company for the First Half of 2022. The Board also listened to the Operating Report for the First Half of 2022 and Work Plan for the Second Half of 2022, the Statement on Financial Position for the First Half of 2022 of the Company, the Report on Adjusting the Annual Financial Budget for the Year 2022, the Report on the Implementation of Risk Control Indicators in the First Half of 2022 and the Report on the Compliance Management and Anti-money Laundering in the First Half of 2022. The list of the latest related parties/connected person was also confirmed.
The 33rd meeting of the seventh session of the Board	28 October 2022	The Board considered and approved the 2022 Third Quarterly Report, the Resolution on the Amendments of the Accounting Policy of Haitong Securities Co., Ltd., the Resolution on Providing Joint Liability Guarantee for Offshore Debt Financing of an Offshore Wholly-owned Subsidiary, the Proposal regarding the Establishment and Management of Shanghai "Love in Haitong" Public Welfare Foundation, the Proposal regarding Adjustment to the General Mandate for External Donations by the Company, the Proposal regarding Amendments to the Management Measures for Related Party Transactions of Haitong Securities Co. Ltd., the Proposal regarding the Participation in the Establishment of Funds by a Wholly-owned Subsidiary and its Related Party/Connected Transactions, the Proposal regarding the Merge of the Two U.S. Subsidiaries of a Controlling Subsidiary. The Board also listened to the Operating Report for the First Three Quarters of 2022 and Key Work Report for the Fourth Quarter of 2022 of the Company and the Statement on Financial Position for the Third Quarter of 2022 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 34th meeting (extraordinary meeting) of the seventh session of the Board	30 December 2022	The Board considered and approved the Resolution regarding the Signing of Connected Transactions/Related Party Transaction Framework Agreement between the Company and Shanghai Guosheng (Group) Co., Ltd. and Determining the Annual Cap of Continuous Connected Transactions/Related Party Transactions for 2023-2025, the Resolution on the Amendments of the Measures on Administration of Investor Relations of Haitong Securities Co., Ltd., the Proposal regarding the Amendments of the Management Measures on Integrity of Haitong Securities Co. Ltd., the Proposal on Providing Enhanced Credit to Overseas Holding Subsidiary for Offshore Debt Financing, and the Proposal on the Adjustment of the Organizational Structure of the Company.

### 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 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 required by the Hong Kong Listing Rules.

## SECTION IV CORPORATE GOVERNANCE

### (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.

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 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.



## SECTION IV CORPORATE GOVERNANCE

Name of Director	Independent non-executive Director or not	Number of attendances as required during the year	Attendance at the Board meetings				Absence from two consecutive meetings or not	Attendance at the general meetings
			Number of attendances in person	Number of attendances by correspondence	Number of attendances by proxy	Number of absences		
Zhou Jie	No	12	12	9	0	0	No	2
Li Jun	No	12	12	9	0	0	No	2
Tu Xuanxuan	No	12	12	9	0	0	No	2
Zhou Donghui	No	12	12	10	0	0	No	2
Yu Liping	No	12	12	9	0	0	No	2
Xu Jianguo	No	12	12	10	0	0	No	2
Zhang Ming	Yes	12	12	9	0	0	No	2
Lam Lee G.	Yes	12	12	10	0	0	No	2
Zhu Hongchao	Yes	12	12	9	0	0	No	2
Zhou Yu	Yes	12	12	9	0	0	No	2
Ren Peng (Resigned)	No	12	12	9	0	0	No	2

### Description of absence from two consecutive Board meetings

During the Reporting Period, no directors were absent from two consecutive Board meetings.

Number of Board meetings convened during the year	12
Including: Number of meetings held on-site	0
Number of meetings held via correspondence	9
Number of meetings held on-site and via correspondence simultaneously	3

### (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", "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 2022 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 Directors.

## SECTION IV CORPORATE GOVERNANCE

### (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.

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 "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.

## SECTION IV CORPORATE GOVERNANCE

### 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. 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. A list of candidates for directors may be proposed by the Board as per the number of the directors to be elected as specified in the Articles of Association. Candidates for directors may also be nominated by shareholders severally or jointly holding more than 3% of the Company's shares and shall be elected at the general meetings or at the employee representatives meeting. 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.

### 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 January 2022, Zhou Donghui Jie, a Directors of the Company, participated in the 2022 training courses for the directors, supervisors and senior management of listed companies in Shanghai organized by the Shanghai Securities Regulatory Bureau and the Listed Companies Association of Shanghai. In July 2022, Li Jun, a Directors of the Company, participated the induction training (the third phase) for directors, supervisors and executives of listed companies organized by Shanghai Stock Exchange. During the Reporting Period, Mr. Lam Lee G., an independent Director of the Company, participated in a total of nearly 30 trainings related to Hong Kong Listing Rules and compliance, and read material of various topics (including corporate governance matters, directors' responsibilities, ESG related contents and Hong Kong Listing Rules, etc.).

## SECTION IV CORPORATE GOVERNANCE

During the Reporting Period, the Newsletter for Directors and Supervisors (12 issues in total for 2022) and Regulations of Securities Market and Case Analysis (4 issues in total for 2022) were regularly compiled and delivered to the Directors by the office of the Board of the Company. All Directors (including Zhou Jie, Li Jun, Ren Peng (resigned in January 2023), Tu Xuanxuan, Zhou Donghui, Yu Liping and Xu Jianguo as Directors and Zhang Ming, Lam Lee G., Zhu Hongchao and Zhou Yu as independent non-executive Directors) received daily written training in 2022. 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 Directors, Supervisors and the management, and improved Directors' duty performance capability. In addition, the Company conducted training on anti-money laundering for all Directors and Supervisors in August 2022. In October 2022, Clifford Chance was engaged by the Company to conduct a training entitled "Hong Kong Listing Compliance Training – Insider Information and Profit Warning Analysis of Listed Companies" for all Directors and Supervisors.

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

#### (1). Members of the Special Committees under the Board

<u>Category of Special Committees</u>	<u>Name of Members</u>
Audit Committee	Zhang Ming (Chairman), Yu Liping, Xu Jianguo, Lam Lee G., Zhou Yu
Nomination, Remuneration and Assessment Committee	Zhu Hongchao (Chairman), Tu Xuanxuan, Yu Liping, 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), Tu Xuanxuan, Zhou Donghui, Zhou Yu

Note: On 30 January 2023, the Board of Directors of the Company received the written resignation report from Mr. Ren Peng. Mr. Ren Peng resigned as a 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 concern. According to the relevant provisions of the Company Law and the Articles of Association, the resignation of Mr. Ren Peng does not lead to failure of the Board to form a quorum or affect the normal operation of the Board. The resignation report of Mr. Ren Peng took effect on the date when it 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 HKEXnews of the Hong Kong Stock Exchange on 30 January 2023.



## SECTION IV CORPORATE GOVERNANCE

### (2). Six Meetings Held by Audit Committee during the Reporting Period

The primary duties of the Audit Committee include: to make recommendations on the appointment or change of the external auditor, and to approve the remuneration and terms of engagement of the external auditor; 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 auditor 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 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 Work Procedures for Annual Reports of the Audit Committee under the Board of Directors. 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.

## SECTION IV CORPORATE GOVERNANCE

Date	Content of the Meeting	Important recommendations and proposals	Other performance of duties
24 January 2022	<ol style="list-style-type: none"> <li data-bbox="512 476 1002 648">1. The Audit Committee studied the relevant documents issued by the regulatory authorities on the preparation of annual reports of listed companies for 2021;</li> <li data-bbox="512 698 1002 871">2. The independent Directors and the Audit Committee listened to the chief financial officer's brief financial report for 2021 of the Company;</li> <li data-bbox="512 920 1002 1136">3. The independent 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="512 1185 1002 1401">4. The unaudited financial statements for 2021 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> <li data-bbox="512 1450 1002 1548">5. The Audit Committee listened to a briefing on the write-off of the Company's doubtful debts.</li> </ol>	The Audit 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

Date	Content of the Meeting	Important recommendations and proposals	Other performance of duties
28 March 2022	<p>The Financial Report and Special Report of the Company (Audited or Reviewed Draft) for the Year 2021, 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 Proposal regarding the Special Report on the Deposit and Use of Proceeds from Fundraising Activities of the Company, the Internal Control Evaluation Report of the Company for the Year 2021, the Proposal regarding the Special Audit Report on Related Party Transactions of the Company for the Year 2021, the Proposal on Projected Routine Related Party Transactions/Connected Transactions of the Company for the Year 2022, the Proposal on Provision for Impairment of Assets of the Company, and the Report on Performance of Duties of the Audit Committee under the Board of the Company for the Year 2021 were considered and approved. The Committee also listened to the Company's Report on Final Accounts for the Year 2021 and Financial Budget for the Year 2022, the Communication Report related to Preliminary Audit Results for the Year 2021 by Accounting Firms as well as the Work Report of the Independent Directors for the Year 2021, and the list of the latest related parties/connected person was also confirmed.</p>	<p>The Audit Committee agreed with the motion and made comments and suggestions on related work according to regulations and Terms of Reference, etc.</p>	N/A

## SECTION IV CORPORATE GOVERNANCE

Date	Content of the Meeting	Important recommendations and proposals	Other performance of duties
25 April 2022	The 2022 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 Terms of Reference, etc.	N/A
23 August 2022	The Interim Report of the Company for the Year 2022 was considered and approved. The Committee also listened to the Statement on Financial Position for the First Half of 2022 of the Company and the Report to the Audit Committee on Reviewing the 2022 Interim Financial Report of the Company, and the list of the related parties/connected person of the Company was also confirmed.	The Audit Committee agreed with the motion and made comments and suggestions on related work according to regulations and Terms of Reference, etc.	N/A
27 October 2022	The 2022 Third Quarterly Report of Haitong Securities Co., Ltd., the Resolution on the Amendments of the Accounting Policy of Haitong Securities Co., Ltd., the Proposal regarding Amendments to the Management Measures for Related Party Transactions of Haitong Securities Co. Ltd., the Proposal regarding the Participation in the Establishment of Funds by a Wholly-owned Subsidiary and its Related Party/Connected Transactions were considered and approved. The Statement on Financial Position for the Third Quarter of 2022 was also reviewed.	The Audit 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</b>	<b>Content of the Meeting</b>	<b>Important recommendations and proposals</b>	<b>Other performance of duties</b>
29 December 2022	The Resolution regarding the Signing of Connected Transactions/ Related Party Transaction Framework Agreement between the Company and Shanghai Guosheng (Group) Co., Ltd. and Determining the Annual Cap of Continuous Connected Transactions/ Related Party Transactions for 2023-2025 was considered and approved.	The Audit Committee agreed with the motion and made comments and suggestions on related work according to regulations and Terms of Reference, etc.	N/A

### *Attendance of the Audit Committee members:*

<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)	6/6
Yu Liping	6/6
Xu Jianguo	6/6
Lam Lee G.	6/6
Zhou Yu	6/6

## SECTION IV CORPORATE GOVERNANCE

### (3). During the Reporting Period, the Nomination, Remuneration and Assessment Committee convened two meetings

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 senior management (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 HKEXnews of the Hong Kong Stock Exchange.

- ***Policies on Board and Workforce Diversity***

- 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 of the 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 date of the Report, the analysis on diversity of the seventh 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	5	50%
	61-70	4	40%
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 149 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 shareholder(s) individually or jointly holding more than 3% of the Company's shares may nominate candidate(s) 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 seven 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

<b>Date of the meeting</b>	<b>Meeting contents</b>	<b>Significant opinions and suggestions</b>	<b>Other performance of duties</b>
3 March 2022	The Resolution on the Appointment of Deputy General Manager and Chief Compliance Officer of the Company 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 Terms of Reference, etc.	N/A
7 July 2022	The Proposal regarding the Results of Assessment of Senior Management of the Company in 2021 and the Proposal regarding the Appraisal and Incentive Plan of Senior Management of the Company for the Year 2022 were considered and approved. The Nomination, Remuneration and Assessment Committee also reviewed the work report of professional managers.	The Nomination, Remuneration and Assessment Committee agreed with the motion and made comments and suggestions on related work according to regulations and Terms of Reference, etc.	N/A

### ***Attendance of the Nomination, Remuneration and Assessment Committee members:***

<b>Names 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
Yu Liping	2/2
Zhang Ming	2/2
Lam Lee G.	2/2

## SECTION IV CORPORATE GOVERNANCE

### (4). During the Reporting Period, the Compliance and Risk Management Committee held four meetings

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.

Date of the meeting	Meeting contents	Significant opinions and suggestions	Other performance of duties
24 February 2022	The Resolution regarding the Amendment of 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》) and the Resolution regarding the Adjustment of Risk Tolerance Indicators of the Company 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.	N/A
28 March 2022	The Compliance Report of the Company for the Year 2021, the Risk Assessment Report of the Company for the Year 2021, the Internal Control Evaluation Report of the Company for the Year 2021 and the Proposal regarding the Special Audit Report on Anti-Money Laundering Work of the Company for the Year 2021 were considered and approved. The Committee also listened to the Report on the Implementation of Risk Control Indicators for the Year 2021.	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

<b>Date of the meeting</b>	<b>Meeting contents</b>	<b>Significant opinions and suggestions</b>	<b>Other performance of duties</b>
25 August 2022	The Group Risk Assessment Report of the Company for the First Half of 2022 was considered and approved. The Committee also reviewed the Report on the Implementation of Risk Control Indicators in the First Half of 2022 and the Report on the Compliance Management and Anti-Money Laundering Work of the Company in the First Half of 2022.	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
29 December 2022	The Resolution regarding the Amendment of the Management Measures on Upright Practice 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

### ***Attendance of the Compliance and Risk Management Committee members:***

<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)	4/4
Zhou Donghui	4/4
Xu Jianguo	4/4
Zhang Ming	4/4
Zhu Hongchao	4/4

## SECTION IV CORPORATE GOVERNANCE

### (5). During the Reporting Period, the Development Strategy and ESG Management Committee held seven meetings

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>
24 February 2022	The Resolution on the Deregistration of Haitong Unitrust Commercial Factoring Co., Ltd.* (海通恒信商業保理有限公司) 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
28 March 2022	The Proposal regarding General Mandate to Issue Onshore and Offshore Debt Financing Instruments, the Proposal regarding the Estimated Investment Amount for the Proprietary Business of the Company for the Year 2022 and the 2021 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

Date of the meeting	Meeting contents	Significant opinions and suggestions	Other performance of duties
22 April 2022	The Resolution on the Company's Purchase of Other Shareholders' Equity in Haitong Futures 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
23 June 2022	The Proposal regarding the Transfer of Shares in Haitong-Fortis Private Equity Fund Management Co., Ltd. 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
8 July 2022	The Resolution on Purchase of Office Building by Haitong Unitrust International Financial Leasing Co., Ltd. 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
27 October 2022	The Proposal regarding the Merge of the Two U.S. Subsidiaries of a Controlling Subsidiary 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
29 December 2022	The Proposal on Providing Enhanced Credit to Overseas Holding Subsidiary for Offshore Debt Financing 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

## SECTION IV CORPORATE GOVERNANCE

### *Attendance of Development Strategy and ESG Management Committee members:*

<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)	7/7
Ren Peng (Resigned in January 2023)	7/7
Tu Xuanxuan	7/7
Zhou Donghui	7/7
Zhou Yu	7/7

### (6). 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.

### (1) 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	3	3	2	0	0	No
Zhao Yonggang	8	8	5	0	0	No
Shi Xu	8	8	5	0	0	No
Wu Xiangyang	8	8	5	0	0	No
Ruan Feng	8	8	5	0	0	No
Li Zhenghao	8	8	6	0	0	No
Cao Yijian	8	8	5	0	0	No
Dong Xiaochun	8	7	5	1	0	No
Dai Li	8	8	5	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 eight meetings in total, and the details are as follows:

1. On 29 March 2022, the 14th meeting of the seventh session of the Supervisory Committee was held on-site and by means of video by the Company, at which the Annual Report of the Company for the Year 2021, the Social Responsibility Report of the Company for the Year 2021, the Internal Control Evaluation Report of the Company for the Year 2021, the Compliance Report of the Company for the Year 2021, the Special Report on the Deposit and Actual Usage of Raised Proceeds of the Company, the Proposal regarding the Provision for Asset Impairment of the Company, the Work Report of the Supervisory Committee of the Company for the Year 2021 and the Resolution regarding the Amendment of the Rules of Procedure for the Supervisory Committee were considered and approved. The Committee listened to the Operating Report for the Year 2021 and Work Plan for the Year 2022 of the Company, the Profit Distribution Proposal for the Year 2021 of the Company, the Final Accounts Report for the Year 2021 of the Company and the appendices thereof, the Financial Budget of the Company for the Year 2022, and reviewed the Special Report on Employee Benefits and Labor Relations for the Year 2021 of the Company and the list of the related/connected legal persons of the Company.
2. On 26 April 2022, the 15th 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 2022 was considered and approved. The Committee reviewed the Operating Report for the First Quarter of 2022 and Key Work Report for the Second Quarter of 2022 of the Company and the Statement on Financial Position for the First Quarter of 2022 of the Company.
3. On 11 July 2022, the 16th meeting of the seventh session of the Supervisory Committee (extraordinary meeting) was held by the Company through voting by correspondence, at which the Resolution regarding the Formulation of the Management Measures for Protection of Investors' Rights and Interests of Haitong Securities Co., Ltd. was considered and approved.
4. On 12 August 2022, the 17th meeting of the seventh session of the Supervisory Committee (extraordinary meeting) was held by the Company through voting by correspondence, at which the Resolution regarding the Nomination of the Mr. Tong Jianping as the Candidate for the Superior of the Company was considered and approved.

## SECTION IV CORPORATE GOVERNANCE

5. On 26 August 2022, the 18th meeting of the seventh session of the Supervisory Committee was held on-site by the Company, at which the Interim Report of the Company for the Year 2022 and the Group Risk Assessment Report of the Company for the First Half of 2022 were considered and approved. The Committee listened to the Operating Report for the First Half of 2022 and Work Plan for the Second Half of 2022 of the Company, the Statement on Financial Position for the First Half of 2022 of the Company, the Statement on the Adjustment of the Financial Budget Report of the Company for the year 2022 and the Report on the Compliance Management and Anti-Money Laundering Work of the Company in the First Half of 2022, and reviewed the list of the related parties/connected parties of the Company.
6. On 7 September 2022, the 19th meeting of the seventh session of the Supervisory Committee (extraordinary meeting) was held through voting by correspondence by the Company, at which the Proposal regarding the Election of the Chairman of the Supervisory Committee of the Company was considered and approved.
7. On 28 October 2022, the 20th meeting of the seventh session of the Supervisory Committee was held on-site and by means of teleconference by the Company, at which the Third Quarterly Report of the Company for the Year 2022. The Committee listened to the Operating Report for the First Three Quarters of 2022 and Key Work Report for the Fourth Quarter of 2022 of the Company and the Statement on Financial Position for the Third Quarter of 2022 of the Company.
8. On 30 December 2022, the 21st meeting of the seventh session of the Supervisory Committee (extraordinary meeting) was held through voting by correspondence by the Company, at which the Resolution regarding the Amendment of the Management Measures on Upright Practice of Haitong Securities Co., Ltd. and the Resolution regarding the Amendment of the Management Measures on Investor Relations of Haitong Securities Co., Ltd. were considered and approved.



## SECTION IV CORPORATE GOVERNANCE

### 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	6,584
Number of existing employees of major subsidiaries	5,559
Total number of existing employees	12,143
Total number of retired workers the parent company and its major subsidiaries should bear costs for	86

#### Composition of Specialization

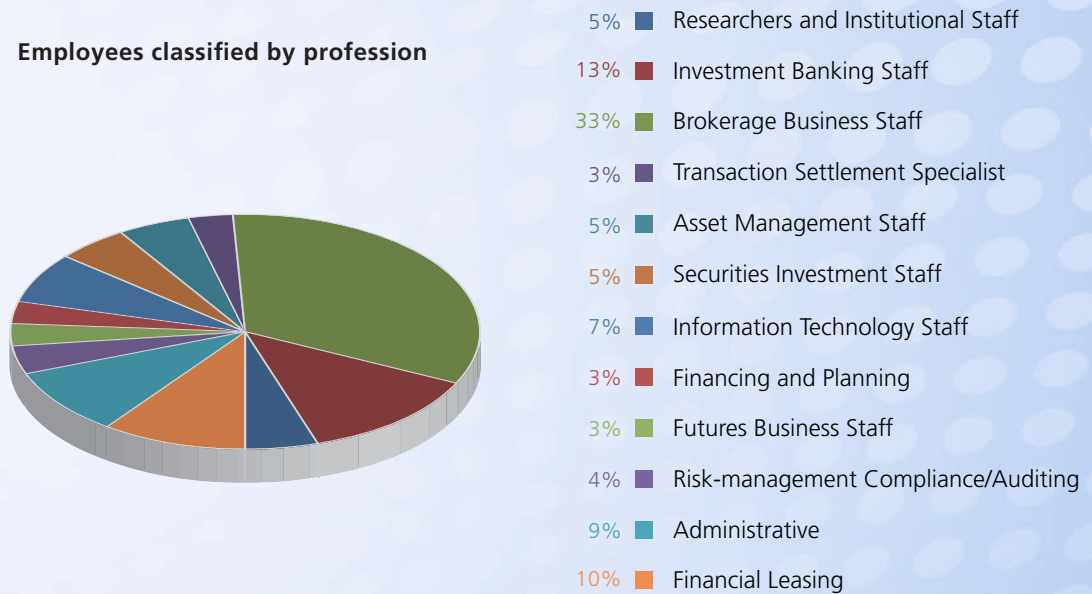
<b>Category of Specialization</b>	<b>Number of Persons</b>
Researchers and Institutional Staff	550
Investment Banking Staff	1,591
Brokerage Business Staff	3,996
Transaction Settlement Specialist	413
Asset Management Staff	605
Securities Investment Staff	623
Information Technology Staff	904
Futures Business Staff	348
Financing and Planning	369
Risk-management Compliance/Auditing	483
Administrative	1,079
Financial Leasing	1,182
<b>Total</b>	<b>12,143</b>

#### Education Background

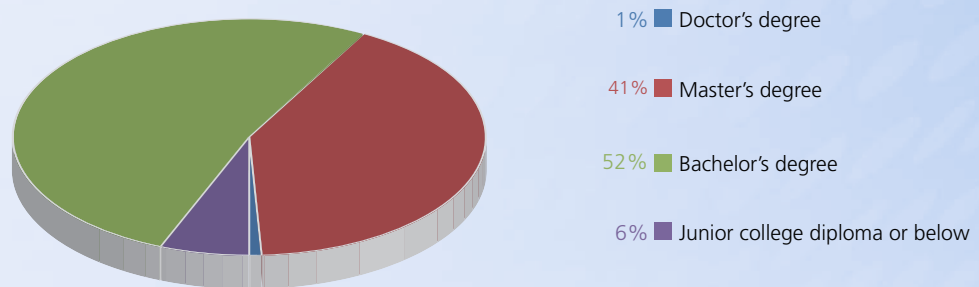
<b>Highest Level of Education Attained</b>	<b>Number of Persons</b>
Doctor's degree	168
Master's degree	4,996
Bachelor's degree	6,249
Junior college diploma or below	730
<b>Total</b>	<b>12,143</b>

## SECTION IV CORPORATE GOVERNANCE

**Employees classified by profession**



**Employees classified by educational background**



As of 31 December 2022, the Group had a total of 12,143 employees (including senior management), consisting of 5,178 female employees (accounting for 42.64% of the total number of employees) and 6,965 male employees (accounting for 57.36% 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 continuously reviews and optimizes the Company's remuneration mechanism, and adheres to the incentive principle of market-oriented distribution, performance-oriented and fairness. According to the relevant laws and regulations and regulatory requirements of the PRC and with reference to the spirit of the conference on talent-related work, the Company has formulated or revised a series of remuneration management measures, position system management measures and other systems, built a remuneration system with focus on external competitiveness and internal fairness, positive incentives and disciplinary constraints, and put into practice the concept of respecting talents, profession and creativity. 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

In the face of the continuous impacts of the external environment during the Reporting Period, the Company actively responded in trainings and vigorously carried out innovation in the means, contents and experience of trainings. Leveraging the online learning platform of Haitong Wealth Research Academy (海通财富研修院), it advocated digital empowerment.

In 2022, Haitong Wealth Research Academy released a total of 516 courses with 249,973 participants in attendance. It set 137 learning maps, opened 83 livestreaming sharing sessions with themes including "policy interpretation", "intelligent operation", "business hotspots" and "compliance and internal control", established 81 online training classes and released 138 tasks on required knowledge and skills.

## SECTION IV CORPORATE GOVERNANCE

In terms of training programs, based on the demand for diversified and professional capabilities of talents in every business lines, the Company continuously stepped up training efforts and supported talent training and business development through special business trainings. For interns, new employees and backbone employees, the Company implemented the “Dolphin Programme”, the “Starfish Programme” and the “Seagull Programme”, respectively. It implemented the instructions of the conference on talent-related work, organized special trainings on the human resources business to improve the professional capabilities of human resources teams. It continued to enrich the courses and lecturer resources under the “Dandelion Programme (蒲公英計劃)” and held trainings on empowering lecturers and the development of excellent courses. Based on the demand in the establishment of cadre echelons in the Company, it arranged a total of 144 new cadres to participate in online learning through the learning maps of Haitong Wealth Research Academy. It continuously improved professional skills and comprehensive quality of employees and held 14 Haitong Wealth Lecture Hall (海通財富講堂) open classes with a accumulated total of 113,371 participants. It advocated a healthy and positive working state. The Cloud Library of Haitong Wealth Research Academy launched 3 themed online reading activities and updated over 100 books each month.

### (IV) Particulars about Labor Outsourcing

	<b>Standard working hours system</b>
<b>Total working hours involved in labor outsourcing</b>	
Total compensation paid for labor outsourcing	RMB42.1382 million

### (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 inspection opinions and internal systems regulated in the Interim Provisions on the Administration of Securities Brokers and On-site Inspection Opinion on Securities Broker System. 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 241 securities business departments with 1,924 securities brokers who have completed registration in the Securities Association of China.



## SECTION IV CORPORATE GOVERNANCE

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.

### **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.

## SECTION IV CORPORATE GOVERNANCE

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. 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 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.”

The implementation of the 2021 profit distribution plan of the Company was completed on 28 July 2022. On the basis of the total share capital of 13,064,200,000 shares of the Company, a cash dividend of RMB0.30 (inclusive of tax) per share were distributed to all the shareholders of the Company, with a total cash dividend amounting to RMB3,919,260,000.00 (inclusive of tax). The cash dividends distributed to holders of A Shares amounted to RMB2,896,389,354.00 based on the total share capital of 9,654,631,180 A Shares and the cash dividends distributed to holders of H Shares amounted to HK\$1,194,322,859.85 based on the total share capital of 3,409,568,820 H Shares.

## SECTION IV CORPORATE GOVERNANCE

### (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	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the criteria and ratio of dividend distribution are explicit and clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are sound	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the independent directors have duly performed their duties to the fullest	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether there are enough channels for minority shareholders to express their opinions and requests and whether their legal interests sufficiently protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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

Applicable Not applicable

### (IV) Profit distribution and transfer of capital reserve to share capital during the reporting period

As audited, the net profit attributable to owners of the parent company for 2022 in the consolidated financial statements was RMB6,545,346,964.83 and the net profit of the parent company for 2022 was RMB9,624,955,483.62.

Based on the retained earnings of the parent company at the beginning of 2022 of RMB30,179,777,952.23, plus the net profit of the parent company for 2022 of RMB9,624,955,483.62, deducting the dividends distributed under the 2021 profit distribution plan of RMB3,919,260,000.00, and excluding the impact of internal transfer of owners' equity on distributable profits of RMB300,125,133.92, the distributable profits of the parent company at the end of 2022 were RMB35,585,348,301.93.

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 2022 will be allocated as follows:

1. to transfer RMB962,495,548.36 or 10% of the net profit of the parent company for 2022 to statutory reserves;
2. to transfer RMB962,495,548.36 or 10% of the net profit of the parent company for 2022 to general risk reserves; and
3. to transfer RMB962,495,548.36 or 10% of the net profit of the parent company for 2022 to transaction risk reserves;

The total amount of the above transfer was RMB2,887,486,645.08. Excluding such transfer, the distributable profits of the parent company at the end of 2022 were RMB32,697,861,656.85.



## SECTION IV CORPORATE GOVERNANCE

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 2022 that can be used for cash distribution to investors were RMB5,998,655,440.21.

Taking into account the interests of shareholders, the development of the Company and other factors, it is proposed that the Company's 2022 profit distribution proposal be as follows:

1. The Company adopts the cash dividends for the profit distribution for the year 2022, and cash dividends of RMB2.10 (inclusive of tax) for every 10 shares will be distributed to the A shareholders of the Company and H shareholders of the Company registered on the record date in the 2022 annual dividend distribution. On the basis of 13,064,200,000 total issued shares of the Company on the date of board meeting approving the 2022 profit distribution plan, the total cash dividends amount to RMB2,743,482,000.00, representing 41.91% of the net profit attributable to the shareholders of the parent company on a consolidated basis in 2022. In the event that the total share capital of the Company changes after the date of the Board meeting at which the profit distribution plan of 2022 was approved 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 2022 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 are 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 2022 annual general meeting.

After the resolution on the Company's 2022 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)	0
Dividend amount per 10 shares (RMB) (tax inclusive)	2.10
Number of shares capitalized for every 10 shares (share)	0
Amount of cash dividend (inclusive of tax)	2,743,482,000.00
Net profit attributable to ordinary shareholders of the listed company in the consolidated statements for the year of dividend distribution	6,545,346,964.83
Percentage of net profit attributable to ordinary shareholders of the listed company in the consolidated statements (%)	41.91
Amount included in cash dividends from shares repurchase in cash	0
Total dividend (inclusive of tax)	2,743,482,000.00
Percentage of total dividend in net profit attributable to ordinary shareholders of the listed company in the consolidated statements (%)	41.91



## 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

## SECTION IV CORPORATE GOVERNANCE

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

The Company formulated the Administrative Measures on Remuneration of Senior Management of Haitong Securities Co., Ltd. and the Administrative Measures on Performance Appraisal for Senior Management of Haitong Securities Co., Ltd. (together, the “two Measures”). The Board will conduct the annual performance appraisal and consider related awards for senior management upon the end of an accounting year.

During the Reporting Period, the Proposal Regarding the Results of Assessment of Senior Management of the Company in 2021 and the Proposal Regarding the Appraisal and Incentive Plan of Senior Management of the Company for the Year 2022 were considered and approved at the 29th meeting (extraordinary meeting) of the seventh session of the Board, to implement “an overall remuneration and performance appraisal system for the senior management, linking the benefits of the senior management with that of the shareholders, and based on the aim of creating long-term value for the shareholders” and “a performance-oriented remuneration and performance appraisal system with both long-term and short-term objectives” established by the two Measures, so as to guarantee the marketisation of executive compensation incentive system and maintain its competitive advantages in the industry.

During the Reporting Period, the Company continued to promote the professional manager system in accordance with the requirement of “market-oriented recruitment, contract-based management, and differential remuneration, market exit”, to link professional managers’ annual salary and midterm and long-term incentive incomes with the performance and appraisal results so as to guarantee the marketisation of executive compensation incentive system and effectively improve the overall competitiveness of the Company.

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

### (I) Statement of the Board

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

The objectives of the Company’s internal control and risk management 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 and Risk Management Related Bodies

The Company has established a scientific and effective internal control structure to identify, evaluate and manage major risks of the Group. 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 the Compliance and Risk Management Committee, the responsibilities of which include reviewing the Company's internal control and risk management basic system, supervising the overall effective implementation and self-assessment of internal control and risk management. 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 general compliance officer is responsible for reviewing, supervising and inspecting the compliance of operations and practices of the Company and its staff; the chief risk officer is responsible for promoting and coordinating the establishment and implementation of risk management and internal control and enforcing the strategies and policies of the risk management of the Company; 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 internally 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 has policies in place to regulate the processing and publication of inside information, to ensure that inside information is kept confidential until it is announced and ensure the effective and consistent disclosure of such 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 on the Application of Self-Regulation Rules for Listed Companies – Standardized Operation issued by the Shanghai Stock Exchange, 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 taking into 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 Company's 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 and provided reasonable guarantees to the compliance and steady operation of the Company.

To follow the trend of improving the professional and integrated business models in the securities industry and further enhance the capabilities on serving national strategies and supporting the development of real economies, the Company, in the principle of returning to origin, professional division of work and overall collaboration with full consideration of the general situation, adjusted its organizational structure during the Reporting Period. It set up 6 new departments such as the Institutional Sales, adjusted the functions and names of certain departments and cut 4 departments such as the Retail Business and Internet Finance Department. Through the adjustments to the organizational structure, the Company improved professional division of work with the focus on core business segments, classified the functions of departments and improved the efficiency of internal management. As supporting measures, the Company continuously promoted the abolition, revision, establishment and consolidation of internal systems. Departments involved in the adjustments to the organizational structure adjusted relevant systems in a timely manner and optimized the business management and control processes simultaneously.



## SECTION IV CORPORATE GOVERNANCE

During the Reporting Period, the Board of Directors of the Company considered and approved resolutions involving the formulation or amendments of various important systems, including the Management Measures for Reputational Risk of Haitong Securities Co., Ltd., the Management Measures for Protection of Investors' Interests of Haitong Securities Co., Ltd., the Management Measures for Information Disclosure of Haitong Securities Co., Ltd., the Insider Registration System of Haitong Securities Co., Ltd., the Accounting System of Haitong Securities Co., Ltd. and the Administrative Measures for Related Party Transactions of Haitong Securities Co., Ltd. In addition, during the Reporting Period, the Company formulated or amended over 270 systems and operating procedures covering various aspects such as business management, compliance management, risk management, finance management, fund management, human resource and administrative management and preliminarily established the systems of the Group with high standardization, strong adaptability and personalization.

### (V) Implementation of Internal Control and Risk Management Systems

The Company attached great importance to the establishment of risk management and internal control mechanisms and established internal control systems covering all departments, branches and subsidiaries of the Company. During the operation of various business activities, the Company was able to conduct risk management and internal control in a trinity way before, during and after the activities through following comprehensive and scientific policies and implementing execution and supervision mechanisms in respect of all the risks encountered in the course of operation.

The Company regularly conducted comprehensive assessment on the management and business process of all departments, branches and subsidiaries to identify the major risks in the course of operation management. The Company continued to perfect the list of risk control management in respect of major business, key areas and critical sectors of the Company. In accordance with internal and external environment and business development, the Company formulated, amended or perfected its internal control systems to ensure their reasonableness and effectiveness. During the Reporting Period, the internal control system of the Company ran well in general. Internal control systems corresponding to the natures, sizes and complexity of businesses have been established to reasonably ensure compliance with laws and regulations of business operation management, asset safety, truthfulness and completeness of financial reports and relevant information and improve operational efficiency and results.

For ex-ante control, the Company has formulated corresponding management system and process standards for each business line, and conducted risk control review in accordance with the system; for interim control, the Company has established a real-time monitoring system, realizing the dynamic monitoring of risk control indicators and automatic warning, and has also established a net capital complementation mechanism to ensure that the risk control indicators, including net capital, continuously conform to the requirements of regulatory authorities and the Company for ex-post control, the Company would urge the relevant departments to rectify problems identified during the monitoring, and regularly carry out risk management inspection for units of the Company. The audit department would formulate auditing plan on an annual basis to conduct on-site audit on the Company's relevant departments, branches and subsidiaries and supervise the rectification of the identified problems.

## SECTION IV CORPORATE GOVERNANCE

During the Reporting Period, the Company continued to improve the establishment and operation of its comprehensive risk management system. In respect of market risk management, the Company conducted unified measurement and collective management of the market risk quantitative indicators of each investment transaction business (among others, equity, interest rate, commodity and foreign exchange) within the Group through the market risk management system. In respect of credit risk management, the Company completed the second stage construction of the fourth phase of credit risk management system, further improved the risk data governance mechanism, the forward-looking stress tests and the risk limit system, and continued to strengthen the concentration risk management and control with net capital management as the core and internal rating and unified credit system as the starting point. The Company completed the amendments to the ESG risk management measures and other systems, established and improved the customer ESG risk access and tracking and monitoring mechanism based on systems, actively carried out customer ESG due diligence and ESG risk evaluation work, developed the intelligent warning center and public opinion risk monitoring, default monitoring and warning, financial report risk monitoring and analysis and high-risk customer management tools of the Group using financial technologies such as cloud computing, blockchain, big data and artificial intelligence. In respect of operational risk management, the Company supported the effective application of various tools (including risk and control self-assessment, and key risk indicators and loss data collection) in the identification, assessment, monitoring, and tracking of operational risk through continuously improving the operational risk management system. In respect of group risk management, the Company promoted the upgrading and optimization of risk data market and the unified risk control indicator management platform, introduced the indicator map display function and steadily advanced the establishment of the automatic monthly reports of the Group. Leveraging the market, it offered customized risk monitoring, inquiry, reporting and other functions to its subsidiaries to empower their risk management of. In respect of risk control indicator, the Company conducted risk control consolidation on a quarterly basis according to regulatory requirements, carried out internal risk control indicator consolidation on a monthly basis, generated and monitored the Group's consolidated risk control indicators every day and incorporated them in the Group's risk daily report and submitted the same to the management. The Company strengthened vertical risk management on subsidiaries, completed the annual updating of the risk limits and the amendments to the comprehensive risk management systems of subsidiaries, strictly implemented risk assessment on subsidiaries and their responsible persons on risk management, guided subsidiaries to improve risk management systems and procedures on key business sectors, actively participated in relevant review and evaluation on risk management of subsidiaries and carried out inspections and researches on risk management of subsidiaries.

Shanghai Municipal Audit Bureau carried out an audit on the Company from October 2021 to January 2022. The Company attached great importance to the audit and actively accepted audit and supervision. For problems identified in the audit, the Company has formulated plans on rectification and the respective responsible units have formulated and implemented the specific rectification measures. As of the end of the Reporting Period, the implementation of the major rectification measures was generally completed. Taking the rectification as an opportunity, the Company continuously improved internal control systems, practically enhanced operation management and promoted the sustainable and healthy development.

## SECTION IV CORPORATE GOVERNANCE

In addition, the Company determined the year 2022 as the “Year of Compliance and Internal Control Culture Construction” and implemented various measures on cultivating the compliance and internal control awareness, consolidating the fundamental work on anti-money laundering, enhancing the establishment of compliance and internal control teams, promoting the rectification of prominent problems and reviewing the implementation of rules and systems to promote the enhancement and upgrading of compliance and internal control systems of the Company and deeply develop the industrial culture featured with “compliance, integrity, professionalism and prudence.”

### **(VI) Evaluation of Effectiveness of the Company’s Internal Control**

The Board of the Company has determined the internal control deficiencies and the specific identification standards 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 2022 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 Guidelines No. 1 of the Shanghai Stock Exchange on the Application of Self-Regulation Rules for Listed Companies – Standardized Operation and relevant laws and regulations as well as the exchange rules, and has issued the 2022 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 reporting 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

### (VII) Work Plan of Internal Control and Risk Management in 2023

In 2023, the Company will continuously advance the establishment of internal control systems and optimize operation and management mechanism in accordance with the requirements under the Basic Standards for Enterprise Internal Control and its guidelines. It will focus on wealth management, investment banking, trading and institution and other core business lines, improve compliance and risk control mechanisms on key sectors and enhance monitoring on internal audit. Meanwhile, the Company will continuously consolidate the results of the “Year of Compliance and Internal Control Culture Construction”, further “consolidate compliance and internal control”, solidify the first defense line, specialize the second defense line and exercise strict control on the third defense line. The Company will guide units at all levels within the Group to continuously focus on the cultivation of compliance and internal control awareness, strengthen the building of compliance and internal control teams, persist in the management of key sectors, key links and important positions and intensify compliance risk management and quality control.

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

Applicable Not applicable

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 2022 disclosed by the Company on the website of the Shanghai Stock Exchange 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

The Company continues to strengthen the functional management and control over its subsidiaries. It has formed a system centered on the Measures for the Management of Subsidiaries, a dual management system of integrated strategic coordination with functional vertical management, and a mechanism for the management of the General Meeting, the Board of Directors and the Supervisory Committee and reporting of major issues with the grip of the system of responsible directors (supervisors) and sponsoring departments.

### 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 2022 disclosed by the Company on the website of the Shanghai Stock Exchange 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



## SECTION IV CORPORATE GOVERNANCE

### 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

The Company amended the Articles of Association twice during the Reporting Period:

The 25th meeting of the seventh session of the Board of the Company held on 29 March 2022 considered and approved the Proposal Regarding the Amendments to the Articles of Association of the Company and Appendices thereof. The 14th 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. The abovementioned amendments to the Articles of Association and its appendices, including the Rules of Procedure for the Shareholders' General Meetings, the Rules of Procedure for the Board Meetings and the Rules of Procedure for the Supervisory Committee 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 2021 Annual General Meeting of the Company held on 21 June 2022. 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 29 March 2022 and 21 June 2022, respectively.

## SECTION IV CORPORATE GOVERNANCE

The 31st meeting (extraordinary meeting) of the seventh session of the Board of the Company held on 12 August 2022 considered and approved the Proposal Regarding the Amendments to the Articles of Association of the Company and Appendices thereof. The 17th meeting (extraordinary 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. The abovementioned amendments to the Articles of Association and its appendices, including the Rules of Procedure for the Shareholders' General Meetings, the Rules of Procedure for the Board Meetings and the Rules of Procedure for the Supervisory Committee 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 2022 first extraordinary general meeting of the Company held on 7 September 2022. For details of relevant amendments, please refer to the announcements published by the Company on the website of the HKEXnews of the Hong Kong Stock Exchange on 12 August 2022 and 7 September 2022, respectively.

### (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.

## SECTION IV CORPORATE GOVERNANCE

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.

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, kept increasing the compliance management level of the Group, facilitated the completion of the "group compliance central control room system" and improved the scientific and technological level of compliance management of the Group. The Company determined the year 2022 as the "Year of Compliance and Internal Control Culture Construction," and promoted the construction of compliance and internal control culture in all respects within the Group by adhering to the compliance concept that "everyone is responsible for compliance, compliance shall start from the management, compliance creates value, and compliance is the foundation for the survival of the Company". In addition, the Company focused on five core tasks such as training and publicity, anti-money laundering, team building, problem identification and system implementation, in a bid to promote the Company to establish and improve the long-term mechanism of compliance and internal control, and gradually realize the upgrade of the Company's compliance and internal control system.

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.

## SECTION IV CORPORATE GOVERNANCE

### (III) Company Secretaries

Mr. Jiang Chengjun 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. Jiang Chengjun, 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. Jiang Chengjun and Ms. Wong Wai Ling have both received more than 15 hours of relevant professional training for the year ended 31 December 2022.

### (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.

### (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 of the Company for 2022 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 2022.

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.



## SECTION IV CORPORATE GOVERNANCE

### (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.

Shareholders may convene an extraordinary general meeting and make proposals on the general meeting in accordance with the procedures specified in Articles 82 and 87 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 2022 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) Investor Relations Activities

#### (1) Shareholder Communication Policy

The Board and the management of the Company attach great importance to investor relations management and strive to carry out various investor relations activities to continuously enhance information communications with investors and effectively enhance investors' understanding and recognition of the Company. In 2022, the Company conducted comprehensive amendments to the Investor Relations Management Measures of the Company, providing more complete system guarantees to carry out investor relations activities in standard and effective manners.

## SECTION IV CORPORATE GOVERNANCE

The Company continuously explored new methods to enhance marketing communications and facilitated investor engagement through a combination of online and offline means. It successfully organized and held the 2021 annual results announcement presentation and the 2022 interim results announcement presentation in the form of “livestreaming + teleconference” and the 2022 third quarterly online results announcement presentation, widely covering various domestic and overseas investors with remarkable communication efforts and effectiveness and obtaining the “Excellent Practice of 2021 Annual Report and Results Presentation of Listed Companies” selected by China Association for Public Companies. Through collection of issues in advance, online interactions and communications and continuous communications after the meeting, the Company practically conveyed the development strategies and operation highlights of the Company. While responding to market concerns, it also correctly guided market expectations.

The Company continued to maintain channels and platforms for investor relations and paid attention to enhancing active and strategic communications in market communications. The Company was invited to participate in strategy meetings held by domestic and foreign investment banks and securities companies for many times and conducted sufficient communications on the operation conditions of the Company and market hotspots. It regularly maintained the column of investor relations on the website of the Company and displayed the information disclosure of the Company to investors; handled investors’ inquiries and suggestions in a timely manner, answered investors’ hotlines and 205 questions through SSE e-interaction platform. Meanwhile, for key concerns of investors and analysts, the Company actively arranged relevant departments to participate in inspections and conveyed the voices in the market to the management to give back to the business development and governance improvement of the Company and fully display the two-way transmission role of investor relations management. The Board has reviewed the shareholder communication policy for 2022, and after considering the existing various communication channels and participation means, considered that the shareholder communication policy had been duly implemented and was effective.

## SECTION IV CORPORATE GOVERNANCE

### (2) *Investor Reception*

Details of the investment banking strategy conferences, investment forums and telephone meetings that the Company attended at home and abroad during the Reporting Period are as follows:

Conference	Reception date	Reception method	Research subject	Contents
Citi Greater China Finance Conference	11 January 2022	Telephone	Citibank and others (5 persons)	Discussion and analysis of the development strategies, operations and financial indicators of the Company
Tianfeng Securities Spring Investment Strategy Conference 2022	24 February 2022	Telephone	Tianfeng Securities, Penghua Fund and others (15 persons)	
Guotai Junan Telephone Workshop	21 April 2022	Telephone	Guotai Junan (3 persons)	
BofA Securities Finance Forum	12 May 2022	Telephone	BofA Securities and others (8 persons)	
Shenwan Hongyuan Summer Investment Strategy Conference 2022	2 June 2022	Telephone	Shenwan Hongyuan, Invesco Great Wall Fund, Taikang Pension, ICBC Credit Suisse Asset Management and others (24 persons)	
Kaiyuan Securities Strategy Conference 2023	17 November 2022	Physical meeting	Kaiyuan Securities, Tianhong Asset Management and others (6 persons)	
Everbright Securities Strategy Conference	29 December 2022	Telephone	Everbright Securities and others (5 persons)	

## SECTION IV CORPORATE GOVERNANCE

### (IX) Board Independence Assessing Mechanism

Pursuant to code provision B.1.4 of the Corporate Governance Code contained in Appendix 14 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 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 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)	469.51

**(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**

Applicable Not applicable

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

Applicable Not applicable

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

In 2022, the Company fully integrated the concept of green development into its development strategies and daily operation, adhered to green, low-carbon and circular development, and fulfilled its corporate environmental responsibility consciously in terms of its own operation and green finance. In terms of its own operation, the Company strongly advocated the concept of green office and reduced the waste of resources in office through encouraging paperless office, air-conditioning temperature limitation, green travelling and green meetings. In terms of green finance, the Company continuously provided multi-channels and multi-variety green financial instruments to energy-saving and environmental protection, clean energy, clean transportation and other green industries, guided and encouraged more social capitals to invest in green industries to support the booming green industries and green projects. It also made responsible investment and actively implemented the concept of ESG investment.

In addition, the Company released the Action Plan of Haitong Securities on Facilitating Carbon Peaking and Carbon Neutrality during the “14th Five-year Plan” Period in 2022, incorporated carbon peaking and carbon neutrality into all sectors in the development of the Company, constantly consolidated the capability on deploying green management and improved the green development strength to make contributions to achieving the “carbon peaking and carbon neutrality” goals of China and facilitating the global climate governance.

#### 1. *Own operation*

In terms of green operation, the Company actively performs responsibilities on saving energy and improving the energy utilization rate. It encourages employees to set appropriate limitations on air-conditioning temperatures in winter and summer and turn off lights when they leave office. The Company advocates the concept of “green travelling and low-carbon life”, strengthens the management of vehicles for corporate affairs and reminds employees to choose public transportation in handling businesses. The Company gives priority to purchasing water-efficient appliances and conducts regular inspections and maintenance on water facilities to avoid the waste of water resources. It also adopts intelligent water meters and carries out intelligent water-saving management. The Company creates an information-based paperless office model by leveraging on the collaborative office system, RPA intelligent process automation robots and intelligent review system, which greatly reduces the generation of waste paper and other wastes. In 2022, the Company conducted paperless office approximately 200,000 times and saved approximately 1 million pieces of paper. In addition, the Company has implemented a series of energy-saving and emission reduction measures to promote ecological conservation.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### 2. *Green finance*

In terms of green financing and for domestic green financing in 2022, the Company served 6 real economy enterprises through green equity financing and raised funds with a total amount of RMB7,766 million. It underwrote 39 green bonds as the main underwriter and raised RMB84,257 million. Among them, 8 low-carbon transformation and sustainability-linked bonds were underwritten by the Company as the main underwriter and RMB13.2 billion was raised. In 2022, the Company, as the general coordinator, assisted Shanghai Lingang Economic Development (Group) Co., Ltd. in successfully issuing the first green dual-currency “Pearl Bonds” in the world, representing a specific practice of the Company in implementing the “carbon peaking and carbon neutrality” strategy.

In terms of green investment, the Company released the Responsible Investment Statements of Haitong Securities Co., Ltd. in 2022. The Company considered ESG factors in investment and decision-making processes and comprehensively applied responsible investment strategies, such as negative elimination, ESG factor integration and sustainable development thematic investment, to promote the organic integration of the responsible investment concept with the investment business of the Company. In the future, the Company will continue to explore green development opportunities and promote the improvement of the environmental performance, the development of green industries and the reduction of environmental risks through equity investment, fixed income investments and other means to facilitate the green and sustainable economic growth.

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 ESG issues. 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, provided information disclosure basis for enterprises and relevant regulatory authorities and provide investment reference to institutional and individual investors to facilitate the high-quality economic development in China. In 2022, the Company served a total of 420 large and medium customers through the provision of ESG research and consultancy.

## 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)	784
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 and management, effectively improving its energy utilization efficiency.

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

#### Specific explanations

As a financial service enterprise, the Company's carbon emission is mainly from the consumption 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 continued to carry out energy saving work by means of green office, low-carbon data center operation, and low-carbon travel, so as to reduce carbon emissions in its operation.

The Company continuously 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. The Zhangjiang High-tech Park data center has installed photovoltaic power generation equipment with an installed capacity of 64.31KW for power facilities in the DTE machine room, achieving full coverage of photovoltaic energy. In addition, the Company followed the Energy Saving Design Standards for Public Buildings, the Thermal Design Code for Civil Buildings, the Assessment Standards for Green Buildings and other standards in the design and construction of the Company's South Bund Headquarters building in the new office park. The building has obtained the 2-star green building design label certificate and the LEED certification in 2022.



## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### II. WORKS IN RESPECT OF SOCIAL RESPONSIBILITIES

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

For details of the Company's performance of social responsibilities in 2022, please refer to the 2022 Social Responsibility Report of Haitong Securities disclosed by the Company on the HKEXnews website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

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

External donations and public welfare programs	Amount/ Contents	Explanations
Total input (RMB10,000)	2,867	Under the guidance of the "Love in Haitong" Party building and public welfare brand, the Company 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 RMB28.67 million to assistance and public welfare programs during the year.
Among which, funds (RMB10,000)	2,593	/
Materials converted into funds (RMB10,000)	274	/
People benefited (person)	30,000	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 30,000 persons.

#### 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.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

In 2022, the Company continued to improve the ESG management structure, set up a leading group and a working group on ESG establishment at the operation management level, guaranteed the standardization and effectiveness of ESG management and solidly performed the social responsibilities of corporate residents. 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, deeply advanced the cooperation between the east and the west, earnestly carried out the poverty relief through “hundred enterprises in support of hundred villages” and “one company to one county” pair-up, carefully implemented 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.

### 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)	1,404	In 2022, the Company continued to carry out the poverty relief through “one company to one county” and “hundred enterprises in support of hundred villages” pair-up. 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 and earnestly advanced comprehensive assistance in rural area and pair-up assistance through partnering with urban and rural Party organizations in Shanghai. The Company provided assistance funds of over RMB14 million during the year.
Among which, funds (RMB10,000)	1,375	/
Materials converted into funds (RMB10,000)	29	/
People benefited (person)	21,000	/
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 2022, under the leadership of the CSRC, the municipal Party committee and the municipal government of Shanghai, Haitong Securities continued to carry out the poverty relief through “one company to one county” and “hundred enterprises in support of hundred villages” pair-up 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 aid programs to Tibet and Xinjiang and solidly offered comprehensive assistance to the rural areas in Shanghai and pair-up assistance through partnering with urban and rural Party organizations. It strived to solve practical issues of the public in the regions it supported and achieve high-quality development of pair-up rural areas. The Company deeply conducted various activities with the theme of “Celebrating the Convening of the 20th National Congress of the CPC with Voluntary Actions of Haitong”, and performed social responsibilities and conveyed the public welfare concept of “Love in Haitong”, further demonstrating the missions and undertakings of a state-owned financial enterprise.

### (I) Deeply carrying out pair-up assistance and promoting rural revitalization with various measures

1. Implementing practical programs and continuously carrying out assistance. During the Reporting Period, the Company provided special assistance funds of RMB4.8 million to support rural infrastructure construction, rural industries, people’s livelihood and other programs in 5 pair-up counties, which was welcomed by local residents. In Lixin and Shucheng in Anhui Province, the Company supported the construction of the planting and sorting plant in the edible mushrooms industrial park at Zhonghua Village in Ruji Town, the Shipeng ecological farm in Fatang Community in Yongxing Town and the service center for caring about the “elderly and children” in Wuxian Town. In Jiangxi Ningdu, the Company supported the comprehensive project on rural revitalization in Xiaoyuan Village. In Yunnan Xichou, it assisted in the construction of “heart-linked bridge” for Party building in Mopuzi Village and solved the travelling difficulties of local residents. It purchased teaching and living materials for Haitong Kindergarten supported by the Company, reduced or cancelled the tuition and miscellaneous fees of 52 kids, subsidized or reduced the tuition and miscellaneous fees for over 200 students in Wangjiatang Primary School in Wangjiatang Village and purchased winter clothes and other life necessities for them. In Xinjiang Yecheng, it organized the online training project of “Love in Haitong • Help Growth” for over 1,400 kindergarten principals and preschool teachers to fully improve the Mandarin education and teaching of local preschool teachers.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

2. Insisting on financial empowerment and injecting development momentum for rural revitalization. The Company actively displayed its professional capabilities and advantages in resources integration, helped enterprises in the regions it supported standardize corporate governance and improved the financing conditions. In 2022, the Company acted as the lead underwriter and successfully issued the corporate bond of Ningdu Urban Development Investment Co., Ltd. in 2022, the first bond launched in Ningdu County in Jiangxi, with an issuance scale of RMB400 million. The funds raised will be mainly used in the construction of a key modern agricultural project in Ningdu County to facilitate the structural upgrading of the agricultural industry in Ningdu County. In addition, the Company also successfully issued the first corporate bond of Jiangxi Ganzhou Jiankong Investment Holding Group with a fundraising of RMB1.6 billion. As the lead underwriter, the Company assisted in the successful issuance of the corporate bonds on green rural revitalization by Haolebaoji-Ji'an Railway Co., Ltd., which is the first three-subject bond on "green + rural revitalization + revitalization and development of old revolutionary base areas" in China.
3. Advancing consumption support and integrating into the building of corporate culture. The Company deeply explored cultural attributes of distinctive agricultural products of the regions it supported and purchased the featured Yunnan black tea and featured coffee as its assistance gifts through the consumption assistance channel in Shanghai. Meanwhile, the trade unions, property and logistics departments of the Company at all levels actively carried out consumption support and purchased distinctive agricultural products from Yunnan, Xinjiang, Qinghai, Tibet and Inner Mongolia. It replaced donation with purchase and promoted consumption, thereby increasing local farmers' income. The Company invested over RMB3.7 million in consumption support during the year.
4. Implementing the list of public welfare programs and conveying the public welfare concept of "Love in Haitong". The Company continued to carry out the public welfare program of "Love in Haitong • Beautiful Education Assistance". As of the end of 2022, it has assisted a total of 90 Tibetan college students and over 100 teachers and students in Kashgar and carried out pair-up assistance through local Party and League organizations. The Company conducted the online training project of "Love in Haitong • Help Growth" on Mandarin promotion and preschool teacher empowerment; continued the season 3 of "Haitong • Love in Reading", a Mandarin promotion activity, to facilitate public welfare program on rural revitalization. It donated 500 "Haitong • Love in Reading" gift boxes and 1,100 Mandarin magic boxes to Shanghai Experimental School in Shigatse.



## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

In combination with the 34th anniversary of its establishment, the Company initiated the season 4 of “Haitong • Love in Reading” and supported the “Boundless Children’s Voices” reading program in boundary areas to develop a good reading habit for children in Shanghai, Yunnan, Xinjiang and Tibet and enhance cultural communications. The Company vigorously supported Haitong Futures, a subsidiary of the Company, to carry out the program themed “Love in Haitong • Better Together” and implemented “insurance + futures” programs on live pigs, rubber and other varieties in Cangyuan and Yongsheng in Yunnan, Atushi in Xinjiang, Markam in Tibet and Wuxi in Chongqing to practically assist farmers in preventing price volatility risks on agricultural products and guarantee their incomes. 8 Party and League organizations continuously carried out the voluntary service program with the theme of “Love in Haitong • Hope Together” and regularly visited 100 pair-up students in Chongming and Jinshan in Shanghai. It actively participated in the “Public Welfare Action in Promoting Rural Revitalization by the Securities Industry”. The Research department led the research on the economic development in Xinghe County, Inner Mongolia and offered feasible suggestions to rural revitalization in areas that have shaken off poverty. In addition, Haitong Futures, Haitong UT and other subsidiaries as well as branches in Shanghai, Heilongjiang, Gansu, Anhui, Guangxi and Sichuan, in combination of the activities with the theme of “Celebrating the Convening of the 20th National Congress of the CPC with Voluntary Actions of Haitong”, carried out voluntary, public welfare, donation and assistance activities on public welfare education, low-carbon and environmental protection and community services, demonstrating the joint force in public welfare activities under “Love in Haitong”.

### (II) Working together and actively participating in comprehensive assistance in rural area and pair-up assistance through partnering with urban and rural Party organizations

1. Focusing on the new development stage and facilitating the new round of development and revitalization of Chongming District. The Company implemented the new round of comprehensive assistance in rural areas of the municipal Party committee and the municipal government of Shanghai to further enhance the local economic driving functions. It actively explored the ecological economy and facilitated the construction of the world-class ecological island in Chongming. The Company has invested RMB5 million of assistance funds to Chongming District each year since 2013 and has invested a total of RMB50 million of assistance funds over the past ten years.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

2. Sympathy payments and warmth offering sincere love in pair-up assistance. Leaders of the Party committee of the Company regularly led teams to visit Chongming District and other pair-up areas and offered sympathy payments to poverty-stricken households. Party committees of organs directly under the Company and the Shanghai branch also regularly visited Party organization in pair-up villages and towns and carried out household visits. In addition, as part of a series of Youth Day campaigns, the Company invited 100 teenagers with difficulties from Jinshan and Chongming districts to participate in online lectures on mental health and financial education through the “Rainbow Classroom” to help the children ease pressures and increase the knowledge.

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, continue to display the advantages of a state-owned financial enterprise and facilitate pair-up regions to fully advance rural revitalization. Firstly, it will continue the assistance friendship and provide targeted assistance measures. The Company will further deepen assistance through “hundred enterprises in support of hundred villages” and “one company to one county” pairing-up aid to Yunnan, Xinjiang and Tibet as well as comprehensive assistance to the rural areas and pair-up assistance through partnering with urban and rural Party organizations and continuously optimize the “five-in-one” financial 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 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 display its professional advantages, innovatively adopt the financial models in the multi-layered capital market, accurately meet the financing demand 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 mechanism on public welfare work and refine the public welfare brand of “Love in Haitong”. The Company will further strengthen the building of volunteer teams and diversify and expand public welfare programs under “Haitong • Love”. It will pay particular attention to pair-up regions, old revolutionary areas and border ethnic areas in Yunnan, Xinjiang and Tibet, continuously boost efforts in public welfare programs, spread the warmth of Haitong and refine the public welfare brand of “Love in Haitong”.

## 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	Date and 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 refinancing shall not be transferred within 48 months from the date of closing of the issue	48 months from 5 August 2020	Yes	Yes	-	-
Undertaking relating to refinancing	Shares selling restrictions	Shanghai Haiyan Investment Management Company Limited	The shares subscribed for refinancing shall not be transferred within 18 months from the date of closing of the issue	18 months from 5 August 2020	Yes	Yes	-	-
Undertaking relating to refinancing	Shares selling restrictions	Bright Food (Group) Co., Ltd.	The shares subscribed for refinancing shall not be transferred within 18 months from the date of closing of the issue	18 months from 5 August 2020	Yes	Yes	-	-
Undertaking relating to refinancing	Shares selling restrictions	Shanghai Electric Holdings Group Co., Ltd.	The shares subscribed for refinancing shall not be transferred within 18 months from the date of closing of the issue	18 months from 5 August 2020	Yes	Yes	-	-

## SECTION VI SIGNIFICANT EVENTS

Background of undertaking	Type of undertaking	Undertaking Party	Content of undertaking	Date and 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	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>	As being a Director or senior management of the Company	Yes	Yes	-	-

**(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



## SECTION VI SIGNIFICANT EVENTS

### 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

#### (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

#### (IV) Other explanations

Applicable Not applicable

## SECTION VI SIGNIFICANT EVENTS

### VI. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: 0'000 Yuan Currency: RMB

		<b>Currently engaged</b>
Name of the domestic accounting firm		PricewaterhouseCoopers Zhong Tian LLP
Remuneration of the domestic accounting firm		343
Term of the audit services provided by the domestic accounting firm		Three years
Name of the certified public accountant from the domestic accounting firm		Xu Kangwei, Liu Wei
Continuous term of the audit services provided by the domestic accounting firm		Three years
Name of the overseas accounting firm		PricewaterhouseCoopers
Remuneration of the overseas accounting firm		207
Term of the audit services provided by the overseas accounting firm		Three years
	<b>Name</b>	<b>Remuneration</b>
Accounting firm engaged for internal control audit	PricewaterhouseCoopers Zhong Tian LLP	40

#### Explanations on appointment and dismissal of accounting firms

As the terms of office of the original auditors of the Company, Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu (“**Deloitte**”), had reached the maximum limit required by the Ministry of Finance, on 26 March 2020, the seventh meeting of the seventh session of the Board of the Company considered and approved the Resolution on the Appointment of the Accounting Firm of the Company for 2020 where PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers (“**PricewaterhouseCoopers**”) were proposed to be appointed as the external auditors of the Company for 2020. On 18 June 2020, the said resolution was considered and approved at the 2019 annual general meeting of the Company.

From 18 June 2020 and up to the date of the Report, the Company has not changed its external auditors.

## SECTION VI SIGNIFICANT EVENTS

At the 2021 Annual General Meeting held by the Company on 21 June 2022, the proposal of the Company on renewal of engagement of auditing firms for the year 2022 was considered and approved. Therefore, the Company was approved to reappoint PricewaterhouseCoopers Zhong Tian LLP (“**PricewaterhouseCoopers Zhong Tian LLP**”) and PricewaterhouseCoopers (“**PricewaterhouseCoopers**”) as the external auditors of the Company for 2022. PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers will be responsible for the provision of relevant domestic and overseas audit and review services for financial statements prepared in accordance with PRC GAAP and IFRS for a term of one year. 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

During the Reporting Period, the Company has not change its external auditors.

## 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.

## SECTION VI SIGNIFICANT EVENTS

From the beginning of the Reporting Period until the date of disclosure of this 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 the Company and Taiyuan Guarantee on the Guarantee Contract

As the outsider Hou Jianfang failed to repurchase his pledged stocks in accordance with the agreement, the guarantor Henan Taiyuan Investment Guarantee Co., Ltd. (河南泰元投資擔保有限公司, "**Taiyuan Guarantee**") shall undertake the guarantee obligation. The Company filed a lawsuit in the Shanghai Financial Court, requesting Taiyuan Guarantee undertake the principal of RMB106,910.8 thousand and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other guarantee obligation. The Shanghai Financial Court officially accepted the case on 29 November 2021 and heard the case on 23 February 2022. The Shanghai Financial Court issued the first instance verdict on 30 June 2022, supporting the Company's requests. In September 2022, the Company applied to the Shanghai Financial Court for compulsory execution. On 2 March 2023, the Company received the Enforcement Ruling issued by the Shanghai Financial Court, which ruled to terminate this enforcement procedure.

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

As Nanjing First Agricultural Chemical Group Ltd. (南京第一農藥集團有限公司, "**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 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 officially accepted the case on 19 May 2020 and heard the case on 12 November 2020. The court issued the first instance verdict in April 2021, supporting the Company's requests. In June 2021, Nanjing First Agricultural Chemical Company was adjudged bankrupt by the People's Court of Nanjing's Gaochun District. The Company has declared its claims to the administrator of the bankruptcy and restructuring project of Nanjing First Agricultural Chemical Company and participated in the first creditors meeting. 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. (江蘇蘇農資連鎖集團股份有限公司). On 7 November 2022, Nanjing Intermediate People's Court determined to initiate the pre-reorganization procedures on ST Red Sun Group.



## SECTION VI SIGNIFICANT EVENTS

### **Dispute between the Company and Red Sun Group, Nanjing First Agricultural Chemical Company, Yang Shouhai (楊壽海), Yang Liu (楊柳), Nanjing Zhenbang and Jiangsu Zhenbang on margin financing and securities lending transaction**

As Red Sun Group failed to repay the related fees such as financing principal, securities and interest on time in accordance with the "Securities Margin Trading Contract" after the expiry of the securities margins terms, it constituted a breach of contract. The Company filed a lawsuit in the Shanghai Financial Court, requesting the borrowers, Red Sun Group, to pay the principal of financing liabilities of RMB257,711.8 thousand and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees, and requesting Nanjing First Agricultural Chemical Company, Yang Shouhai, Yang Liu, Nanjing Zhenbang Investment Development Co., Ltd. (南京振邦投資發展有限公司, "**Nanjing Zhenbang**") and Jiangsu Zhenbang Agricultural Crop Technology Co., Ltd. (江蘇振邦農作物科技有限公司, "**Jiangsu Zhenbang**") to undertake the corresponding guarantee obligations. The Shanghai Financial Court officially accepted the case on 13 January 2021 and the case has been heard on 25 January 2022. The court issued the first instance verdict on 30 January 2022, supporting the Company's requests. As of December 2022, the Company has recovered all the principal and interests thereon of the case.

### **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 13 defendants including HT Asset Management and the Company to return or compensate the plaintiff's entrusted property of RMB514.55 million and corresponding interest. The Chengdu Intermediate People's Court of Sichuan Province officially accepted the case on 13 September 2021 and heard the case on 10 November 2022. Currently, the first instance verdict has not been made by the court.

### **Dispute over the liability of securities false statement between Postal Savings Bank 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 five defendants including 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**"), should be jointly and severally liable for all of its losses, with the principal amount of RMB526,579.8 thousand and the corresponding interest being claimed. On 12 November 2020, the Shanghai Financial Court accepted this case and held several hearings. The court has not yet made a first-instance judgment.

## SECTION VI SIGNIFICANT EVENTS

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

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. On 20 June 2022, China International Economic and Trade Arbitration Commission officially accepted the case, which has not yet been heard.

### **Dispute between HT Asset Management and Nanjing First Agricultural Chemical Company on repurchase of pledged securities**

As Nanjing First Agricultural Chemical Company pledged its shares held in Red Sun (stock code: 000525) and contributed capital to the asset management plan managed by HT Asset Management, the pledge transaction constituted a breach of contract. HT Asset Management filed a lawsuit in the Shanghai Financial Court, requesting the debtor, Nanjing First Agricultural Chemical Company, to pay the principal of RMB320 million and the accrued interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees. The Shanghai Financial Court officially accepted the case on 2 January 2020 and the first hearing was conducted on 7 August 2020. On 31 December 2020, the the Shanghai Financial Court issued the first instance verdict in favor of the litigation claims of HT Asset Management. Nanjing First Agricultural Chemical Company subsequently appealed to the Shanghai High People's Court, and the original judgment was unchanged by the Shanghai High People's Court on 23 June 2021. The People's Court of Nanjing's Gaochun District has accepted the bankruptcy reorganization application from Nanjing First Agricultural Chemical Company on 3 June 2021, and the court has designated an administrator. HT Asset Management has declared claims to the administrator on behalf of the asset management plan. 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). On 7 November 2022, the Nanjing Intermediate Court decided to initiate the pre-reorganization procedures for ST Red Sun.

**The provisions for potential losses involved in the above cases have been fully made in accordance with the relevant regulations.**

In addition to the above cases, the Group, excluding its overseas listed subsidiaries and Haitong Bank, still has one case pending enforcement, with an aggregate amount of RMB180,822,500. In respect of material litigation and arbitration matters, the Company's overseas listed subsidiaries and Haitong Bank shall perform their own information disclosure obligations in accordance with the regulatory requirements of the place where they operate and the relevant listing rules (if relevant).

## SECTION VI SIGNIFICANT EVENTS

### 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 of the Company, 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 or discipline inspection and supervision 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 a stock exchange. None of the Directors, Supervisors and senior management of the Company violated any rules or regulations with regard to trading of the shares of the Company.
3. The Company has not been imposed coercive measures by a judiciary authority or discipline inspection and supervision authority, transferred to a judicial authority or discipline inspection and supervision authority and held criminally liable, or imposed material administrative penalties by other administrative authorities. The Company has been investigated and administratively punished by the CSRC, subject to administrative supervision measures by the CSRC and its local branches, and subject to disciplinary actions by the stock exchange as follows.

In January 2022, the NEEQ issued the “Decision on Imposing Disciplinary Punishment on Haitong Securities Co., Ltd. and Relevant Subjects of Responsibility” ([2022] No. 1) to impose the disciplinary punishment of circulation of a notice of criticism. The regulatory letter found that the Company failed to establish, improve and effectively implement the working system on continuous supervision. In August 2022, the CSRC Shanghai Bureau issued the “Decision on Ordering Haitong Securities to Take Corrective Measures” (Hu Zheng Jian Jue [2022] No. 91) to the Company. The regulatory letter found that the Company had no effective internal control mechanism in place for the business of continuous supervision of companies listed on the NEEQ. After receiving the regulatory letter, the Company attached great importance to it. The SME Financing Department optimized the process of continuous supervision, consolidated the defense lines of the continuous supervision business, and improved the quality of continuous supervision and information disclosure.



## SECTION VI SIGNIFICANT EVENTS

In June 2022, the CSRC issued the “Decision on the Measures of Ordering Haitong Securities Co., Ltd. to Make Rectifications” ([2022] No. 25) and the “Decision on Taking Regulatory Talk Measures Against Ren Peng (任澎) and Wang Jianye (王建業)” ([2022] No. 26) to the Company and the senior management of the Company, respectively. The regulatory letter found that during the standardization and rectification of overseas subsidiaries, the Company failed to perform the filing procedures for its overseas subsidiaries in accordance with relevant requirements and there were significant mistakes and omissions in the plans on the review and rectification of the shareholding structure of overseas business institutions. After receiving the regulatory letter, the Company attached great importance to it, convened a special meeting immediately, and studied and rectified each of the issues raised in it. In strict compliance with the relevant regulatory requirements, the Company established and perfected the long-term management and control mechanism of subsidiaries, strengthened the supervision and comprehensive management of subsidiaries, and intensified the control and accountability on the management of subsidiaries.

In August 2022, the CSRC Liaoning Bureau issued the “Decision on Taking Warning Letter Regulatory Measures against Haitong Securities Co., Ltd. ([2022] No. 17)” to the Company. The regulatory letter found that the Company had insufficient due diligence on some matters in the bond underwriting business for Huachen Automotive Group Holdings Co. Ltd. After receiving the regulatory letter, the company attached great importance to it, made rectification in a timely manner, further refined the verification requirements, regularly organized special trainings, strengthened business learning, and effectively fulfilled its duty of diligence.

In September 2022, the CSRC Shanghai Bureau issued the “Decision on Ordering Haitong Securities to Take Corrective Measures ([2022] No. 173)” to the Company. The letter found that the Company had failed to complete the organizational structure adjustment of its subsidiaries as scheduled. After receiving the regulatory letter, the Company attached great importance to it, immediately convened a special meeting, unified its thinking and increased awareness, formulated a rectification schedule, specified the person responsible for the rectification and the time limit, established and perfected the long-term management and control mechanism of subsidiaries, strengthened supervision and comprehensive management of subsidiaries, and intensified the control and accountability on the management of subsidiaries.

### **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 established a substantially comprehensive system for the management of related party/connected transactions and a scientific and sound organizational management framework for related party/connected transactions, and the relevant internal control was overall effective. The Company strictly complied with the review procedures and information disclosure requirements for related party/connected transactions under the Company Law, the Securities Law, the Self Regulatory Supervision Guideline V for Listed Companies of the Shanghai Stock Exchange – Transactions and Related Party Transactions, the Hong Kong Listing Rules, the Shanghai Stock Exchange Listing Rules and other relevant laws and regulatory rules, as well as internal rules such as the Articles of Association, the Management Measures for Related Party Transactions, and the Implementation Rules for the Management of Related Party (Connected) Transactions (Trial), which formed 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 2022 considered and approved at the annual general meeting of 2021.

## 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 74 to the combined financial statements of the Report do not constitute 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 the connected transaction – formation of partnership dated 28 October 2022 and continuing connected transactions of the Company dated 6 August 2020. On 30 December 2022, the Company and Shanghai Guosheng Group renewed the securities and financial products transactions framework agreement, details of which are set out in the announcement on continuing connect transactions of the Company published on the same date. 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 6 August 2020. 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 6 August 2020, the Company and Shanghai Guosheng Group entered into the Continuing Connected Transactions Framework Agreement for a term commencing from 6 August 2020 and ending on 31 December 2022. 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 and the Securities and Financial Services in the ordinary course of 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 2022, the annual caps for the Securities and Financial Products Transactions between the Group and Guosheng Group and its associates are as follows:

Securities and Financial Products Transactions	Annual caps (RMB in million)		
	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Inflow <sup>(1)</sup>	2,100	2,900	2,900
Outflow <sup>(2)</sup>	3,500	5,400	5,400

(1) “Inflow” refers to the total amount of cash inflows 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 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 borrowing/repurchase through financing transactions.

For the three years ended 31 December 2022, the annual caps for the mutual provision of Securities and Financial Services by the Group and Guosheng Group and its associates are as follows:

Securities and Financial Services	Annual caps (RMB in million)		
	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Total revenue to be derived from provision of Securities and Financial Services by the Group to Guosheng Group and its associates	20	70	70
Total expenses to be incurred for Securities and Financial Services provided by Guosheng Group and its associates to the Group	20	20	20

## SECTION VI SIGNIFICANT EVENTS

During the Reporting Period, the Group carried out the 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: RMB10 thousand*

<b>Content of transactions</b>	<b>Estimated annual cap for 2022</b>	<b>Actual transaction amount for 2022</b>
<b>Securities and Financial Products Transactions</b>		
Inflow <sup>(1)</sup>	290,000.00	14,041.75
Outflow <sup>(2)</sup>	540,000.00	2,943.45
<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	7,000.00	671.46
Total expenses incurred for Securities and Financial Services provided by Guosheng Group and its associates to the Group	2,000.00	–

(1) “Inflow” refers to the total amount of cash inflows 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 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 borrowing/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, stock exchange market in China and 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, the prices shall be determined at the prevailing market prices quoted in the inter-bank bond market; in respect of the transactions conducted in the stock exchange market, the prices shall be determined at the prevailing market prices in the stock exchange market; 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. The above pricing of such transactions is subject to strict PRC regulatory supervision and requirements of the applicable PRC laws and regulations.

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 the fixed income-type security 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 launch the securities and financial products (or, by the Group where the securities and financial products are 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.

In respect of the financing transactions, both parties should conduct the transactions on normal commercial terms and at prevailing market prices or market rates for similar transactions with independent third parties. 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 connected transactions. Please refer to the announcement on continuing connected transactions of the Company dated 6 August 2020 for details.

## SECTION VI SIGNIFICANT EVENTS

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

In addition to the above Securities and Financial Products Transactions between the Group and Guosheng Group and its associates, the Group and Guosheng Group and its associates also provide 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 sponsorship and underwriting service and brokerage service). Guosheng Group and its associates also provide securities and financial services (such as entrusted assets management services) to the Group and charge service fees.

The pricing basis of 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: Competition in the securities underwriting and sponsorship service market is fierce, and the commission fees and rates are generally transparent and standardized across the market. The service fee shall be determined through arm's length negotiation with reference to, among other things, the prevailing market price, the total amount of funds to be raised and the commission rates charged to independent third parties by the Group for 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, current market condition and the average fees of similar transactions applicable to independent third parties.
- 3) Brokerage service: The commission rate is generally transparent and standardized across the market. The commission shall be determined through arm's length negotiation with reference to the prevailing market commission rates of securities and futures transactions of similar type and size.
- 4) Financial product distribution service: The commission charged for financial product distribution service shall be determined with reference to the prevailing market rates, the total amount of financial products sold by agency and the rates the Group charged to independent third-party clients for similar distribution services.
- 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) PPP financial service: The service fee charged for provision of PPP financial service by the Group to Guosheng Group and its associates shall be determined through arm's length negotiation with reference to the market rates of PPP projects of similar types and size, and taking into account the financing size agreed upon between the party seeking financing and the private-capital party to the PPP project;
- 7) 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.
- 8) 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.
- 9) Depository and custody services: depository and custody service fees shall be determined through arm's length negotiation between parties with reference to the prevailing market prices and fees charged to independent third parties for provision of such services.
- 10) Other financial and securities advisory and consultancy services, currency brokerage service and commodity service: 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.

## SECTION VI SIGNIFICANT EVENTS

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 connected transactions. Please refer to the announcement on continuing connected transactions of the Company dated 6 August 2020 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.

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 causes it to believe that the continuing connected transactions disclosed have not been approved by the Board; (2) in relation to the transactions regarding provision of goods or services by the Group, nothing has come to its attention that causes 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 causes it to believe that the transactions were not entered into, in all material respects, in accordance with the agreements in relation to 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 causes it to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.



## SECTION VI SIGNIFICANT EVENTS

The original Framework Agreement expired on 31 December 2022. The Company and Shanghai Guosheng Group renegotiated the caps of the continuing related/connected Securities and Financial Products Transactions for 2023 to 2025, specified the scope, pricing basis, management and control procedures and other content of the related/connected transactions and relevant services and proposed the Related/Connected Transactions Framework Agreement Between Shanghai Guosheng (Group) Co., Ltd. and Haitong Securities Co., Ltd. (hereinafter referred to as the “New Framework Agreement”). The New Framework Agreement was considered and approved at the 34th meeting (extraordinary meeting) of the seventh session of the Board of the Company in December 2022. Mr. Tu Xuanxuan, a related director, has abstained from voting in accordance with relevant laws and regulations and internal rules of the Company and independent non-executive Directors of the Company have expressed independent opinions. So far, the New Framework Agreement has been signed and come into effect.

- *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: RMB10 thousand*

Transaction	Transaction amount for 2022	Percentage of the amount of similar transactions	Remarks
Net fee and commission income	189.58	0.02%	Asset management fee and commission income received from related parties
Net fee and commission income	12.31	0.00%	Securities trading fee and commission income received from related parties
Net interest income	80.24	0.01%	Net interest income from margin deposits of related parties
Net gains or losses from trading of derivative financial instruments <i>(Note)</i>	625.28	N/A	During the Reporting Period, the amount of notional principal was RMB171 million; as at the end of the Reporting Period, the balance of notional principal was RMB57 million

*Note:* The realized and unrealized investment income generated from trading of derivatives between the related parties as the counterparties and the Company.

## SECTION VI SIGNIFICANT EVENTS

*Unit: RMB10 thousand*

<b>Item</b>	<b>Balance as at 31 December 2022</b>	<b>Percentage of the amount of similar transactions</b>	<b>Remarks</b>
Receivables	68.43	0.01%	Balance of service fees receivable from related parties
Accounts payable to brokerage clients	0.92	0.00%	Balance of margin deposits from clients placed by related parties
Payables	5,698.00	0.50%	Balance of margin deposits payable by the Company to related parties on derivative financial instruments
Derivative financial assets	231.00	0.16%	Balance of derivative financial assets generated from trading of derivatives with related parties

## SECTION VI SIGNIFICANT EVENTS

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

Unit: RMB10 thousand

Transaction	Transaction amount for 2022	Percentage of the amount of similar transactions	Remarks
Net fee and commission income	28,404.88	2.45%	Income from asset management business, income from sales service and income from investment consulting service received from related parties
Net fee and commission income	82.07	0.01%	Securities trading fee and commission income received from related parties
Net interest income	56.21	0.01%	Net interest income from margin deposits of related parties
Business and management expenses	1.10	0.00%	Expenses such as fund sales service fees paid to related parties
Net gains or losses from trading of derivative financial instruments (Note)	10,133.61	N/A	During the Reporting Period, the amount of notional principal was RMB42,316 million; as at the end of the Reporting Period, the balance of notional principal was RMB4,186 million

Note: The realized and unrealized investment income generated from trading of derivatives between the related parties as the counterparties and the Company.

## SECTION VI SIGNIFICANT EVENTS

Unit: RMB10 thousand

Item	Balance as at 31 December 2022	Percentage of the amount of similar transactions	Remarks
Receivables	2,066.80	0.20%	Balance of performance fees and prepaid business margin receivable from related parties
Payables	3.04	0.00%	Balance of service fees and unpaid business margin payable to related parties
Accounts payable to brokerage clients	5,484.72	0.05%	Balance of margin deposits from clients placed by related parties
Derivative financial assets	1,543.32	1.04%	Balance of derivative financial assets generated from trading of derivatives with related parties
Derivative financial liabilities	228.53	0.25%	Balance of derivative financial liabilities generated from trading of derivatives with related parties
Financial liabilities held for trading	28.59	0.00%	Balance of financial liabilities held for trading generated from trading of derivatives with related parties

In addition, 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 RMB10,521 million.

**(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



## SECTION VI SIGNIFICANT EVENTS

### 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

## (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

## (V) Financial businesses between the Company and affiliated financial companies, Company controlled financial companies and the related parties

Applicable Not applicable

## SECTION VI SIGNIFICANT EVENTS

### (VI) Others

#### 1. *Connected transaction under the Hong Kong Listing Rules*

Reference is made to the announcement of the Company dated 28 October 2022, in relation to the formation of a partnership. Shanghai Guosheng Capital Management Co., Ltd. ("**Guosheng Capital**") (as a general partner), Ningbo Shengying (as a general partner), Haitong Securities Asset Management No. 1 FOF Single Asset Management Plan of the Series Supporting Private Enterprises on behalf of the Securities Industry ("**Haitong Securities FOF Single Asset Management Plan**") (as a limited partner), Shanghai Guosheng Group (as a limited partner), Shanghai State-owned Capital Operation Research Institute (as a limited partner) and other independent third parties (as limited partners) shall make capital commitments of RMB1,000,000, RMB1,000,000, RMB1,000,000,000, RMB960,000,000, RMB28,000,000 and RMB1,010,000,000 respectively, to jointly set up Shanghai Guosheng Haitong Private Enterprise High-quality Development Private Investment Fund Partnership (Limited Partnership) (the "**Partnership**"). Pursuant to the Partnership Agreement, Guosheng Capital, serving as the Fund Manager, shall be responsible for the independent execution, control and operation of affairs of the Partnership in accordance with the duties and authorities specified in the Partnership Agreement, and the Partnership shall pay the fund management fees to Guosheng Capital.

The purpose of the Partnership is to establish a scientific and normative investment decision-making, operation management, and risk control mechanism taking market-oriented and legalized operations as its main principles. Through investing in high-quality enterprises such as listed companies in line with the optimization and upgrading of economic structure and with prospects, markets and technological advantages by way of equity, the Partnership helps high-quality enterprises such as listed companies with short-term liquidity difficulties tide over the period of difficulties, supports the healthy and stable development of the private real economy, and at the same time realizes the preservation, appreciation and continuous operation of the Fund.

## 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. Guosheng Capital is owned as to approximately 30% by Guosheng Group and Shanghai State-owned Capital Operation Research Institute is owned as to approximately 37% by Guosheng Group. As such, Guosheng Capital and Shanghai State-owned Capital Operation Research Institute are associates of Guosheng Group, and each of them is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Partnership Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction is more than 0.1% but less than 5%, the transaction is 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 Listing Rules.

### **2. *Special audit of related party transactions***

Pursuant to relevant regulations and the requirements of the Shanghai Securities Regulatory 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), the Company has conducted a special audit on related party transactions in 2022. This audit did not find any situations which are 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 36th Meeting of the Seventh 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 2022.

### **(VII) Transactions between the Company and overseas subsidiaries**

Pursuant to the relevant requirements of the "Administrative Measures for the Overseas Establishment and Acquisition of, and Equity Participation in, Operating Institutions by Securities Companies and Securities Investment Fund Management Companies", the transactions between the Company and its overseas subsidiaries are disclosed here: the amount of the Company's asset items at the end of 2022 affected by the relevant transactions was RMB2,120 million, involving transactional financial assets, other receivables and other items; the amount of the liability items at the end of 2022 affected by the relevant transactions was RMB16 million, involving accounts payable.

## 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)	–
<b>Guarantees provided by the Company and its subsidiaries for their subsidiaries</b>	
Total amount of guarantees provided for subsidiaries during the Reporting Period	4,161,302,676
Total balance of guarantees provided for subsidiaries at the end of the Reporting Period (B)	19,578,244,002
<b>Total amount of guarantees provided by the Company (including those provided for subsidiaries)</b>	
Total amount of guarantees (A+B)	19,578,244,002
Percentage of total guarantee amount to the net assets of the Company (%)	11.02
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)	16,578,244,002
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)	16,578,244,002
Explanations on outstanding guarantees which may undertake joint and several liability for repayment	



## SECTION VI SIGNIFICANT EVENTS

### Information on guarantees

1. 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, and the Company was approved to provide a joint and several liability guarantee for 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.

2. On 28 August 2020, the Company convened 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, and the Company was approved to provide a joint and several liability guarantee for offshore debt financing (including but not limited to issuance of overseas bond, medium-and long-term commercial borrowings and other financing methods 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).

## SECTION VI SIGNIFICANT EVENTS

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.

3. On 25 April 2019, the Company convened 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, and the Company was approved to provide a joint and several liability guarantee for offshore debt financing (including but not limited to issuance of overseas bond, medium-and long-term commercial borrowings and other financing methods in compliance with regulatory requirements) of Haitong International Holdings (an offshore wholly-owned subsidiary of the Company) and wholly-owned subsidiaries thereof, 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 issue of an USD bond 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.

4. On 29 August 2017, the Company held the 25th 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. The Company signed the Loan Agreement as a guarantor on 14 May 2018, and provided a USD600 million joint and several liability guarantee for the syndicated loan of Haitong International Holdings, 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 2022, 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 provided by Haitong Bank, a subsidiary of the Company (excluding guarantees provided for its subsidiaries) was EUR47,072,393 (equivalent to RMB349,413,664 calculated based on the RMB central parity rate of EUR1=RMB7.4229 in the Interbank Foreign Exchange Market as at 30 December 2022). As at the end of the Reporting Period, the balance of external guarantees (excluding guarantees provided for its subsidiaries) was EUR151,278,506 (equivalent to RMB1,122,925,225 calculated based on the RMB central parity rate of EUR1=RMB7.4229 in the Interbank Foreign Exchange Market as at 30 December 2022).

During the Reporting Period, Haitong International, a subsidiary of the Company, did not increase its internal guarantee. Translated based on the RMB central parity rates published by China Foreign Exchange Trade System on 30 December 2022 of HK\$1=RMB0.89327, USD1=RMB6.9646 and S\$1=RMB5.1831, the total balance of Haitong International' internal guarantee as at the end of the Reporting Period was RMB8,803,239,080.

### (III) Other material contracts

Applicable  Not applicable

## XIV. DESCRIPTION OF OTHER MATERIAL MATTERS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS

Applicable  Not applicable

### 1. Acquisition of, Incorporation of and Change in Subsidiaries

#### (1) Increase of the shareholding percentage in Haitong Futures to 83.22%

On 22 April 2022, the 26th meeting (extraordinary meeting) of the seventh session of the Board of the Company considered and passed the Resolution on the Company's Acquisition of Additional Equity Interest in Haitong Futures, approving the Company to purchase up to 217,031,650 shares of Haitong Futures from six other shareholders. By the end of 2022, the Company had completed transactions for the acquisition of a total of 215,431,687 shares, increasing our shareholding percentage in Haitong Futures from 66.67% to 83.22%.

#### (2) Transfer of the equity interests in Haitong-Fortis PE to Haitong Capital

On 23 June 2022, the 28th meeting (extraordinary meeting) of the seventh session of the Board of the Company considered and passed the Resolution on the Transfer of Shares of Haitong-Fortis Private Equity Fund Management Co., Ltd. by the Company, approving the Company to sell 67% of the shares held by the Company in Haitong-Fortis Private Equity Fund Management Co., Ltd. to Haitong Capital Investment Co., Ltd., for which the modification of industrial and commercial registration particulars was completed on 28 June 2022.



## SECTION VI SIGNIFICANT EVENTS

### **(3) Merger of two US subsidiaries under a majority-owned subsidiary of the Company**

On 28 October 2022, the 33th meeting of the seventh session of the Board of the Company considered and passed the Resolution on Merging Two US Subsidiaries under a Majority-owned Subsidiary, pursuant to which Haitong Securities USA LLC merged with Haitong International Securities (USA) Inc. on 28 December 2022.

## **2. Other matters on subsidiaries**

### **(1) Deregistration of a factoring subsidiary of Haitong UT**

On 24 February 2022, the 23rd meeting (temporary meeting) of the seventh session of the Board of the Company considered and passed the Resolution on the Deregistration of Haitong Unitrust Commercial Factoring Co., Ltd. (海通恒信商業保理有限公司), approving the deregistration of a factoring subsidiary. The factoring subsidiary was deregistered and the relevant modification of industrial and commercial registration particulars was completed in March 2022.

### **(2) Deregistration of Haitong UT Holdings Limited by Haitong UT**

On 30 July 2021, the 17th meeting (temporary meeting) of the seventh session of the Board of the Company considered and passed the Resolution on the Deregistration of Certain Subsidiaries of Haitong UT Capital Group Co., Limited, approving the deregistration of Haitong UT Holdings Limited. Haitong UT Holdings Limited was effectively deregistered on 16 December 2022.

## 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

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
Shanghai Haiyan Investment Management Company Limited	234,375,000	234,375,000	0	0	Restriction on sale of non-publicly issued shares	7 February 2022
Shanghai Electric Holding Group Co., Ltd.	78,203,125	78,203,125	0	0	Restriction on sale of non-publicly issued shares	7 February 2022
Bright Food (Group) Co., Ltd.	78,125,000	78,125,000	0	0	Restriction on sale of non-publicly issued shares	7 February 2022
<b>Total</b>	<b>1,171,953,125</b>	<b>390,703,125</b>	<b>0</b>	<b>781,250,000</b>	<b>/</b>	<b>/</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	11 August 2017	4.80%	RMB1.0 billion	24 August 2017	RMB1.0 billion	11 August 2022
Corporate bonds	22 September 2017	4.99%	RMB5.5 billion	10 October 2017	RMB5.5 billion	22 September 2027
Corporate bonds	11 April 2019	3.75%	RMB5.0 billion	23 April 2019	RMB5.0 billion	11 April 2022
Corporate bonds	15 November 2019	3.52%	RMB4.5 billion	26 November 2019	RMB4.5 billion	15 November 2022
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
Subordinated bonds	28 February 2019	4.09%	RMB3.3 billion	7 March 2019	RMB3.3 billion	28 February 2022
Non-public corporate bonds	21 October 2020	3.82%	RMB5.0 billion	2 November 2020	RMB5.0 billion	21 October 2022
Non-public corporate bonds	19 November 2020	3.70%	RMB5.0 billion	26 November 2020	RMB5.0 billion	13 January 2022
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
Financial bonds	29 August 2019	3.39%	RMB7.0 billion	30 August 2019	RMB7.0 billion	29 August 2022
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
Short-term corporate bonds	12 July 2021	2.82%	RMB6.0 billion	15 July 2021	RMB6.0 billion	16 June 2022
Corporate bonds	29 July 2021	3.14%	RMB2.0 billion	4 August 2021	RMB2.0 billion	29 July 2024
Short-term corporate bonds	29 July 2021	2.72%	RMB5.0 billion	4 August 2021	RMB5.0 billion	29 July 2022
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



## 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
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
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

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 – Note 49".

### (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.

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 this Report.

### (III) Information on existing internal employee shares

Applicable  Not applicable

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

## 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	274,556 (of which 274,409 were holders of A Shares and 147 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	273,134 (of which 272,986 were holders of A Shares and 148 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

Name of shareholders (Full name)	Shareholdings of the top ten shareholders			Number of shares held subject to trading moratorium	Particulars of shares pledged, marked or frozen		Nature of shareholders
	Changes in the number of shares during the Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage (%)		Particulars of shares	Number of shares	
HKSCC Nominees Limited	53,600	3,408,730,695	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.	-2,564,400	474,715,000	3.63	0	Nil	0	State-owned legal person
Shanghai Electric Holding Group Co., Ltd.	-43,228,000	344,496,418	2.64	0	Nil	0	State
Shenergy Group Company Limited	-6,373,000	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.	0	235,247,280	1.80	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	3,408,730,695	Overseas listed foreign shares	3,408,730,695
Shanghai Haiyan Investment Management Company Limited	635,084,623	RMB denominated ordinary shares	635,084,623
Bright Food (Group) Co., Ltd.	474,715,000	RMB denominated ordinary shares	474,715,000
Shanghai Electric Holding Group Co., Ltd.	344,496,418	RMB denominated ordinary shares	344,496,418
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.	235,247,280	RMB denominated ordinary shares	235,247,280
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	200,780,331	RMB denominated ordinary shares	200,780,331
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 647.1588 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

Number of shares held by the top ten shareholders subject to trading moratorium and trading moratorium

*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

As at the date of the publication of the report, the Company had 781,250,000 restricted circulating shares and 12,282,950,000 unrestricted circulating shares.



## 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 2022, 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 of total issued shares of the Company (%)	Percentage of total issued A Shares of the Company (%)	Long position (Note 3)/short position (Note 4)/interests in lending pool
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. (Note 2)	A Share	Beneficial owner	1,100,871,067	8.43	11.40	Long position
		H Share	Beneficial owner and interests in controlled corporation	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 annual report.

Save as disclosed above, as at 31 December 2022, the Company was not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register pursuant to Section 336 of the SFO.

### ***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 2022, 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*

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

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 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



## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### 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

### 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

During the Reporting Period, the Company had no restrictions to shareholding reduction.

### VIII. SPECIFIC IMPLEMENTATION OF REPURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, neither of the Company nor any of its subsidiaries has repurchased, sold or redeemed any listed securities of the Company, other than trading of the securities by the Company or its subsidiaries on behalf of the clients.

## 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 1) (10 Years) of Haitong Securities Co., Ltd.	13 Haitong 03	122282	25 November 2013	25 November 2013	25 November 2023	23.9	6.18	Simple annualized interest rate	SSE	Public investors, institutional investors	Price bidding, price quotation, price enquiry and trading through agreement	No
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	Price 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	Price bidding, price quotation, price enquiry and trading through agreement	No
2020 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. Publicly issued to qualified investors	20 Haitong 01	163148	26 February 2020	27 February 2020	27 February 2023	-	3.01	Simple annualized interest rate	SSE	Qualified investors	Price bidding, price quotation, price enquiry and trading through agreement	No
2020 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. Publicly issued to qualified investors	20 Haitong 02	163290	18 March 2020	19 March 2020	19 March 2023	-	2.99	Simple annualized interest rate	SSE	Qualified investors	Price 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
2020 Corporate Bonds (Tranche 1) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional investors	20 Haitong 04	163507	29 April 2020	30 April 2020	30 April 2023	56	2.38	Simple annualized interest rate	SSE	Professional investors	Price 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	Price bidding, price quotation, price enquiry and trading through agreement	No
2020 Corporate Bonds (Tranche 2) (Type III) of Haitong Securities Co., Ltd. Publicly issued to professional investors	20 Haitong 06	163568	22 May 2020	25 May 2020	25 May 2023	67	2.70	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price enquiry and trading through agreement	No
2020 Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. Publicly issued to professional investors	20 Haitong 08	163903	10 August 2020	11 August 2020	11 August 2023	60	3.53	Simple annualized interest rate	SSE	Professional investors	Price 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	60	3.58	Simple annualized interest rate	SSE	Professional investors	Price 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	05 February 2021	08 February 2021	08 February 2024	54	3.79	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price enquiry and trading through agreement	No
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	Price 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	Price 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 5) of Haitong Securities Co., Ltd. Publicly issued to professional investors	21 Haitong 05	188202	09 June 2021	10 June 2021	10 June 2024	21	3.40	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price enquiry and trading through agreement	No
2021 Corporate Bonds (Tranche 6) (Type II) 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	Price 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	Price 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	Price 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	Price 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	09 November 2021	10 November 2021	10 November 2024	50	3.10	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price enquiry and trading through agreement	No
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	Price 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
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	Price 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	SSE	Professional investors	Price 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	Price 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	Price 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	04 March 2022	07 March 2022	07 March 2025	5	3.03	Simple annualized interest rate	SSE	Professional investors	Price 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	08 March 2022	09 March 2022	09 March 2025	24.8	3.29	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price enquiry and trading through agreement	No
2022 Short-term Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. non-publicly issued to professional investors	22 Haitong D1	194598	08 June 2022	09 June 2022	09 June 2023	45	2.50	Principal to be repaid upon maturity in one lump sum together with the interest	SSE	Professional investors	Price bidding, price quotation, price enquiry and trading through agreement	No
2022 Corporate Bonds (Tranche 4) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	22 Haitong 04	137555	26 July 2022	26 July 2022	26 July 2025	50	2.75	Simple annualized interest rate	SSE	Professional investors	Price 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
2022 Corporate Bonds (Tranche 5) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	22 Haitong 05	137799	08 September 2022	09 September 2022	09 September 2025	50	2.53	Simple annualized interest rate	SSE	Professional investors	Price 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	Price 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	09 November 2022	10 November 2022	10 November 2025	30	2.61	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price enquiry and trading through agreement	No
2022 Green Corporate Bonds (Specially Devoted to Carbon Neutrality) (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	GC Haitong 01	138623	12 December 2022	13 December 2022	20 December 2023	27	2.90	Principal to be repaid upon maturity in one lump sum together with the interest	SSE	Professional investors	Price 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	07 February 2023	08 February 2023	08 February 2025	25	2.95	Simple annualized interest rate	SSE	Professional investors	Price 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 1) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 02	138870	07 February 2023	08 February 2023	08 February 2026	30	3.23	Simple annualized interest rate	SSE	Professional investors	Price bidding, price quotation, price enquiry and trading through agreement	No
2023 Corporate Bonds (Tranche 2) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors	23 Haitong 03	115003	03 March 2023	06 March 2023	06 March 2025	25	3.11	Simple annualized interest rate	SSE	Professional investors	Price 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	03 March 2023	06 March 2023	06 March 2026	17	3.26	Simple annualized interest rate	SSE	Professional investors	Price 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	Price 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	Price bidding, price quotation, price enquiry and trading through agreement	No

As of the date of the Report, 20 Haitong 01 and 20 Haitong 02 had been repaid and delisted.

*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



## SECTION IX BONDS

### *Payment of interest and repayment of principal of bonds during the Reporting Period*

<b>Name of Bonds</b>	<b>Description of payment of interest and repayment of principal</b>
2017 Corporate Bonds (Tranche 1) (Type II) of Haitong Securities Co., Ltd. Publicly issued to qualified investors	Repayment and delisting completed on 11 August 2022
2019 Non-public Issued Subordinated Bonds (Tranche 1) of Haitong Securities Co., Ltd.	Repayment and delisting completed on 28 February 2022
2019 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. Publicly issued to qualified investors	Repayment and delisting completed on 11 April 2022
2019 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. Publicly issued to qualified investors	Repayment and delisting completed on 15 November 2022
2020 Non-public Issued Corporate Bonds (Tranche 1) (Type II) of Haitong Securities Co., Ltd.	Repayment and delisting completed on 21 October 2022
2020 Non-public Issued Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd.	Repayment and delisting completed on 13 January 2022
2021 Publicly Issued Short-term Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd.	Repayment and delisting completed on 16 June 2022
2021 Corporate Bonds (Tranche 6) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional investors	Repayment and delisting completed on 29 July 2022
2013 Corporate Bonds (Tranche 1) (10 Years) of Haitong Securities Co., Ltd.	Annual payment of interest completed on 25 November 2022
2013 Corporate Bonds (Tranche 2) (10 Years) of Haitong Securities Co., Ltd.	Annual payment of interest completed on 14 July 2022
2017 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. Publicly issued to qualified investors	Annual payment of interest completed on 22 September 2022
2020 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. Publicly issued to qualified investors	Annual payment of interest completed on 27 February 2022
2020 Corporate Bonds (Tranche 2) (Type I) of Haitong Securities Co., Ltd. publicly issued to qualified investors	Annual payment of interest completed on 19 March 2022
2020 Corporate Bonds (Tranche 1) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 30 April 2022
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 2022

## SECTION IX BONDS

Name of Bonds	Description of payment of interest and repayment of principal
2020 Corporate Bonds (Tranche 2) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 25 May 2022
2020 Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	Annual payment of interest completed on 11 August 2022
2021 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. Publicly issued to professional investors	Annual payment of interest completed on 13 January 2022
2021 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. Publicly issued to professional investors	Annual payment of interest completed on 8 February 2022
2021 Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. Publicly issued to professional investors	Annual payment of interest completed on 23 April 2022
2021 Corporate Bonds (Tranche 4) of Haitong Securities Co., Ltd. Publicly issued to professional investors	Annual payment of interest completed on 27 May 2022
2021 Corporate Bonds (Tranche 5) of Haitong Securities Co., Ltd. Publicly issued to professional investors	Annual payment of interest completed on 10 June 2022
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 2022
2021 Corporate Bonds (Tranche 7) of Haitong Securities Co., Ltd. Publicly issued to professional investors	Annual payment of interest completed on 20 August 2022
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 2022
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 2022
2021 Corporate Bonds (Tranche 9) of Haitong Securities Co., Ltd. Publicly issued to professional investors	Annual payment of interest completed on 10 November 2022
2021 Corporate Bonds (Tranche 10) of Haitong Securities Co., Ltd. Publicly issued to professional investors	Annual payment of interest completed on 22 November 2022

**2. *The triggering and performance of issuer or investor option terms, investor protection terms***

Applicable     Not applicable

## 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, Song Yilan, Kou Zhibo, Yao Guang, Qin Xiaodong, Rong Chang, Zheng Kairen, Wang Chuanzheng, Qi Jihua	010-60838888
CSC Financial Co., Ltd.	2/F, Kaiheng Center B, No.2 Chaonei Dajie, Dongcheng District, Beijing	-	Fang Beibei, Geng Hua, Lv Hongtu	010-65608396
Guosen Securities Company Limited	Floor 4, Guosen Securities Tower, No. 6 Xingsheng Street, Financial Street, Xicheng District, Beijing	-	Guo Rui, He Junxian	010-88005384
Industrial Securities Co., Ltd.	Industrial Securities Building, 36 Changliu Road, Pudong New District, Shanghai	-	Han Xuening	021-68982473
Shenwan Hongyuan Securities Co., Ltd.	45th Floor, 989 Changle Road, Xuhui District, Shanghai	-	Duan Yaping, Zhang Shenghan	021-33389706
Minsheng Securities Co., LTD.	8 Puming Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC	-	Li Yuelin, Cui Yuntao, Cheng Yuwei, Luo Yiwen	18800076766
PricewaterhouseCoopers Zhong Tian LLP	11/F, PricewaterhouseCoopers Center, Link Square 2, 202 Hu Bin Road, Huangpu District, Shanghai	Xu Kangwei, Liu Wei	Xu Kangwei	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	021-61412068

## SECTION IX BONDS

Name of intermediary	Office address	Name of signatory accountants	Contact persons	Tel
Shanghai AllBright Law Offices	11th and 12th Floor, Shanghai Tower, No. 501, Yincheng Middle Road, Pudong New Area, Shanghai	-	Xiao Wenyan	021-20511000
China Chengxin International Credit Rating Co., Ltd.	Room 60101, Building 1, No.2, Nanzhugan Hutong, Dongcheng District, Beijing	-	Qiao Shuang	010-66428877

*Changes to the above intermediaries*

Applicable     Not applicable



## SECTION IX BONDS

## 4. Use of proceeds at the end of the Reporting Period

Unit: 100 million Currency: RMB

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
Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional investors in 2022	50	50	0	Nil	Nil	Yes
Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors in 2022	29	29	0	Nil	Nil	Yes
Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors in 2022	5	5	0	Nil	Nil	Yes
Corporate Bonds (Tranche 4) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors in 2022	50	50	0	Nil	Nil	Yes
Corporate Bonds (Tranche 5) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors in 2022	50	50	0	Nil	Nil	Yes
Corporate Bonds (Tranche 6) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors in 2022	47	47	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
Corporate Bonds (Tranche 7) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors in 2022	30	30	0	Nil	Nil	Yes
Green Corporate Bonds (Specially Devoted to Carbon Neutrality) (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional institutional investors in 2022	27	27	0	Nil	Nil	Yes
2022 Subordinated Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional investors	50	50	0	Nil	Nil	Yes
2022 Subordinated Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	20	20	0	Nil	Nil	Yes
2022 Subordinated Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	24.8	24.8	0	Nil	Nil	Yes
2022 Short-term Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. non-publicly issued to professional investors	45	45	0	Nil	Nil	Yes

The proceeds raised from issuance of various bonds in previous years have been used, and the usage were consistent with the committed use of proceeds in the prospectus. For the use of proceeds, please see the annual report of the year.

*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

## SECTION IX BONDS

### *Other explanations*

Applicable  Not applicable

### *The issuer issued green bonds.*

*Unit: 100 million Currency: RMB*

Bond code	138623.SH
Abbreviation of the bond	Green Corporate Bonds (Specially Devoted to Carbon Neutrality)
Specific areas in which the proceeds were proposed to be utilized	The proceeds raised from the issuance of the corporate bonds were intended to be used to repay the green project loans after deducting the issuance expenses.
Progress and benefits of the projects and plans	The funds were fully used to repay the Company's green project loans.

### **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***

Applicable  Not applicable

#### *(1) Guarantees*

Above-mentioned bonds are unsecured.

#### *(2) Repayment plan*

The Company will perform the obligation of annual payment of interest and repayment of principal and interest on maturity for each tranche of corporate bonds in a timely manner. The Company has a sound repayment capability, and repayment capital will be mainly derived from daily accumulation of profits, cash flow from operation activities, further liabilities and share capital financing activities.

## SECTION IX BONDS

### (3) Other repayment supporting measures

On 21 June 2022, the Proposal Regarding the General Mandate to Issue Onshore and Offshore Debt Financing Instruments was considered and approved at the general meeting held by the Company, which stipulated repayment supporting measures, i.e., “authorising the Board and permitting the Board to reauthorize the authorised persons, jointly or separately, in respect of the issuances of the Corporate Onshore and Offshore Debt Financing Instruments to adopt at least the following measures when there is an anticipated failure to repay the principal and interest of the onshore and offshore debt financing instrument or an actual failure to repay the principal and interest of the onshore and offshore debt financing instrument on due dates: ① ceasing to distribute dividends to the Shareholders; ② suspending the implementation of capital expenditure projects such as material external investments, acquisitions and mergers; ③ reducing or ceasing to pay the wages and bonus of the Directors and senior management of the Company; ④ freezing the job transfer of the key responsible personnel.”

### 7. Further Description of Corporate Bonds

Please refer to “Section X Financial Report – Note 49” for more details on corporate bonds.

### (III) Other Bonds

Unit: 100 million Currency: refer to the table

Name of Bonds	Abbreviation	Code	Balance of bonds	Interest rate (%)	Date of issuance	Date of repayment	Method to repay principal and pay interest	Venue of trading
financial bonds (offshore)	Haitong Securities 4.5% B2023	5482	US\$300 million	4.50	13 December 2018	13 December 2023	Simple semi-annualized interest rate	Hong Kong Stock Exchange
financial bonds (offshore)	Haitong Securities FRN B2023	5483	EUR230 million	3M EURIBOR +1.65	13 December 2018	13 December 2023	Simple quarterly interest rate	Hong Kong Stock Exchange
2019 Financial Bonds (Tranche 1)	19 Haitong Securities Financial Bonds 01	091900022	-	3.39	29 August 2019	29 August 2022	Simple annualized interest rate	Inter-bank market

### (IV) Debt financial instruments of inter-bank bond market for non-financial enterprises

Applicable  Not applicable

### (V) 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



## SECTION IX BONDS

**(VI) Overdue interest-bearing debts as at the end of reporting period, excluding the bonds**

Applicable  Not applicable

**(VII) 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

**(VIII) Accounting data and financial indicators of the Company for the recent two years as of the end of the Reporting Period**

Applicable  Not applicable

Unit: 100 million Currency: RMB

<b>Key indicators</b>	<b>2022</b>	<b>2021</b>	<b>Movement for the period compared with the last corresponding period (%)</b>	<b>Reasons of change</b>
Net profit attributable to the shareholders of the listed company after deducting non-recurring gains and losses	<b>59.02</b>	124.02	-52.41	Decrease of revenue
Liquidity ratio	<b>1.94</b>	1.99	-2.51	
Quick ratio	<b>1.94</b>	1.99	-2.51	
Gearing ratio (%)	<b>72.16</b>	71.41	1.05	
EBITDA total debt ratio	<b>0.06</b>	0.08	-25.00	
Interest coverage ratio	<b>1.62</b>	2.59	-37.45	Decrease of profit
Cash interest coverage ratio	<b>2.04</b>	7.44	-72.58	Decrease of net cash flow from operating activities
EBITDA interest coverage ratio	<b>1.74</b>	2.69	-35.32	Decrease of profit
Loan repayment ratio (%)	<b>100</b>	100	-	
Interest payment ratio (%)	<b>100</b>	100	-	

## II. CONVERTIBLE CORPORATE BONDS

Applicable  Not applicable

## SECTION X FINANCIAL REPORT

- (I) THE FINANCIAL REPORT (H SHARE) OF THE COMPANY FOR THE YEAR 2022 HAS BEEN AUDITED BY PRICEWATERHOUSECOOPERS, WHO HAS ISSUED A STANDARD UNQUALIFIED AUDIT REPORT.
- (II) CONSOLIDATED FINANCIAL STATEMENTS (H SHARE) (APPENDICES).
- (III) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (H SHARE) (APPENDICES).

## SECTION XI INFORMATION DISCLOSURES OF SECURITIES COMPANY

### I. RELEVANT INFORMATION ABOUT MAJOR ADMINISTRATIVE LICENSING MATTERS OF THE COMPANY

Date	Title of Approval Document	Approval Organization	No. of Approval
2 June 2022	Reply on Permitting Haitong Securities Co., Ltd. to Publicly Issue Corporate Bonds to Professional Investors	CSRC	Zheng Jian Xu Ke [2022] No.1155

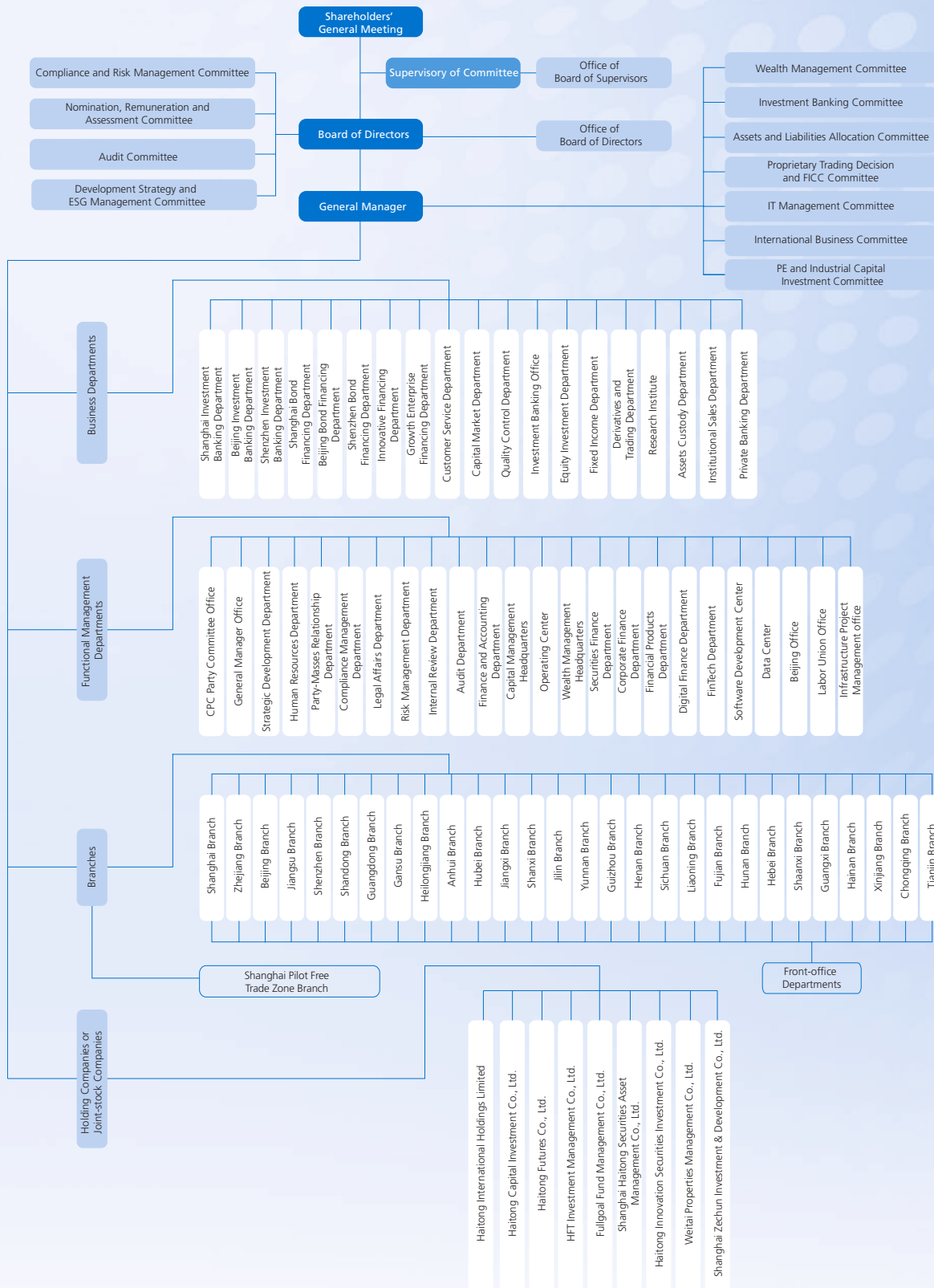
### II. RESULTS OF CLASSIFICATION OF THE COMPANY BY REGULATORY UTHORITY

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, 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, 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 (莊煒)
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	Li Jiansheng (李建生)
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 (韓綱)
9	Hubei branch	No. 144, Zhaojiatiao, Erqi Street, Jiang'an District, Wuhan	2009	Wang Song (王宋)
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), Nanguan 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	Sun Xiaodong (孫曉東)
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	No. 364, Daxi Road, Shenyang, Liaoning	2011	Zhang Long (張龍)
20	Fujian branch	Shop 01, 3/F, Building 1, Riyuexing Garden (now Yuanli Apartment), No. 278, Qunzhong Road, Chating Street, Taijiang 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	16/F, Yinhu 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	Meng Liya (孟立亞)
24	Hebei branch	No. 2, Shifan Street, Qiaoxi District, Shijiazhuang	2012	Liu Tao (劉濤)
25	Hainan branch	AVIC Building, No. 15, Longkun North Road, Haikou	2014	Xing Weichang (邢維暢)
26	Xinjiang branch	2/F, Jinzuo, Xinshidai Hotel, No. 739, Youhao North Road, Shayibake District, Urumqi, Xinjiang	2014	Lin Hai (林海)
27	Shanghai Pilot Free Trade Zone branch	Unit 02, 25/F, No. 1196, Century Avenue, China (Shanghai) Pilot Free Trade Zone	2014	Xu Li (許莉)
28	Chongqing branch	4-8, 4-9, No. 2, Qingyun Road, Jiangbei District, Chongqing	2020	Jiang Xue (江雪)
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	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	Building 1, Yiqingyuan, 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 Liguó (王立國)
7	Huaibei Xiangshan Road Securities Business Department	Rooms 1016-1018 & 2014-2018, Huiyuan Garden, No. 122, Xiangshan Road, Huaibei	Huang Baohong (黃保宏)
8	Huainan Dongshan Middle Road Securities Business Department	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	Qi Pengjin (齊彭進)
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 & 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	Meng Xiujuan (孟秀娟)
23	Beijing Liangmaqiao Road Securities Business Department	S104 & S105, 1/F, Building 1, No. 50, Liangmaqiao Road, Chaoyang District, Beijing	Lin Yi (林鷗)
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	Fu'an Yangtou Square North Road Securities Business Department	Office B05, 5/F, Building 1, Pearl along Riverside, No. 6, Yangtou Square North Road, Fu'an Urban Area, Fujian	Chen Zuowu (陳作武)
26	Fuzhou Qunzhong Road Securities Business Department	3/F, Building 1, Riyuexing Garden (now Yuanli Apartment), No. 278, Qunzhong Road, Chating Street, Taijiang 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	Zhu Chengkai (朱承凱)
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	Guan Na (管娜)
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, Jinjiangwan Square, No. 888, Century Avenue, Meiling Street, Jinjiang, Quanzhou, Fujian	Li Yanqing (李燕清)
33	Zhangzhou Shuixian Street Securities Business Department	Room 405, Building B, No. 88, Shuixian Street, Longwen District, Zhangzhou, Fujian	Hu Jinbiao (胡金標)
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 Xinhua Middle Road Securities Business Department	No. 28, Xinhua Middle Road, Jiayuguan, Gansu	Zhou Youxue (周有學)
36	Jinchang Changchun Road Securities Business Department	China Salt Administration Building, Changchun Road, Jinchang	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	1/F, Tianshui Feitian Meiju Hotel, 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	Lin Hanli (林漢利)
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	Tian Xiangming (田向明)
50	Guangzhou Zhujiang West Road Securities Business Department	9/F (whole floor), No. 8, Zhujiang West Road, Tianhe District, Guangzhou, Guangdong	Wang Zhenghe (王正和)
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	Wang Nanwang (王南望)
52	Jieyang Puning Xinhe East Road Securities Business Department	6th and 7th from South of the Westward Shop, Zhongxin Huaifu, 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	Hu Nantao (胡南濤)
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 Huadu Fenghuang North Road Securities Business Department	Room 418, Yongyu Garden Hotel, No. 41, Fenghuang North Road, Xinhua Town, Huadu District, Guangzhou	Huang Haixiang (黃海翔)
58	Jiangmen Yingbin Avenue West Securities Business Department	Room 108, Oriental Plaza Building, No. 3, Yingbin Avenue West, Jiangmen	Zhang Ming (張鳴)
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 Lijiang Road Securities Business Department	4/F, No. 4, Lijiang 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	Ma Jun (馬俊)
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, Lianbangjinzhuo, No. 163, Kaihang Road, Sanshimi Avenue, Mayuan Subdistrict, Qixingguan District, Bijie, Guizhou	Jin Liping (靳麗萍)
67	Guiyang Fushui North Road Securities Business Department	Tianheng City Garden, No. 66, Fushui North Road, Yunyan District, Guiyang, Guizhou	Zhang Kai (章凱)
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 Zhonghua South Road Securities Business Department	3/F, Longjinggou Complex, Zunyi	Huang Zhiyi (黃志義)
71	Haikou Longkun North Road Securities Business Department	AVIC Building, No 15, Longkun North Road, Haikou, Hainan	Yang Haiyan (楊海燕)
72	Qinhuangdao Yingbin Road Securities Business Department	No. 100, Yingbin Road, Haigang District, Qinhuangdao	Gu Yue (谷悅)
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 Shuxi Street Securities Business Department	Room 104, Building 10, Sunshine International, Yunhe District, Cangzhou, Hebei	Zhao Jie (趙傑)
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	Mao Yun (毛贇)
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	Dong Yixing (凍逸興)
81	Zhengzhou Jingqi Road Securities Business Department	No. 16, Jingqi Road, Zhengzhou, Henan	Zhao Limin (趙麗敏)
82	Zhengzhou 8th Avenue Securities Business Department	No. 102-11, 8th Avenue, Zhengzhou Economic and Technological Development Zone	Sun Shijie (孫世傑)
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	Meng Xinke (孟信可)
84	Daqing Chengfeng Avenue Securities Business Department	No. 126, Chengfeng Avenue, 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	Han Min (韓民)
87	Daqing Kunlun Avenue Securities Business Department	No. 184, Kunlun Avenue, Ranghulu District, Daqing, Heilongjiang	Zhou Guohong (周國洪)
88	Daqing Jianshe Road Securities Business Department	No. 51-6, Jianshe Road, Sa'ertu District, Daqing, Heilongjiang	Zhao Qun (趙群)



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No.	Name of business department	Address	Person in charge
89	Daqing Weier Road Securities Business Department	Business Outlets, No. 9-12, Xincun, High-tech Zone, Daqing, Heilongjiang (No. 119, Weier Road)	Song Junjie (宋俊頤)
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	3/F & 4/F, No. 278, Gogol Avenue, Nangang District, Harbin	Qu Pu (曲譜)
94	Harbin Yiman Street Securities Business Department	2/F & 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	Liu Songtao (劉松濤)
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. 111, Zhongshan Road, Nangang 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 Yucehng (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	Zhang Chi (張弛)
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	Bao Xiuyong (包修勇)
109	Mudanjiang Ping'an Street Securities Business Department	No. 7, West Ping'an Street, Xi'an District, Mudanjiang, Heilongjiang	Yao Houyu (姚厚宇)
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 Wei (張偉)
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	Zhang Yandong (張彥東)
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	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	Tian Yukun (田玉坤)
118	Shuangyashan Xinxing Square Securities Business Department	Shop 02 (1-2/F), Guangsha Complex Building, South of Xinxing Square, Jianshan District, Shuangyashan, Heilongjiang	Wang Xiaofei (王曉飛)
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	Wan Sheng (萬晟)
124	Wuhan Zhongbei Road Securities Business Department	No. 259, Zhongbei Road, Wuchang District	Yu Zhonggui (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	Xiao Huifang (肖慧芳)

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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	Huang Li (黃莉)
127	Yueyang Baling Middle Road Securities Business Department	Room 703, 7/F, Haichuan Building, No. 450, Baling Middle Road, Yueyanglou District, Yueyang	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	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	1/F & 3/F, Guotu Building, No. 474, Xihu Road, Daxiang District, Shaoyang	Gao Zixiang (高資湘)
132	Changsha Wuyi Avenue Securities Business Department	1/F & 6/F, Yinhu Building, No. 618, Wuyi Avenue, 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 Guangdian West Road Securities Business Department	No. 310, Guangdian West Road, Wujin District, 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)
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)

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No.	Name of business department	Address	Person in charge
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 Jienan (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	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	Qian Jingxing (錢敬星)
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	Wang Dongyi (王東奕)
158	Xuzhou Zhongshan North Road Securities Business Department	3/F, Longtai Building, No. 12, Zhongshan North Road, Gulou District, Xuzhou, Jiangsu	Chen Lu (陳律)
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 Donghuan Road Securities Business Department	No. 123, Donghuan Road, Yangshe Town, Zhangjiagang, Jiangsu	Zhu Hui (朱慧)
163	Zhenjiang Zhongshan West Road Securities Business Department	No. 53, Zhongshan West Road, Zhenjiang, Jiangsu	Zhang Fugui (張富貴)
164	Suzhou Luxiang South Road Securities Business Department	Nos. 2328, 2330 & 2332, Luxiang South Road, East Taihu Eco Tourism Resort (Taihu New Town), Wujiang District, Suzhou	Shu Mingqing (舒明清)



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No.	Name of business department	Address	Person in charge
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 Xunyang East Road Securities Business Department	3/F, No. 93, Xunyang East 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	Liang Xiaohui (梁小輝)
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 (鍾瑾瑛)
173	Pingxiang Chuping East Road Securities Business Department	27/F, Comprehensive Building 1, No. 98, Chuping East Road, Anyuan District, Pingxiang, Jiangxi	You Tingting (游婷婷)
174	Shangrao Jiefang Road Securities Business 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 Fuqian Road Securities Business Department	Buildings 101/320/370-374, Block A, North Side of Qianyang Road (Dream Times Square), East Side of Fuqian Road, Fenyi County, Xinyu, Jiangxi	Fei Jun (費俊)
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)
179	Dandong Xingwu Road Securities Business Department	Building 1, Bawai, Xingwu Road, Zhenxing District, Dandong	Wang Liang (王亮)
180	Anshan Erdao Street Securities Business Department	No. 90, Erdao Street, Tiedong District, Anshan	Wang Qun (王群)
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)



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No.	Name of business department	Address	Person in charge
182	Dalian Tianjin Street Securities Business Department	No. 91, Tianjin Street, Zhongshan District, Dalian	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	No. 364, Daxi Road, Shenhe District, Shenyang	Zhao Bushu (趙步抒)
185	Yingkou Liaohe Street Securities Business Department	No. 9, Liaohe Plaza, Zhanqian District, Yingkou, Liaoning	Qiao Wenxuan (喬文選)
186	Hohhot Xinhua East Street Securities Business Department	3/F, Hecheng Information Complex, No. 395, Dongfeng Road, Xincheng 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 Suhe South Street Securities Business Department	Room 103, Building 1, No. 46-1, Suhe South Street, 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	Gao Bo (高博)
190	Feicheng Xincheng Road Securities Business Department	No. 039, Xincheng Road, Feicheng, 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 Hongjialou South Road Securities Business Department	No. 25, Hongjialou South Road, Jinan, Shandong	Lv Zhicheng (呂志成)
193	Qingdao Hangzhou Road Securities Business Department	No. 20, Hangzhou Road, Qingdao	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 Daizong Street Securities Business Department	No. 10, Daizong Street, Tai'an, Shandong	Xiang Ying (項穎)
197	Weihai Gaoshan Street Securities Business Department	No. 2, Gaoshan Street, Weihai, Shandong	Jiang Songtao (蔣松濤)
198	Yantai Jiefang Road Securities Business Department	3/F & 4/F, North Annex Building, No. 166, Jiefang Road, Zhifu District, Yantai, Shandong	Wang Peng (王鵬)
199	Zaozhuang Yanshan Road Securities Business Department	Room 22, Building 1, D Area, Yanshan International, Yanshan Road, Xuecheng District, Zaozhuang, Shandong	Liu Ke (劉柯)
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)

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No.	Name of business department	Address	Person in charge
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	Wang Pengfei (王鵬飛)
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 No. 1006, No. 91, Jinci Road, Wanbailin District, Taiyuan	Tang Hongyu (湯宏宇)
207	Shanxi Transformation and Comprehensive 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	Li Wei (李瑋)
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	Zhao Chenguang (趙晨光)
213	Xianyang Shenxing North Road Securities Business Department	3/F, International Commerce Building, No. 1, Shenxing North Road, Qingdu District, Xianyang	He Qian (何倩)
214	Yulin Yuyang Securities Business Department	Room 01, 3/F, No. 112, Shangjun North Road, Yuyang District, Yulin, Shaanxi	Chen Jian (陳劍)
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	No. 420, Yuyao Road, 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	Zhang Renci (張任慈)

## APPENDIX II: LIST OF BRANCHES

No.	Name of business department	Address	Person in charge
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, Nos. 263-265, Mudanjiang Road, Baoshan District, Shanghai	Zhang Minghua (張明華)
221	Shanghai Gonghexin Road Securities Business Department	Room 101, No. 3703, Gonghexin Road, Jingan District, Shanghai	Sun Min (孫敏)
222	Shanghai Zhongdeqiao Road Securities Business Department	No. 2, Zhongdeqiao Road, 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 Putuo District Yichuan Road Securities Business Department	1/F & 2/F, No. 363, Yichuan Road, Putuo District, Shanghai	Song Lina (宋麗娜)
227	Shanghai Xuhui District Jianguo West Road Securities Business Department	3/F, No. 285, Jianguo West Road, Xuhui District, Shanghai	Wu Hao (吳浩)
228	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)
229	Shanghai Yangpu District Zhengben Road Securities Business Department	No. 141, Zhengben Road, Yangpu District, Shanghai	Chen Hao (陳浩)
230	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)
231	Shanghai Zhoujiazui Road Securities Business Department	West of 1/F, No. 3255, Zhoujiazui Road, Yangpu District, Shanghai	Liao Dayu (廖達愉)
232	Shanghai 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)
233	Shanghai Minhang District Suhong Road Securities Business Department	Rooms 102 & 301, Building 1, No. 333, Suhong Road, Minhang District, Shanghai	Shi Wei (史偉)
234	Shanghai Yutian Branch Road Securities Business Department	1-3/F, No. 11, Yutian Branch Road, Shanghai	Du Shuang (杜霜)
235	Shanghai Jinshan District Weiqing West Road Securities Business Department	No. 612, Weiqing West Road, Jinshan District, Shanghai	Zhang Minrui (張閔睿)
236	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)
237	Shanghai Putuo District Tongchuan Road Securities Business Department	1/F, No. 548, Tongchuan Road, Putuo District, Shanghai	Lou Gang (樓剛)

## APPENDIX II: LIST OF BRANCHES

No.	Name of business department	Address	Person in charge
238	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)
239	Shanghai Changning District Tianshan West Road Securities Business Department	1/F & 2/F, No. 169, Tianshan West Road, Changning District, Shanghai	Xiao Haiqin (肖海芹)
240	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)
241	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)
242	Shanghai Nanxiang Town Securities Business Department	1/F, No. 681, Deyuan Road, Shanghai	Wang Yajun (王雅君)
243	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)
244	Shanghai Qingpu District Qinghu Road Securities Business Department	No. 780, Qinghu Road, Qingpu District, Shanghai	Zheng Kunchang (鄭坤昌)
245	Shanghai Pudong Branch	B-1, 1/F, Building 1, No. 800, Naxian Road, China (Shanghai) Pilot Free Trade Zone	Xiao Wenyu (肖文宇)
246	Shanghai Chongming District Chongzhou Road Securities Business Department	No. 617, Chongzhou Road, Chengqiao Town, Chongming District, Shanghai	Chen Zheng (陳錚)
247	Shenzhen Bao'an Securities Business Department	1606 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)
248	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)
249	Shenzhen Branch Hongling Middle Road Securities Business Department	3/F, Zhongshen International Building, No. 2068, Hongling Middle Road, Guiyuan Street, Luohu District, Shenzhen	Shen Zhijing (沈志敬)
250	Shenzhen Branch Huaifu Road Securities Business Department	Room 500, Nanguang Building, No. 1004, Huaifu Road, Huahang Community, Huaqiang North Road, Futian District, Shenzhen	Bao Weihua (包衛華)
251	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)
252	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)
253	Shenzhen Jingtian Road Securities Business Department	Room 201, Ruida Court, Jingtian Road, Lotus Subdistrict, Futian District, Shenzhen	Wang Lei (王磊)



## APPENDIX II: LIST OF BRANCHES

No.	Name of business department	Address	Person in charge
254	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)
255	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)
256	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 (劉嬋吉)
257	Shenzhen Binhe Avenue Securities Business Department	1902, Tower A, Jingji Binhe Times Square, Xiasha Village, No. 9289, Binhe Road, Xiasha Community, Shatou Subdistrict, Futian District, Shenzhen	Wang Feng (汪豐)
258	Shenzhen Longhua Securities Business Department	C35#C, Central Original Garden Cang Long Yuan, Daling Community, Minzhi Subdistrict, Longhua District, Shenzhen	Zhuang Yongxu (莊永許)
259	Chengdu Renmin West Road Securities Business Department	No. 96, Renmin West Road, Chengdu	Yang Zhou (楊洲)
260	Chengdu Jinfeng Road Securities Business Department	No. 201, 2/F, No. 1-1, Jinfeng Road, Qingyang District, Chengdu	Wang Jian (王劍)
261	Chengdu Jiaozi North 2nd Road Securities Business Department	1/F, No. 60, Jiaozi North 2nd Road, Hi-tech Zone, Chengdu	Liu Nian (劉念)
262	Leshan Jiazhou Avenue Securities Business Department	1/F, No. 416, Jiazhou Avenue, Shizhong District, Leshan	Tan Yulong (譚喻隆)
263	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)
264	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)
265	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)
266	Urumqi Youhao North Road Securities Business Department	1/F & 2/F, Yinzuo, New Era Hotel, No. 739, Youhao North Road, Saybag District, Urumqi, Xinjiang	Liu Cengceng (劉層層)
267	Karamay Junggar Road Securities Business Department	No. 220, Junggar Road (Building 8, New World Commercial Street), Karamay, Xinjiang	Zhong Yuan (鍾原)
268	Shihezi Beiyi Road Securities Business Department	No. 1-2 and No. 1-3, Beiyi East Road, Phoenix Jiayuan, 51st Area, Development Zone, Shihezi, Xinjiang	Dong Weijun (董偉軍)

## APPENDIX II: LIST OF BRANCHES

No.	Name of business department	Address	Person in charge
269	Dali Yuhua Road Securities Business Department	No. 13, Yuhua Road, Xiaguan Town, Dali, Dali Bai Autonomous Prefecture, Yunnan	Tong Wanlin (童婉琳)
270	Mile Ranweng Road Securities Business Department	Yixin Community Shop, Ranweng West Road, Mile, Honghe Prefecture, Yunnan	Chen Junjun (陳俊駿)
271	Jinghong Galan Middle Road Securities Business Department	No. 100, Galan Middle Road, Jinghong, Yunnan	Luo Yanping (羅艷萍)
272	Kunming Dongfeng West Road Securities Business Department	No. 162, Dongfeng West Road, Kunming	Zheng Li (鄭莉)
273	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)
274	Lishui Jiefang Street Securities Business Department	No. 61, Jiefang Street, Liandu District, Lishui, Zhejiang	Luo Miao (駱邈)
275	Xinchang Kangfu Road Securities Business Department	Nos. 569, 571 & 573, Kangfu Road, Qixing Subdistrict, Xinchang County, Zhejiang	Zhang Minhua (張敏華)
276	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 Street, Shangcheng District, Hangzhou, Zhejiang	Wang Zheng (汪曄)
277	Hangzhou Huancheng West Road Securities Business Department	No. 46-2, Huancheng West Road, Xiacheng District, Hangzhou, Zhejiang	Qian Hang (錢杭)
278	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)
279	Hangzhou Guali Dongling North Road Securities Business Department	No. 160, Dongling North Road, Guali Town, Xiaoshan District, Hangzhou, Zhejiang	Mu Miao (繆苗)
280	Huzhou Shaoxi West Road Securities Business Department	Nos. 277-281 (odd), Shaoxi West Road, Shaoxi Commercial & Residential Building 2, Wuxing District, Huzhou, Zhejiang	Fei Jianping (費建平)
281	Jiaxing Zhongshan West Road Securities Business Department	Nos. 850 & 852, Zhongshan West Road, Jiaxing, Zhejiang	Wang Honglei (王宏雷)
282	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)
283	Ningbo Jiefang North Road Securities Business Department	Nos. 136-148, Jiefang North Road, Haishu District, Ningbo	He Zheng (何曄)
284	Cixi Bei'erhuan East Road Securities Business Department	Room 108, Nos. 204-206, Bei'erhuan East Road, Gutang Street, Cixi	Zhu Wenshuai (朱文帥)
285	Shangyu Shimin Avenue Securities Business Department	1-3/F, No. 678, Shimin Avenue, Baiguan Subdistrict, Shangyu District, Shaoxing, Zhejiang	Pan Wei (潘偉)
286	Shaoxing Laodong Road Securities Business Department	No. 158, Laodong Road, Shaoxing, Zhejiang	Xu Bin (徐斌)

## APPENDIX II: LIST OF BRANCHES

No.	Name of business department	Address	Person in charge
287	Shengzhou Xiqian Street Securities Business Department	No. 89, Xiqian Street, Shengzhou, Zhejiang	Zou Ning (鄒寧)
288	Wenzhou Jinxiu Road Securities Business Department	Room 106, 1st Building, Ruikang Commercial Building, Jinxiu Road, Lucheng District, Wenzhou	Zhu Lianyou (朱連有)
289	Yiwu Binwang Road Securities Business Department	1-3/F, No. 226, Binwang Road, Choucheng Street, Yiwu, Zhejiang	Pan Jingxia (潘靜霞)
290	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)
291	Zhuji Huancheng East Road Securities Business Department	No. 199, Huancheng East Road, Huandong Subdistrict, Zhuji, Zhejiang	Gao Hongming (高洪銘)
292	Jinhua Huixi Street Securities Business Department	No. 196, Huixi Street, Chengbei Subdistrict, Wucheng District, Jinhua, Zhejiang	Wang Haiqin (汪海琴)
293	Taizhou Shifu Avenue Securities Business Department	Nos. 231, 233 & 235, Shifu Avenue, Taizhou, Zhejiang	Zheng Yawen (鄭雅文)
294	Hangzhou Jiefang East Road Fortune Financial Center Securities Business Department	Room 1007, Building 2, Fortune Financial Center, No. 37, Jiefang East Road, Jianggan District, Hangzhou, Zhejiang	Gao Jinxiao (高金嘯)
295	Hangzhou Jinhua South Road Securities Business Department	Room 510, Building 2, Ocean International Center, Gongshu District, Hangzhou, Zhejiang	Yang Yi (楊溢)
296	Chongqing Jinlong Road Securities Business Department	Unit 3-Business 4, Building 10, Caixin City International, No. 261-21, Jinlong Road, Longxi Street, Yubei District, Chongqing	Weng Yuyang (翁玉洋)
297	Chongqing Minsheng Road Securities Business Department	Part of 2/F, No. 283, Minsheng Road, Yuzhong District, Chongqing	Cheng Xie (程謝)
298	Chengdu Jinli Road Securities Business Department	No. 321, Jinli Road, Jinjiang District, Chengdu	Xu Dan (胥丹)
299	Nanchong Nanmen North Street Securities Business Department	No. 6, Nanmen North Street, Shunqing District, Nanchong, Sichuan	Zhao Lian (趙鏈)
300	Tianjin Nanjing Road Securities Business Department	L2-07, 2/F, Hechuan Building, No. 237, Nanjing Road, Nanyingmen Street, Heping District, Tianjin	Yang Guang (楊光)
301	Dongguan Humen Liansheng Road Securities Business Department	Room 101, No. 86, Liansheng Road, Humen Town, Dongguan, Guangdong	Liu Yanling (劉燕玲)

## APPENDIX III: INFORMATION ABOUT THE ESTABLISHMENT AND DISPOSAL OF BRANCH OFFICES (BRANCHES AND BUSINESS DEPARTMENTS)

### 1. RELOCATION OF BRANCH OFFICES

No.	Name of branch office before relocation	Name of branch office after relocation	New address	Obtain license date
1	Quanzhou Tian'an Road Securities Business Department of Haitong Securities Co., Ltd.	Quanzhou Fengze Street Securities Business Department of Haitong Securities Co., Ltd.	Units 1-2, 22/F, Office Building, Nanyi Square, No. 666, Fengze Street, Fengze District, Quanzhou, Fujian	19 January 2022
2	Hangzhou Guali Dongling North Road Securities Business Department of Haitong Securities Co., Ltd.	Hangzhou Binjiang Qianmo Road Securities Business Department of Haitong Securities Co., Ltd.	No. 333, Qianmo Road, Xixing Street, Binjiang District, Hangzhou, Zhejiang	13 January 2022
3	Hengyang Zhengyang South Road Securities Business Department of Haitong Securities Co., Ltd.	Hengyang Zhurong Road Securities Business Department of Haitong Securities Co., Ltd.	Room 401, 4/F, Building 28, Mulin Meijun, No. 8, Zhurong Road, Zhengxiang District, Hengyang, Hunan	16 May 2022
4	Zigong Dangui Street Securities Business Department of Haitong Securities Co., Ltd.	Zigong Nanhu Road Securities Business Department of Haitong Securities Co., Ltd.	Shop 2-01, Building 5, Nanhu Lead Royal, Yuanda, No. 861, Nanhu Road, Ziliujing District, Zigong, Sichuan	21 September 2022
5	Lanzhou Tianshui Road Securities Business Department of Haitong Securities Co., Ltd.	Lanzhou Gaolan Road Securities Business Department of Haitong Securities Co., Ltd.	2/F, No. 4, Gaolan Road, Chengguan District, Lanzhou, Gansu	21 December 2022
6	Bozhou Xiyi Avenue Securities Business Department of Haitong Securities Co., Ltd.	Bozhou Weiwu Avenue Securities Business Department of Haitong Securities Co., Ltd.	Room 302, Danhua Villa Complex Building, Intersection of Weiwu Avenue and Guangming Road, Qiaocheng District, Bozhou, Anhui	5 September 2022
7	Lu'an Qiupai East Road Securities Business Department of Haitong Securities Co., Ltd.	Lu'an Ta-pieh Mountain Road Securities Business Department of Haitong Securities Co., Ltd.	Room 108, Buildings 1, 2 & 3, phase II, Binhe Yujing, intersection of Ta-pieh Mountain Road and Meishan Road, Lu'an, Anhui	7 November 2022
8	Jincheng Huanghua Street Securities Business Department of Haitong Securities Co., Ltd.	Jincheng Fengtai East Street Securities Business Department of Haitong Securities Co., Ltd.	No. 299, Fengtai East Street, Jincheng Urban Area, Shanxi	2 September 2022
9	Yangzhou Baoying Suzhong South Road Securities Business Department of Haitong Securities Co., Ltd.	Yangzhou Baoying Baitian Road Securities Business Department of Haitong Securities Co., Ltd.	Room 2.3-115 (1/F) and Room 2.3-116 (1/F), Wuzhou International, Baitian Road, Baoying County	25 October 2022
10	Jiangyin Chaoyang Road Securities Business Department of Haitong Securities Co., Ltd.	Jiangyin Chaoyang Road Securities Business Department of Haitong Securities Co., Ltd.	No. 141 (1/F), Chaoyang Road, Jiangyin	12 October 2022
11	Shaoguan Wenhua Street Securities Business Department of Haitong Securities Co., Ltd.	Shaoguan Baiwang Road Securities Business Department of Haitong Securities Co., Ltd.	Shops 10, 11 & 12, 1/F, Block 1, Poly Zhongyue Garden, No. 15, Baiwang Road, Wujiang District, Shaoguan, Guangdong	25 October 2022



## 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
12	Dongying Beiyi Road Securities Business Department of Haitong Securities Co., Ltd.	Dongying Fuqian Street Securities Business Department of Haitong Securities Co., Ltd.	Rooms 103B & 103C, Building 6, Warner Ward, No. 51, Fuqian Street, Development Zone, Dongying, Shandong	30 December 2022
13	Shanghai Tianping Road Securities Business Department of Haitong Securities Co., Ltd.	Shanghai Minhang District Suhong Road Securities Business Department of Haitong Securities Co., Ltd.	Rooms 102 & 301, Building 1, No. 333, Suhong Road, Minhang District, Shanghai	16 September 2022
14	Shanghai Pudong New Area Chengshan Road Securities Business Department of Haitong Securities Co., Ltd.	Shanghai Pudong Branch of Haitong Securities Co., Ltd.	B-1, 1/F, Building 1, No. 800, Naxian Road, China (Shanghai) Pilot Free Trade Zone	27 September 2022
15	Tianmen Xihu Road Securities Business Department of Haitong Securities Co., Ltd.	Tianmen Xihu Road Securities Business Department of Haitong Securities Co., Ltd.	Room 306, 3/F, Building 2, Yinzuo Dijingwan (Tianmen CBD), Tianmen Xincheng, Xihu Road, Jingling Street, Tianmen, Hubei	22 July 2022
16	Chongqing Zhongshan 3rd Road Securities Business Department of Haitong Securities Co., Ltd.	Chongqing Minsheng Road Securities Business Department of Haitong Securities Co., Ltd.	Part of 2/F, No. 283, Minsheng Road, Yuzhong District, Chongqing	22 February 2022
17	Shihezi Beiyi Road Securities Business Department of Haitong Securities Co., Ltd.	Shihezi Beiyi Road Securities Business Department of Haitong Securities Co., Ltd.	No. 1-2 and No. 1-3, Beiyi East Road, Phoenix Jiayuan, 51st Area, Development Zone, Shihezi, Xinjiang	21 March 2022
18	Lanzhou Xijin West Road Securities Business Department of Haitong Securities Co., Ltd.	Lanzhou Xijin West Road Securities Business Department of Haitong Securities Co., Ltd.	Room 103, Building 1, No. 1, Xijin West Road, Qilihe District, Lanzhou, Gansu	12 April 2022
19	Ningbo Zhongshan East Road Securities Business Department of Haitong Securities Co., Ltd.	Ningbo Heji Street Securities Business Department of Haitong Securities Co., Ltd.	(10-4) and (10-5), Building 002, Block 2, No. 181, Heji Street, Yinzhou District, Ningbo, Zhejiang	28 September 2022
20	Ma'anshan Hudong Middle Road Securities Business Department of Haitong Securities Co., Ltd.	Ma'anshan Yushan West Road Securities Business Department of Haitong Securities Co., Ltd.	10-102, Yufeng Garden, Yushan District, Ma'anshan	24 January 2022
21	Hangzhou Jiefang Road Securities Business Department of Haitong Securities Co., Ltd.	Hangzhou Fuchun Road Securities Business Department of Haitong Securities Co., Ltd.	Shop 103-5, Block 1 and Rooms 3101-3104, Block 3, Qianjiang International Times Square, No. 290, Fuchun Road, Sijiqing Street, Shangcheng District, Hangzhou, Zhejiang	12 April 2022
22	Tianjin Qufu Avenue Securities Business Department of Haitong Securities Co., Ltd.	Tianjin Nanjing Road Securities Business Department of Haitong Securities Co., Ltd.	L2-07, 2/F, Hechuan Building, No. 237, Nanjing Road, Nanyingmen Street, Heping District, Tianjin	25 November 2022

## 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
23	Mianyang Changhong Avenue Securities Business Department of Haitong Securities Co., Ltd.	Mianyang Fucheng Road Securities Business Department of Haitong Securities Co., Ltd.	No. 1, 2/F, Building 3, No. 2, Mianzhouli, No. 2, Xinguangsha, Fucheng Road, Fucheng District, Mianyang, Sichuan	22 November 2022
24	Lianyungang Julong South Road Securities Business Department of Haitong Securities Co., Ltd.	Lianyungang Cangwu Road Securities Business Department of Haitong Securities Co., Ltd.	Room 105, Building AB, Shanshui Lijing Plaza, No. 35, Cangwu Road, Lianyungang	21 July 2022
25	Shenzhen Shennan Avenue Securities Business Department of Haitong Securities Co., Ltd.	Shenzhen Shennan Avenue Securities Business Department of Haitong Securities Co., Ltd.	Rooms 2909-2915, Tower A, Shahe Century Holiday Plaza, No. 9030, Shennan Avenue, Xinghe Street Community, Shahe Street, Nanshan District, Shenzhen	6 September 2022
26	Shuangyashan Wuma Road Securities Business Department of Haitong Securities Co., Ltd.	Shuangyashan Xinxing Square Securities Business Department of Haitong Securities Co., Ltd.	Shop 02 (1-2/F), Guangsha Complex Building, South of Xinxing Square, Jianshan District, Shuangyashan, Heilongjiang	25 July 2022
27	Leshan Tongyue Road Securities Business Department of Haitong Securities Co., Ltd.	Leshan Jiazhou Avenue Securities Business Department	1/F, No. 416, Jiazhou Avenue, Shizhong District, Leshan	29 December 2022

### 2. ESTABLISHMENT AND CESSATION OF BRANCH OFFICES OF BRANCH OFFICES DURING THE REPORTING PERIOD

Nil

# 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 292 to 488, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- 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, which include significant accounting policies 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") 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 and debt instruments at fair value through other comprehensive income classified as Level 3 Financial Instruments

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<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> <p>Refer to Notes 26, 27, 32 and 40 to the consolidated financial statements.</p> <p>As at 31 December 2022, advances to customers on margin financing, financial assets held under resale agreements, finance lease receivables and receivables arising from sale and leaseback arrangements are RMB70,027 million, RMB33,210 million, RMB21,048 million and RMB85,735 million respectively, with credit impairment loss allowance of RMB2,183 million, RMB565 million, RMB1,590 million, and RMB1,185 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 2022 is RMB1,183 million.</p>	<p>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.</p> <p>We evaluated and tested the Group’s internal controls relating to the measurement of ECL for the aforesaid financial assets, which included:</p> <ul style="list-style-type: none"> <li>(i) Governance over ECL models, including the selection and approval of methodologies and models; and the ongoing monitoring and fine tuning of such models;</li> </ul>

The credit loss allowances as at 31 December 2022 for the aforesaid financial assets represented Management’s best estimates of the ECL in accordance with International Financial Reporting Standard 9: “Financial Instruments”.



## 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>(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;</p> <p>(iii) Internal controls over the completeness and accuracy of key data inputs used by the models.</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>In addition, we also performed the following procedures:</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>	<p>(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;</p>
<p>(i) Selection of the appropriate models and parameters;</p> <p>(ii) Determination of the criteria for significant increase in credit risk ("SICR"), credit defaults and credit impairment;</p> <p>(iii) Projection of macroeconomic variables for forward looking scenarios and probability weightings.</p>	<p>(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;</p>
<p>The Group has established governance processes and controls over the measurement of ECL.</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>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.</p>	<p>(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;</p> <p>(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.</p> <p>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.</p>

## Independent Auditor's Report

### Key Audit Matter

#### **(2) Consolidation of structured entities:**

Refer to Note 69 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 RMB36,713 million as at 31 December 2022.

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

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b>(3) Valuation of financial assets at fair value through profit or loss ("FVTPL") and debt instruments at fair value through other comprehensive income ("debt instruments at FVTOCI") classified as Level 3 Financial Instruments:</b></p> <p>Refer to Note 76 Financial Risk Management to the consolidated financial statements</p> <p>As at 31 December 2022, the Group's FVTPL and debt instruments at FVTOCI classified as Level 3 financial instrument in the fair value hierarchy ("Level 3 Financial Instruments"), were RMB46,173 million and RMB843 million, respectively. 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.</p> <p>Valuation of the FVTPL and debt instruments at FVTOCI 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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>



## 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 IFRSs 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, 30 March 2023

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

	<i>Notes</i>	<b>2022</b>	2021
<b>Revenue</b>			
– Commission and fee income	6	<b>14,668,674</b>	18,762,734
– Interest income	7	<b>17,514,777</b>	15,625,976
– Finance lease income	7	<b>2,302,792</b>	3,336,406
– Investment income and gains (net)	8	<b>(1,034,439)</b>	10,678,856
		<b>33,451,804</b>	48,403,972
Other income and gains	9	<b>8,528,417</b>	9,405,589
<b>Total revenue, gains and other income</b>		<b>41,980,221</b>	57,809,561
Commission and fee expenses	10	<b>(3,083,635)</b>	(3,770,637)
Interest expenses	11	<b>(13,607,710)</b>	(12,341,619)
Depreciation and amortisation	12	<b>(1,581,428)</b>	(1,569,341)
Staff costs	13	<b>(5,785,269)</b>	(9,025,250)
Impairment losses under expected credit loss model	14	<b>(1,665,649)</b>	(3,351,674)
Impairment losses on other assets	15	<b>(65,121)</b>	(499,168)
Other expenses	16	<b>(8,978,954)</b>	(10,357,962)
<b>Total expenses</b>		<b>(34,767,766)</b>	(40,915,651)
Share of results of associates and joint ventures		<b>786,581</b>	1,649,889
<b>Profit before income tax</b>		<b>7,999,036</b>	18,543,799
Income tax expense	17	<b>(2,802,886)</b>	(4,795,937)
<b>Profit for the year</b>		<b>5,196,150</b>	13,747,862
<b>Attributable to:</b>			
Shareholders of the Company		<b>6,545,347</b>	12,826,517
Non-controlling interests		<b>(1,349,197)</b>	921,345
		<b>5,196,150</b>	13,747,862
<b>Earnings per share (Expressed in RMB per share)</b>			
– Basic	18	<b>0.50</b>	0.98
– Diluted	18	<b>0.50</b>	0.98



## CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

	2022	2021
Profit for the year	5,196,150	13,747,862
<b>Other comprehensive income:</b>		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains on defined benefit obligations	80,357	39,131
Fair value losses on equity instruments measured at fair value through other comprehensive income	(1,553,088)	(446,507)
Income tax impact	320,322	108,150
Subtotal	(1,152,409)	(299,226)
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	563,156	(739,071)
Fair value gains on hedging instrument designated in cash flow hedges	45,520	94,909
Fair value gains on hedges of net investments in foreign operations	611,247	243,987
Fair value (losses)/gains on debt instruments measured at fair value through other comprehensive income		
– Net fair value changes during the year	(110,934)	270,696
– Reclassification adjustment to profit or loss on disposal	(83,883)	82,732
– Reclassification adjustment to profit or loss for expected credit loss	(63,908)	83,512
– Income tax relating to components of other comprehensive income	43,913	(86,644)
Share of other comprehensive income of associates and joint ventures, net of related income tax	8,336	(2,193)
Subtotal	1,013,447	(52,072)
Other comprehensive income for the year (net of tax)	(138,962)	(351,298)
<b>Total comprehensive income for the year</b>	<b>5,057,188</b>	<b>13,396,564</b>
<b>Attributable to:</b>		
Shareholders of the Company	5,285,587	12,932,504
Non-controlling interests	(228,399)	464,060
	5,057,188	13,396,564
<b>Total comprehensive income for the period attributable to shareholders of the company arises from:</b>		
Continuing operations	5,052,909	13,396,313
Discontinued operations	4,279	251
	5,057,188	13,396,564

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

	<i>Notes</i>	<b>31 December 2022</b>	31 December 2021
<b>Non-current assets</b>			
Property and equipment	19	<b>17,016,634</b>	15,088,876
Right-of-use assets	20	<b>1,710,529</b>	1,778,639
Investment properties	21	<b>2,641,590</b>	57,595
Goodwill	22	<b>3,676,231</b>	3,365,313
Other intangible assets	23	<b>570,006</b>	531,391
Investments accounted for using equity method	25	<b>7,013,714</b>	6,454,420
Finance lease receivables	26	<b>7,102,583</b>	11,270,189
Receivables arising from sale and leaseback arrangements	27	<b>47,847,820</b>	31,521,846
Equity instruments at fair value through other comprehensive income	28	<b>6,096,319</b>	10,246,871
Debt instruments at fair value through other comprehensive income	29	<b>45,975,346</b>	33,050,889
Debt instruments measured at amortised cost	30	<b>5,437,086</b>	3,626,108
Financial assets at fair value through profit or loss	31	<b>25,043,377</b>	25,132,195
Financial assets held under resale agreements	32	<b>50,071</b>	575,403
Other loans and receivables	33	<b>2,518,564</b>	2,394,396
Loans and advances	34	<b>5,031,733</b>	4,119,086
Deferred tax assets	35	<b>4,709,952</b>	5,171,925
Deposits with exchanges	36	<b>199,937</b>	163,245
Restricted bank balances and cash	37	<b>1,769,482</b>	1,503,454
Other non-current assets	39	<b>3,101,022</b>	1,891,358
<b>Total non-current assets</b>		<b>187,511,996</b>	157,943,199
<b>Current assets</b>			
Advances to customers on margin financing	40	<b>67,843,871</b>	75,223,404
Accounts receivable	41	<b>10,394,515</b>	11,372,016
Finance lease receivables	26	<b>12,355,870</b>	22,202,398
Receivables arising from sale and leaseback arrangements	27	<b>36,702,132</b>	23,566,177
Debt instruments at fair value through other comprehensive income	29	<b>6,876,553</b>	4,002,056
Debt instruments measured at amortised cost	30	<b>369,071</b>	1,099,101
Financial assets at fair value through profit or loss	31	<b>184,555,352</b>	195,277,554
Derivative financial assets	42	<b>1,477,167</b>	1,084,731
Financial assets held under resale agreements	32	<b>32,595,078</b>	39,185,614
Other loans and receivables	33	<b>4,209,604</b>	12,544,269
Loans and advances	34	<b>837,281</b>	593,565
Other current assets	43	<b>6,748,623</b>	6,242,087
Placements to banks and other financial institutions	44	<b>274,445</b>	352,928
Deposits with exchanges	36	<b>22,664,637</b>	17,491,923
Clearing settlement funds	45	<b>21,380,695</b>	16,765,418
Deposits with central banks	46	<b>3,245,096</b>	3,304,209
Deposits with other banks	46	<b>172,872</b>	226,337
Bank balances and cash	37	<b>153,392,719</b>	156,448,163
<b>Total current assets</b>		<b>566,095,581</b>	586,981,950
<b>Total assets</b>		<b>753,607,577</b>	744,925,149

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

	Notes	31 December 2022	31 December 2021
<b>Current liabilities</b>			
Borrowings	47	56,864,912	48,402,335
Short-term financing bills payables	48	16,159,094	24,986,688
Bonds payable	49	60,153,220	52,513,925
Accounts payable to brokerage clients	50	115,513,463	123,202,200
Customer accounts	51	3,784,565	2,758,837
Contract liabilities	52	25,969	156,746
Other payables and accruals	53	21,262,810	28,635,826
Lease liabilities	20	279,881	307,759
Provisions	54	201,705	203,800
Income tax liabilities		1,727,757	3,477,590
Financial liabilities at fair value through profit or loss	55	5,478,358	10,456,105
Derivative financial liabilities	42	898,419	1,548,316
Financial assets sold under repurchase agreements	56	101,694,357	91,911,952
Placements from banks and other financial institutions	57	3,218,363	12,723,438
Deposits from central banks		2,133,219	155,411
Deposits from other banks	58	-	72,787
<b>Total current liabilities</b>		<b>389,396,092</b>	401,513,715
<b>Net current assets</b>		<b>176,699,489</b>	185,468,235
<b>Total assets less current liabilities</b>		<b>364,211,485</b>	343,411,434
<b>Non-current liabilities</b>			
Long-term payables	63	5,508,164	6,230,344
Deferred tax liabilities	35	909,459	1,320,651
Customer accounts	51	1,533,910	3,185,654
Long-term borrowings	47	33,951,333	30,751,726
Bonds payable	49	121,677,698	111,072,145
Deposits from central banks		81,911	2,150,202
Other payables and accruals	53	1,723,273	1,405,175
Financial liabilities at fair value through profit or loss	55	17,410,122	5,860,112
Lease liabilities	20	735,819	739,420
Placements from banks and other financial institutions	57	3,057,738	2,941,219
<b>Total non-current liabilities</b>		<b>186,589,427</b>	165,656,648
<b>Total liabilities</b>		<b>575,985,519</b>	567,170,363

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

	<i>Notes</i>	<b>31 December 2022</b>	31 December 2021
<b>Equity</b>			
Share capital	59	<b>13,064,200</b>	13,064,200
Capital reserve		<b>75,007,559</b>	74,913,916
Revaluation reserve	60	<b>(624,143)</b>	305,179
Translation reserve		<b>(993,170)</b>	(962,857)
General reserves	61	<b>31,438,374</b>	28,313,210
Retained earnings	61	<b>46,699,137</b>	47,504,316
<b>Equity attributable to shareholders the company</b>		<b>164,591,957</b>	163,137,964
Non-controlling interests		<b>13,030,101</b>	14,616,822
<b>Total equity</b>		<b>177,622,058</b>	177,754,786
<b>Total equity and liabilities</b>		<b>753,607,577</b>	744,925,149

The consolidated financial statements on pages 292 to 488 were approved and authorised for issue by the Board of Directors on 30 March 2023 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 2022 (All amounts in RMB'000 unless otherwise stated)

	Attributable to shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Capital Reserve (Note)	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
Other equity instruments issued by a subsidiary (Note 62)	-	-	-	-	-	-	-	202,009	202,009
Appropriation to general reserve	-	-	-	-	3,125,164	(3,125,164)	-	-	-
Cash dividend recognised as distribution (Note 67)	-	-	-	-	-	(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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

	Attributable to shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Capital Reserve (Note)	Revaluation reserves	Translation reserve	General reserve	Retained earnings	Total		
<b>As at 1 January 2021</b>	13,064,200	74,888,284	282,378	(932,948)	24,924,156	41,222,398	153,448,468	14,677,844	168,126,312
Profit for the year	-	-	-	-	-	12,826,517	12,826,517	921,345	13,747,862
Other comprehensive income for the year	-	-	135,896	(29,909)	-	-	105,987	(457,285)	(351,298)
<b>Total comprehensive income for the year</b>	-	-	135,896	(29,909)	-	12,826,517	12,932,504	464,060	13,396,564
Other equity instruments issued by a subsidiary (Note 62)	-	-	-	-	-	-	-	811,512	811,512
Appropriation to general reserve	-	-	-	-	3,389,054	(3,389,054)	-	-	-
Cash dividend recognised as distribution (Note 67)	-	-	-	-	-	(3,266,050)	(3,266,050)	-	(3,266,050)
Distribution to non-controlling interests and other equity instruments holders	-	-	-	-	-	-	-	(729,896)	(729,896)
Share-based payments of a subsidiary	-	9,356	-	-	-	-	9,356	99,710	109,066
Disposal of equity instruments at fair value through other comprehensive income	-	-	(113,095)	-	-	113,095	-	-	-
Changes in non-controlling interests	-	16,276	-	-	-	-	16,276	(705,169)	(688,893)
Others	-	-	-	-	-	(2,590)	(2,590)	(1,239)	(3,829)
<b>As at 31 December 2021</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

*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 2022 (All amounts in RMB'000 unless otherwise stated)

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Profit before income tax	<b>7,999,036</b>	18,543,799
Adjustments for		
Interest expenses	<b>13,607,710</b>	12,341,619
Share of results of associates and joint ventures	<b>(786,581)</b>	(1,649,889)
Depreciation and amortisation	<b>1,581,428</b>	1,569,341
Impairment losses under expected credit loss model	<b>1,665,649</b>	3,351,674
Impairment losses of other assets	<b>65,121</b>	499,168
Share-based payment of a subsidiary	<b>23,914</b>	109,065
Losses on disposal of property and equipment and other intangible assets	<b>10,715</b>	12,734
Foreign exchange losses/(gains), net	<b>425,400</b>	(279,938)
Interest income from debt instruments at fair value through other comprehensive income	<b>(1,415,566)</b>	(839,666)
Interest income from debt instruments measured at amortised cost	<b>(119,188)</b>	(64,274)
Dividend income arising from equity instruments at fair value through other comprehensive income	<b>(156,024)</b>	(1,195,069)
Net gains arising from debt instruments at fair value through other comprehensive income	<b>(193,643)</b>	(620,788)
Net realised (gains)/losses arising from financial assets at fair value through profit or loss	<b>(1,427,239)</b>	1,068,863
Fair value change of financial instruments at fair value through profit or loss	<b>3,056,495</b>	(290,515)
<b>Operating cash flows before movements in working capital</b>	<b>24,337,227</b>	32,556,124

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

	2022	2021
Increase in finance lease receivables and receivables arising from sale and leaseback arrangements	<b>(17,079,642)</b>	(6,313,223)
Decrease in financial assets at fair value through profit or loss and derivative financial assets	<b>7,817,801</b>	3,397,337
Decrease in financial assets held under resale agreements	<b>6,850,350</b>	14,489,244
Decrease in other loans and receivables	<b>7,825,066</b>	4,660,945
Increase in loans and advances	<b>(1,170,068)</b>	(797,145)
Decrease/(Increase) in advances to customers on margin financing	<b>6,870,676</b>	(2,617,227)
Increase in accounts receivables and other current assets	<b>(1,323,711)</b>	(5,818,500)
Decrease/(Increase) in placements to banks and other financial institutions	<b>84,949</b>	(333,000)
Increase in deposits with exchanges	<b>(5,209,406)</b>	(280,317)
Decrease in deposit with central banks	<b>6,277</b>	8,881
Increase in restricted bank deposits	<b>(352,305)</b>	(335,342)
Decrease/(Increase) in cash held on behalf of clients	<b>8,737,205</b>	(17,775,373)
(Decrease)/Increase in accounts payable to brokerage clients and other payables and accruals	<b>(15,619,488)</b>	20,873,033
(Decrease)/Increase in customer accounts	<b>(626,016)</b>	1,531,103
(Decrease)/Increase in contract liabilities	<b>(130,777)</b>	25,707
(Decrease)/Increase in provisions	<b>(7,042)</b>	64,429
Increase/(Decrease) in financial liabilities at fair value through profit or loss and derivative financial liabilities	<b>6,976,906</b>	(16,893,288)
Increase in financial assets sold under repurchase agreements	<b>9,782,404</b>	31,348,519
(Decrease)/Increase in placements from banks and other financial institutions	<b>(9,388,557)</b>	595,145
(Decrease)/Increase in deposit from central banks	<b>(90,483)</b>	1,418,048
(Decrease)/Increase in deposit from other banks	<b>(72,787)</b>	9,683
<b>Cash from operations</b>	<b>28,218,579</b>	59,814,783
Income taxes paid	<b>(6,493,838)</b>	(3,635,454)
Interest paid	<b>(3,931,718)</b>	(3,431,920)
<b>Net cash inflow from operating activities</b>	<b>17,793,023</b>	52,747,409



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

	2022	2021
<b>INVESTING ACTIVITIES</b>		
Dividends received from associates and other investments	<b>465,822</b>	334,540
Dividends received from equity instruments at fair value through other comprehensive income	<b>156,024</b>	1,195,069
Interest from the debt instruments at fair value through other comprehensive income and amortised cost	<b>1,449,928</b>	346,175
Purchases of property and equipment and other intangible assets	<b>(4,657,435)</b>	(1,799,247)
Disposal of a subsidiary	<b>132,053</b>	–
Proceeds on disposal of property and equipment	<b>3,101</b>	455,196
Cash paid for investments accounted for using equity method	<b>(889,182)</b>	(1,398,675)
Proceeds from partial disposal of associates and joint ventures	<b>658,983</b>	685,719
Purchases of		
Debt instruments at fair value through other comprehensive income	<b>(43,590,974)</b>	(30,272,325)
Financial assets at fair value through profit or loss	<b>(2,478,800)</b>	(3,774,445)
Equity instruments at fair value through other comprehensive income	<b>(2,000,033)</b>	(4,794,583)
Debt instruments measured at amortised cost	<b>(2,085,308)</b>	(2,443,311)
Proceeds from disposal of		
Equity instruments at fair value through other comprehensive income	<b>4,992,803</b>	10,886,498
Debt instruments at fair value through other comprehensive income	<b>27,903,195</b>	5,457,106
Debt instruments measured at amortised cost	<b>1,024,768</b>	1,836,516
Financial assets at fair value through profit or loss	<b>3,631,547</b>	2,348,936
<b>Net cash outflow from investing activities</b>	<b>(15,283,508)</b>	(20,936,831)

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

	2022	2021
<b>FINANCING ACTIVITIES</b>		
Dividends paid	<b>(4,178,845)</b>	(3,931,210)
Proceeds from issuance of subsidiaries' shares	<b>3,915</b>	31,298
Payments on capital returned to non-controlling shareholders	<b>(1,073,544)</b>	–
Borrowings raised	<b>71,594,305</b>	53,066,260
Interest paid for borrowings and bonds	<b>(9,110,155)</b>	(8,360,887)
Interest paid for perpetual notes	<b>(108,553)</b>	(64,736)
Issuance cost paid for short-term bonds, non-convertible bonds and others	<b>(144,235)</b>	(268,863)
Repayment of lease liabilities	<b>(415,180)</b>	(506,791)
Repayment of borrowings, short-term bonds, non-convertible bonds and others	<b>(155,278,389)</b>	(177,742,005)
Proceeds from share issued upon exercise of share options of a subsidiary	–	2,506
Proceeds from non-convertible bonds and short-term financing bills payables	<b>104,859,198</b>	126,612,630
Purchase of shares held under the share award scheme	<b>(15,231)</b>	–
<b>Net cash inflow/(outflow) from financing activities</b>	<b>6,133,286</b>	(11,161,798)
<b>Net increase in cash and cash equivalents</b>	<b>8,642,801</b>	20,648,780
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,182,232</b>	(250,989)
<b>Cash and cash equivalents at the beginning of period</b>	<b>57,705,067</b>	37,307,276
<b>Cash and cash equivalents at the end of period (Note 38)</b>	<b>67,530,100</b>	57,705,067

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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. In December 2001, the Company was further transformed to a joint-stock company upon the approval from China Securities Regulatory Commission (the “CSRC”). In January 2002, the Company changed its name from 海通證券有限公司 to Haitong Securities Co., Ltd. (海通證券股份有限公司). 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 INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the consolidated financial statements, the Group has applied the following new and amendments to International Financial Reporting Standards (“IFRSs”) 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 2022 in their first interim financial statements:

- (a) Amendments to IAS 16: Property, Plant and Equipment
- (b) Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Asset
- (c) Amendments to IFRS 3: Business Combinations
- (d) Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41: Annual Improvements to IFRS Standards (2018-2020 Annual Cycle)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

#### 2.1. New and amended standards adopted by the Group (Continued)

##### (a) *Amendments to IAS 16: Property, Plant and Equipment*

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

##### (b) *Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Asset*

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

##### (c) *Amendments to IFRS 3: Business Combinations*

Amendments to IFRS 3: 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

##### (d) *Annual Improvements to IFRS Standards 2018-2020*

IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption;

IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities;

IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives;

IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

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 2022 (All amounts in RMB'000 unless otherwise stated)

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

#### 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)	IFRS 17	Insurance Contracts	1 January 2023
(b)	Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
(c)	Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
(d)	Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
(e)	Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
(f)	Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
(g)	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. Early adoption of the amendments continue to be permitted
(h)	Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024

#### (a) *Amendments to 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 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

#### 2.2. Impact of standards issued but not yet applied by the Group (Continued)

##### *(b) Amendments to IAS 1: Classification of Liabilities as Current or Non-current*

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The entity should assess the existence of the right on the reporting date, whether the right will be enforced is out of consideration. The right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date. 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 1: Non-current Liabilities with Covenants*

These amendments clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. The 2022 amendments also introduce additional disclosure requirements. When an entity classifies a liability arising from a loan arrangement as non-current and that liability is subject to the covenants which an entity is required to comply with within twelve months of the reporting date, the entity shall disclose information in the notes, including the carrying amount of the liability, information about the covenants, facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants. 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 IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies*

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' 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 disclosure. 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

### 2.2. Impact of standards issued but not yet applied by the Group (Continued)

#### (e) *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 Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

#### (f) *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. They will typically apply to transactions such as leases of lessees and decommissioning obligations, 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 retained earnings, or another component of equity, as appropriate. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

#### (g) *Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture*

These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

#### 2.2. Impact of standards issued but not yet applied by the Group (Continued)

##### (h) Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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 IFRSs). 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

#### Property and equipment (Continued)

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.

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 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES 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 2022 (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 76.

#### ***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 76.

#### ***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 76.

#### ***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 76.

#### ***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 76.

#### **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 2022 (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 2022 (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 69 and 70 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 IFRSs, 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 2022 (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 2022 (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 2022 and 2021 is as follows:

#### Operating and Reportable segment

##### 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							4,709,952
Group's total assets							753,607,577
Segment liabilities	174,522,907	11,665,090	14,673,609	260,136,584	113,871,144	206,726	575,076,060
Deferred tax liabilities							909,459
Group's total liabilities							575,985,519
<b>Other segment information</b> (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 2022 (All amounts in RMB'000 unless otherwise stated)

## 5. SEGMENT REPORTING (CONTINUED)

### Operating and Reportable segment (Continued)

For the year ended 31 December 2021

	Wealth management	Investment banking	Asset management	Trading and institution	Finance lease	Others	Consolidated total
<b>Segment revenue and results</b>							
Revenue	17,143,395	5,439,731	3,997,179	15,313,123	6,501,470	9,074	48,403,972
Other income and gains	348,122	276,163	151,681	354,141	2,376,176	5,899,306	9,405,589
Segment revenue	17,491,517	5,715,894	4,148,860	15,667,264	8,877,646	5,908,380	57,809,561
Segment expenses	12,556,507	2,721,431	2,372,493	10,008,524	7,284,804	5,971,892	40,915,651
Segment results	4,935,010	2,994,463	1,776,367	5,658,740	1,592,842	(63,512)	16,893,910
Share of results of associates and joint ventures	-	-	712,172	937,717	-	-	1,649,889
Segment profit before income tax	4,935,010	2,994,463	2,488,539	6,596,457	1,592,842	(63,512)	18,543,799
<b>Segment assets and liabilities</b>							
Segment assets	241,389,287	10,094,708	13,824,798	350,203,976	114,017,446	3,768,589	733,298,804
Investments accounted for using equity method	-	-	1,957,895	4,496,525	-	-	6,454,420
Deferred tax assets							5,171,925
Group's total assets							744,925,149
Segment liabilities	192,472,695	9,040,397	7,705,572	250,499,642	106,049,411	81,995	565,849,712
Deferred tax liabilities							1,320,651
Group's total liabilities							567,170,363
Other segment information (Amounts included in the measure of segment profit or loss)							
Depreciation and amortization	388,042	155,892	174,906	357,780	416,472	76,249	1,569,341
Capital expenditure	507,641	193,071	29,973	336,422	654,185	77,955	1,799,247
Impairment losses under expected credit loss model	1,125,388	121,804	177,095	210,187	1,717,445	(245)	3,351,674
Impairment losses on other assets	-	-	-	414,645	85,566	(1,043)	499,168

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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 2022 and 2021.

### 6. COMMISSION AND FEE INCOME

	2022	2021
Securities, futures and options dealing and broking fee income	<b>7,645,318</b>	9,668,840
Underwriting and sponsors fee	<b>3,952,650</b>	4,578,454
Asset management fee income (including fund management fee income)	<b>2,305,142</b>	3,691,479
Financial advisory and consultancy fee income	<b>632,859</b>	651,515
Others	<b>132,705</b>	172,446
	<b>14,668,674</b>	18,762,734

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 2022 (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 2022, the Group's most contracts with customers have original expected duration of less than one year.

### 7. INTEREST INCOME

	2022	2021
Bank interest income	<b>3,658,856</b>	3,212,034
Interest income from advances to customers on margin financing	<b>4,644,128</b>	5,325,547
Interest income from loans and receivable	<b>1,179,067</b>	1,241,489
Interest income from financial assets held under resale agreements	<b>2,061,244</b>	2,203,203
Interest income from debt instruments at fair value through other comprehensive income and amortised cost	<b>1,534,754</b>	903,940
Interest income from receivables arising from sale and leaseback arrangements	<b>4,408,262</b>	2,730,138
Other interest income	<b>28,466</b>	9,625
	<b>17,514,777</b>	15,625,976
Finance lease income	<b>2,302,792</b>	3,336,406

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 8. INVESTMENT INCOME AND GAINS (NET)

	2022	2021
Net realised gains arising from financial assets/liabilities at fair value through profit or loss	<b>1,655,595</b>	10,308,037
Fair value change of financial instruments at fair value through profit or loss	<b>(3,056,495)</b>	290,515
Dividend income from equity instruments at fair value through other comprehensive income	<b>156,024</b>	1,195,069
Net gains/(losses) arising from debt instruments at fair value through other comprehensive income	<b>193,643</b>	(620,788)
Others	<b>16,794</b>	(493,977)
	<b>(1,034,439)</b>	10,678,856

### 9. OTHER INCOME AND GAINS

	2022	2021
Income from commodity trading	<b>5,742,280</b>	5,865,706
Service fee income from finance lease	<b>1,142,427</b>	1,281,696
Government grants	<b>767,823</b>	725,782
Rental income from operating lease	<b>540,145</b>	451,145
Foreign exchange (losses)/gains	<b>(425,400)</b>	279,938
Rental income from investment properties	<b>13,330</b>	12,583
Others	<b>747,812</b>	788,739
	<b>8,528,417</b>	9,405,589

### 10. COMMISSION AND FEE EXPENSES

	2022	2021
Securities and futures dealing and broking expenses	<b>2,733,794</b>	3,230,145
Commission expenses	<b>238,036</b>	414,479
Services expenses for underwriting, financial advisory and others	<b>111,805</b>	126,013
	<b>3,083,635</b>	3,770,637

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

## 11. INTEREST EXPENSES

	2022	2021
Interest expenses for:		
– Borrowings and overdrafts	<b>2,950,843</b>	2,523,845
– Deposit taken from banks and other financial institutions	<b>162,550</b>	139,355
– Financial assets sold under repurchase agreements	<b>1,951,565</b>	1,666,352
– Accounts payable to brokerage clients	<b>733,336</b>	650,961
– Advances from China Securities Finance Corporation Ltd. (“CSFC”)	<b>350,117</b>	352,369
– Bonds payables and short-term financing bills payable	<b>6,684,671</b>	6,344,323
– Lease liabilities	<b>40,479</b>	41,531
– Others	<b>734,149</b>	622,883
	<b>13,607,710</b>	12,341,619

## 12. DEPRECIATION AND AMORTISATION

	2022	2021
Depreciation of property and equipment	<b>906,392</b>	892,585
Depreciation for right-of-use assets	<b>444,470</b>	482,321
Depreciation of investment properties	<b>40,709</b>	3,348
Amortisation of other intangible assets	<b>189,857</b>	191,087
	<b>1,581,428</b>	1,569,341

## 13. STAFF COSTS

	2022	2021
Staff costs (including directors’ remuneration ( <i>Note 71</i> ))		
Salaries, bonus and allowances	<b>4,157,505</b>	7,629,206
Contributions to annuity plans and retirement schemes ( <i>i</i> )	<b>1,163,325</b>	966,816
Other social welfare	<b>464,439</b>	429,228
	<b>5,785,269</b>	9,025,250

- (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 2022 (All amounts in RMB'000 unless otherwise stated)

### 13. STAFF COSTS (CONTINUED)

The Group's subsidiary in Portugal operated 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 2022, the actuarial valuations indicate that the fair value of plan assets of the Group's subsidiary in Portugal represents a liability financing level of 151.25 per cent (31 December 2021: 112.37 per cent). As at 31 December 2022, the present value of defined benefit obligations and fair value of plan assets in respect of this scheme amounted to EUR 32,916 thousand equivalent to RMB244,332 thousand (31 December 2021: EUR 50,066 thousand equivalent to RMB361,462 thousand) and EUR 49,786 thousand equivalent to RMB369,557 thousand (31 December 2021: EUR 56,260 thousand equivalent to RMB406,180 thousand) respectively.

Share option award of subsidiaries is disclosed in Note 73.

### 14. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

	2022	2021
ECL in respect of:		
– Finance lease receivables	<b>1,195,233</b>	1,062,882
– Receivables arising from sale and leaseback arrangements	<b>503,013</b>	315,609
– Advances to customers on margin financing	<b>439,044</b>	485,262
– Financial assets held under resale agreements	<b>(953,836)</b>	781,956
– Other loans and receivables	<b>342,906</b>	512,580
– Debt instruments at amortised cost	<b>(1,915)</b>	10,462
– Debt instruments at fair value through other comprehensive income	<b>(63,908)</b>	83,512
– Loans and advances	<b>6,599</b>	1,124
– Other financial assets and other items	<b>198,513</b>	98,287
	<b>1,665,649</b>	3,351,674



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 15. IMPAIRMENT LOSSES ON OTHER ASSETS

	2022	2021
Property and equipment	4,945	46,616
Goodwill	–	414,645
Other assets	60,176	37,907
	<b>65,121</b>	499,168

### 16. OTHER EXPENSES

	2022	2021
Cost of commodity trading	5,728,277	5,769,173
Administrative expenses	2,877,454	3,864,814
Taxes and surcharges	241,045	284,499
Others	132,178	439,476
	<b>8,978,954</b>	10,357,962

### 17. INCOME TAX EXPENSE

	2022	2021
Current tax	2,346,264	5,003,791
Deferred tax	456,622	(207,854)
	<b>2,802,886</b>	4,795,937

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 2022 (All amounts in RMB'000 unless otherwise stated)

### 17. INCOME TAX EXPENSE (CONTINUED)

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:

	2022	2021
Profit before income tax	<b>7,999,036</b>	18,543,799
Tax at the statutory tax rate of 25%	<b>1,999,759</b>	4,635,950
Effect of share of results of associates and joint ventures	<b>(191,638)</b>	(121,984)
Tax effect of expenses not deductible for tax purpose	<b>975,169</b>	562,203
Tax effect of income not taxable for tax purpose	<b>(1,142,877)</b>	(643,617)
Over provision in prior years	<b>62,412</b>	(19,536)
Utilisation of tax losses previously not recognised	<b>(209,473)</b>	(93,238)
Tax effect of tax losses and deductible temporary differences not recognised	<b>734,709</b>	482,810
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>574,825</b>	(6,651)
Tax charge	<b>2,802,886</b>	4,795,937

### 18. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to shareholders of the Company is as follows:

	2022	2021
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to shareholders of the Company	<b>6,545,347</b>	12,826,517
Effect of dilutive potential ordinary shares:		
Adjustment to the share of profit of subsidiaries based on dilution of their earnings per share (Note)	–	(151)
Earnings for the purpose of diluted earnings per share	<b>6,545,347</b>	12,826,366
Number of shares for basic and diluted earnings per share:		
Number of shares in issue (in thousand)	<b>13,064,200</b>	13,064,200
Basic earnings per share (expressed in RMB per share)	<b>0.50</b>	0.98
Diluted earnings per share (expressed in RMB per share)	<b>0.50</b>	0.98

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 18. EARNINGS PER SHARE (CONTINUED)

*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.

### 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 2022	9,518,750	888,291	1,756,610	6,212,464	298,082	330,123	19,004,320
Additions during the year	1,756,490	84,481	270,997	4,702	39,081	182,911	2,338,662
Disposals during the year	-	(47,232)	(75,700)	(7,922)	(17,423)	(14)	(148,291)
Transfer during the year	-	53,378	2,879	-	16,601	(72,858)	-
Exchange difference	38,145	13,261	21,741	559,227	7,532	402	640,308
As at 31 December 2022	11,313,385	992,179	1,976,527	6,768,471	343,873	440,564	21,834,999
<b>Accumulated depreciation</b>							
As at 1 January 2022	952,231	633,768	1,192,217	859,267	201,318	-	3,838,801
Provided for the year	276,891	111,871	227,011	265,760	24,859	-	906,392
Eliminated on disposals	-	(31,900)	(71,809)	(7,657)	(16,278)	-	(127,644)
Exchange difference	4,984	10,635	18,213	75,043	5,901	-	114,776
As at 31 December 2022	1,234,106	724,374	1,365,632	1,192,413	215,800	-	4,732,325
<b>Allowance for impairment losses</b>							
As at 1 January 2022	30,382	-	-	46,261	-	-	76,643
Provided for the year	-	-	4,271	-	674	-	4,945
Exchange differences	-	-	155	4,273	24	-	4,452
As at 31 December 2022	30,382	-	4,426	50,534	698	-	86,040
<b>Carrying amount</b>							
As at 31 December 2022	10,048,897	267,805	606,469	5,525,524	127,375	440,564	17,016,634
As at 31 December 2021	8,536,137	254,523	564,393	5,306,936	96,764	330,123	15,088,876

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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 2022, the cost of aircraft amounts to RMB6,173,592 thousand (31 December 2021: RMB5,651,577 thousand), accumulated depreciation amounts to RMB829,587 thousand (31 December 2021: RMB555,394 thousand), allowance for impairment losses amounts to RMB50,534 thousand (31 December 2021: RMB46,261 thousand), and the carrying amounts of aircraft amounts to RMB5,293,471 thousand (31 December 2021: RMB5,049,922 thousand).

As at 31 December 2022, buildings amounted to RMB28,259 thousand were yet to obtain the relevant land and building certificates (31 December 2021: RMB 29,460 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 2022	2,992,253	803	4,160	2,108	2,999,324
Additions during the year	450,285	–	241	317	450,843
Decreases during the year	(803,531)	–	(1,287)	(60)	(804,878)
Exchange difference	56,497	(177)	(497)	(8)	55,815
As at 31 December 2022	2,695,504	626	2,617	2,357	2,701,104
<b>Accumulated amortisation</b>					
As at 1 January 2022	1,217,362	215	1,965	1,143	1,220,685
Provided for the year	442,812	195	831	632	444,470
Decreases during the year	(696,142)	–	(1,055)	(59)	(697,256)
Exchange difference	23,062	(115)	(268)	(3)	22,676
As at 31 December 2022	987,094	295	1,473	1,713	990,575
<b>Carrying amount</b>					
As at 31 December 2022	1,708,410	331	1,144	644	1,710,529
As at 31 December 2021	1,774,891	588	2,195	965	1,778,639



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

#### Lease liabilities

	2022/12/31	2021/12/31
Within 1 year	279,881	307,759
1 to 2 years	204,320	238,764
2 to 5 years	300,301	249,731
More than 5 years	231,198	250,925
	<b>1,015,700</b>	1,047,179
Amount due for settlement with 12 months shown under current liabilities	<b>279,881</b>	307,759
Amount due for settlement after 12 months shown under non-current liabilities	<b>735,819</b>	739,420

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 and determines the period for which the contract is enforceable.

For the year ended 31 December 2022, total cash outflow for leases amounts to RMB478,620 thousand (for the year ended 31 December 2021: RMB568,569 thousand).

For the year ended 31 December 2022, interest expenses for lease liabilities amounts to RMB40,479 thousand (for the year ended 31 December 2021: RMB41,532 thousand).

As at 31 December 2022, 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 2022, 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 21. INVESTMENT PROPERTIES

	2022/12/31	2021/12/31
<b>Cost</b>		
At beginning of the year	86,062	143,241
Transfer in during the period	–	5,138
Addition during the year	2,518,099	–
Transfer to property and equipment	–	(60,631)
Exchange difference	106,605	(1,686)
At end of the year	2,710,766	86,062
<b>Accumulated depreciation</b>		
At beginning of the year	28,467	31,649
Transfer in during the period	–	2,486
Provided for the year	40,709	3,348
Transfer to property and equipment	–	(9,016)
Exchange difference	–	–
At end of the year	69,176	28,467
<b>Carrying amount</b>		
At end of the year	2,641,590	57,595

The fair values of the Group's investment properties as at 31 December 2022 were RMB3,385,023 thousand (31 December 2021: RMB308,710 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 22. GOODWILL

#### Cost and carrying values

	31 December 2021	Exchange adjustments	31 December 2022
Goodwill—			
Haitong Futures Co., Ltd.	5,896	–	5,896
Haitong International Securities Group Limited	641,800	59,400	701,200
Haitong UT Capital Group Co., Ltd.	2,047,416	189,491	2,236,907
Haitong International Holdings (UK) Limited	120,877	11,187	132,064
Haitong Bank, S.A.	953,606	88,258	1,041,864
Haitong International Financial Services (Singapore) Pte. Ltd.	4,518	418	4,936
	3,774,113	348,754	4,122,867
Less: impairment losses			
Haitong Bank, S.A.	(408,800)	(37,836)	(446,636)
	3,365,313	310,918	3,676,231

Particulars regarding impairment testing on goodwill are disclosed in Note 24.

### 23. OTHER INTANGIBLE ASSETS

	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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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 2021	224,226	1,614,796	108,927	27,154	1,975,103
Additions during the year	–	170,478	–	5,914	176,392
Disposals during the year	–	(3,045)	(10)	(566)	(3,621)
Transfer during the year	–	2,140	–	(2,140)	–
Exchange difference	(183)	(39,365)	(1,894)	(959)	(42,401)
As at 31 December 2021	224,043	1,745,004	107,023	29,403	2,105,473
<b>Accumulated amortisation</b>					
As at 1 January 2021	116,601	1,231,502	75,036	–	1,423,139
Provided for the year	–	184,896	6,191	–	191,087
Eliminated on disposals	–	(3,045)	(10)	–	(3,055)
Exchange difference	–	(35,551)	(1,538)	–	(37,089)
As at 31 December 2021	116,601	1,377,802	79,679	–	1,574,082
<b>Carrying amount</b>					
As at 31 December 2021	107,442	367,202	27,344	29,403	531,391

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

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### 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 2022 and 31 December 2021 allocated to these units are as follows:

	2022/12/31	2021/12/31
Unit A – Haitong Futures Co., Ltd.	5,896	5,896
Unit B – Haitong International Securities Group Limited	701,200	641,800
Unit C – Haitong UT Capital Group Co., Limited	2,236,907	2,047,416
Unit D – Haitong Bank S.A.	595,228	544,806
Unit E – Haitong International Holdings (UK) Limited (formerly "Japaninvest Group plc")	132,064	120,877
Unit F – Haitong International Financial Services (Singapore) Pte. Ltd.	4,936	4,518
	<b>3,676,231</b>	<b>3,365,313</b>

During the year ended 31 December 2022, management of the Group determined that there were no impairments of any of its CGUs containing goodwill as the recoverable amounts of Unit A, Unit B, Unit C, Unit D, Unit E and Unit F exceed their respective carrying amounts.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarized below:

The recoverable amounts of Unit A, Unit B, Unit C, Unit D, Unit E and Unit F have been determined on the basis of value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management and at a discount rate (before tax) of 13.33% to 22.39% for Unit A, Unit B, Unit C, Unit D, Unit E and Unit F, as at 31 December 2022. 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 ranged from 2.00% to 41.03%. The terminal growth rates ranged from 2.00% to 3.20%.

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 B, Unit C, Unit D, Unit E or Unit F to exceed their respective aggregate recoverable amounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 24. IMPAIRMENT TESTING ON GOODWILL AND TRADING RIGHTS WITH INDEFINITE USEFUL LIVES (CONTINUED)

#### 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 2022 and 2021.

### 25. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	2022/12/31	2021/12/31
Cost of unlisted investments in associates and joint ventures	4,312,766	4,082,549
Share of post-acquisition profits and other comprehensive income, net of dividends received	2,700,948	2,371,871
<b>Total</b>	<b>7,013,714</b>	<b>6,454,420</b>

Details of investments accounted for using equity method:

Name of entity	Place of establishment	Principal activities	Proportion of ownership interest	
			2022/12/31	2021/12/31
上海彤關投資管理合夥企業 (有限合夥)(Note iv) Shanghai Tongguan Investment Management (Limited Partnership)*	PRC	Equity investment; Investment management services	0.00%	50.00%
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%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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	
			2022/12/31	2021/12/31
富國基金管理有限公司 Fullgoal Fund Management Co., Ltd.*	PRC	Fund management	<b>27.78%</b>	27.78%
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	<b>35.71%</b>	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	<b>37.06%</b>	37.06%
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%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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	
			2022/12/31	2021/12/31
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>	34.95%
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	Private equity funds investment	<b>22.46%</b>	22.46%
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	Investment management	<b>24.24%</b>	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; Investment management services	<b>19.39%</b>	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	<b>20.00%</b>	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	<b>20.00%</b>	20.00%



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## 25. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (CONTINUED)

Name of entity	Place of establishment	Principal activities	Proportion of ownership interest	
			2022/12/31	2021/12/31
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	<b>20.00%</b>	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	<b>20.00%</b>	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	<b>20.00%</b>	20.00%
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%
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>	20.00%
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	<b>49.90%</b>	49.90%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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	
			2022/12/31	2021/12/31
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	20.00%	0.00%
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	20.00%	0.00%
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	30.00%	0.00%
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%	0.00%
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%	0.00%
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%	0.00%
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%	0.00%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 25. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (CONTINUED)

Notes:

- (i) \*The English translated name are for identification only.
- (ii) All of these associates and joint ventures are unlisted entities without quoted market price available.
- (iii) All of these associates and joint ventures are accounted for using the equity method in these consolidated financial statements.
- (iv) Shanghai Tongguan Investment Management (Limited Partnership) was registered in PRC and discontinued operation in January 2022.

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 2022 is as follows:

#### Fullgoal Fund Management Co., Ltd.

	2022/12/31	2021/12/31
Total assets	<b>13,070,529</b>	12,646,262
Total liabilities	<b>5,325,337</b>	5,597,222
Net assets	<b>7,745,192</b>	7,049,040
Revenue for the year	<b>7,358,870</b>	8,306,072
Profit for the year	<b>2,066,140</b>	2,564,075
Total comprehensive income	<b>2,096,153</b>	2,556,119

Aggregate information of associates and joint ventures that are not individually material:

	2022/12/31	2021/12/31
The Group's share of gain	<b>212,710</b>	937,718
The Group's share of other comprehensive income	-	17
The Group's share of total comprehensive income	<b>212,710</b>	937,735
Aggregate carrying amount of the Group's interests in these associates and joint ventures	<b>4,862,462</b>	4,496,525

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 26. FINANCE LEASE RECEIVABLES

	2022/12/31	2021/12/31
Minimum finance lease receivables		
– Within one year	<b>14,822,054</b>	25,533,151
– In the second year	<b>4,761,042</b>	9,925,219
– In the third year	<b>1,324,033</b>	1,871,410
– In the fourth year	<b>565,995</b>	396,805
– In the fifth year	<b>446,252</b>	296,806
– After five years	<b>1,586,042</b>	597,410
Gross amount of finance lease receivables	<b>23,505,418</b>	38,620,801
Less: Unearned finance lease income	<b>(2,457,073)</b>	(3,584,005)
Present value of minimum finance lease receivables	<b>21,048,345</b>	35,036,796
Less: Allowance for ECL	<b>(1,589,892)</b>	(1,564,209)
Carrying amount of finance lease receivables	<b>19,458,453</b>	33,472,587
Present value of minimum finance lease receivables		
– Within one year	<b>13,305,964</b>	23,211,519
– In the second year	<b>4,249,047</b>	9,021,983
– In the third year	<b>1,167,355</b>	1,697,408
– In the fourth year	<b>501,794</b>	352,818
– In the fifth year	<b>398,372</b>	256,240
– After five years	<b>1,425,813</b>	496,828
Total	<b>21,048,345</b>	35,036,796
Analysed as:		
Current assets	<b>12,355,870</b>	22,202,398
Non-current assets	<b>7,102,583</b>	11,270,189
Total	<b>19,458,453</b>	33,472,587



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 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 2022, the Group's finance lease receivables pledged as collateral for the Group's bank borrowings amounted to RMB426,016 thousand (as at 31 December 2021: RMB1,137,119 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 2022</b>	<b>523,852</b>	<b>496,926</b>	<b>543,431</b>	<b>1,564,209</b>
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>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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 2021</b>	707,113	429,307	381,349	1,517,769
Changes in the loss allowance:				
– ECL (reversed)/recognised	(127,072)	274,539	915,415	1,062,882
– Write-offs	–	–	(643,965)	(643,965)
– Transfer between stages	(56,189)	(206,920)	263,109	–
– Recovery of finance lease receivables previously written off	–	–	72,589	72,589
– Other derecognition	–	–	(445,066)	(445,066)
<b>As at 31 December 2021</b>	523,852	496,926	543,431	1,564,209

#### 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
As at 31 December 2022	<b>18,404,093</b>	<b>1,623,102</b>	<b>1,021,150</b>	<b>21,048,345</b>
As at 31 December 2021	32,415,838	1,647,131	973,827	35,036,796

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For the year ended 31 December 2022 (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.

	2022/12/31	2021/12/31
– Within one year	<b>41,038,253</b>	26,278,930
– In the second year	<b>27,141,407</b>	18,371,251
– In the third year	<b>15,714,479</b>	10,718,660
– In the fourth year	<b>6,709,395</b>	3,873,796
– In the fifth year	<b>3,069,131</b>	1,991,889
– Over fifth year	<b>837,855</b>	158,862
Gross amount of receivables arising from sale and leaseback arrangements	<b>94,510,520</b>	61,393,388
Less: Interest adjustment	<b>(8,775,539)</b>	(5,535,329)
Present value of receivables arising from sale and leaseback arrangements	<b>85,734,981</b>	55,858,059
Less: Allowance for ECL	<b>(1,185,029)</b>	(770,036)
Carrying amount of receivables arising from sale and leaseback arrangements	<b>84,549,952</b>	55,088,023
Present value of receivables arising from sale and leaseback arrangements:		
– Within one year	<b>37,226,971</b>	23,910,557
– In the second year	<b>24,655,189</b>	16,714,899
– In the third year	<b>14,237,955</b>	9,751,609
– In the fourth year	<b>6,076,049</b>	3,524,290
– In the fifth year	<b>2,779,039</b>	1,812,175
– Over fifth year	<b>759,778</b>	144,529
Total	<b>85,734,981</b>	55,858,059
Analysed as:		
Current assets	<b>36,702,132</b>	23,566,177
Non-current assets	<b>47,847,820</b>	31,521,846
Total	<b>84,549,952</b>	55,088,023

As at 31 December 2022, the Group's receivables arising from sale and leaseback arrangements pledged as collateral for the Group's bank borrowings amounted to RMB5,005,702 thousand (31 December 2021: RMB8,024,083 thousand).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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 2022</b>	<b>699,717</b>	<b>41,974</b>	<b>28,345</b>	<b>770,036</b>
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>

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2021</b>	455,567	11,128	10,489	477,184
Changes in the loss allowance:				
– ECL recognised	251,389	31,196	33,024	315,609
– Write-offs	–	–	(17,311)	(17,311)
– Transfer between stages	(7,239)	(350)	7,589	–
– Recovery of receivable arising from sale and leaseback arrangements previously written off	–	–	2,543	2,543
– Other derecognition	–	–	(7,989)	(7,989)
<b>As at 31 December 2021</b>	<b>699,717</b>	<b>41,974</b>	<b>28,345</b>	<b>770,036</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 27. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS (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 2022</b>	<b>84,955,975</b>	<b>634,235</b>	<b>144,771</b>	<b>85,734,981</b>
<b>As at 31 December 2021</b>	55,618,393	179,113	60,553	55,858,059

### 28. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022/12/31	2021/12/31
Managed Account	<b>6,096,319</b>	10,246,871
Analysed as:		
– Listed	<b>5,102,310</b>	9,860,664
– Unlisted	<b>994,009</b>	386,207
	<b>6,096,319</b>	10,246,871

Notes:

- (i) As at 31 December 2022, 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 RMB300,125 thousand was reclassified from revaluation reserve to retained earnings.

- (ii) As at 31 December 2022, equity instruments at FVTOCI of RMB1,866,595 thousand (31 December 2021: RMB2,569,298 thousand) were collateralized for securities lending.

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 2022 (All amounts in RMB'000 unless otherwise stated)

### 29. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022/12/31	2021/12/31
Unlisted debt securities	23,497,708	10,531,176
Listed debt securities	29,354,191	26,521,769
	<b>52,851,899</b>	37,052,945
Analysed for reporting purpose as:		
Current assets	6,876,553	4,002,056
Non-current assets	45,975,346	33,050,889
	<b>52,851,899</b>	37,052,945
ECL	<b>204,409</b>	259,658

As at 31 December 2022, debt instruments at fair value through other comprehensive income of RMB35,447 million (31 December 2021: RMB27,051 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 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>	<b>86,989</b>	<b>117,420</b>	–	<b>204,409</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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 2021</b>	45,423	99,441	602,892	747,756
Changes in the loss allowance:				
– ECL recognised/(reversed)	66,641	48,462	(31,591)	83,512
– Transfer between stages	(11,100)	11,100	–	–
– Other derecognition	–	–	(600,550)	(600,550)
– Exchange difference and others	(575)	–	29,515	28,940
<b>As at 31 December 2021</b>	100,389	159,003	266	259,658

#### Gross carrying amount

	12m ECL Stage 1	Lifetime ECL not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 31 December 2022</b>	48,696,364	4,265,842	–	52,962,206
<b>As at 31 December 2021</b>	33,469,181	3,436,585	38,434	36,944,200

### 30. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	2022/12/31	2021/12/31
Analysed by type:		
Debt instruments	5,825,147	4,745,698
Less: Allowance for ECL	(18,990)	(20,489)
	5,806,157	4,725,209
Analysed for reporting purpose as:		
Current assets	369,071	1,099,101
Non-current assets	5,437,086	3,626,108
	5,806,157	4,725,209

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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 2022</b>	<b>20,489</b>	–	–	<b>20,489</b>
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>

	12m ECL Stage 1	Lifetime ECL not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2021</b>	11,014	–	78,053	89,067
Changes in the loss allowance:				
– ECL recognised	10,462	–	–	10,462
– Other derecognition	–	–	(74,070)	(74,070)
– Exchange difference and others	(987)	–	(3,983)	(4,970)
<b>As at 31 December 2021</b>	<b>20,489</b>	–	–	<b>20,489</b>

#### Gross carrying amount:

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 31 December 2022</b>	<b>5,825,147</b>	–	–	<b>5,825,147</b>
<b>As at 31 December 2021</b>	<b>4,745,698</b>	–	–	<b>4,745,698</b>

As at 31 December 2022, debt instruments measured at amortised cost of RMB4,004 million were collateralized for repurchase arrangements and refinancing with Bank of Portugal (31 December 2021, RMB2,565 million).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

## 31. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>2022/12/31</b>	2021/12/31
Debt securities	<b>101,634,305</b>	117,085,317
Equity securities	<b>30,343,977</b>	34,954,924
Funds	<b>58,853,951</b>	48,625,818
Others	<b>18,766,496</b>	19,743,690
	<b>209,598,729</b>	220,409,749
Analysed for reporting purpose as:		
Current assets	<b>184,555,352</b>	195,277,554
Non-current assets	<b>25,043,377</b>	25,132,195
	<b>209,598,729</b>	220,409,749

*Notes:*

- (i) As at 31 December 2022, financial assets at fair value through profit or loss of RMB63,261 million (31 December 2021: RMB62,710 million) were collateralized for repurchase arrangements, securities lending, refinancing and derivatives compensation contracts, including restricted securities amounted to RMB487 million (31 December 2021: RMB1,729 million).
- (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 RMB4,257 million as at 31 December 2022 (31 December 2021: RMB9,045 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

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 32. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	2022/12/31	2021/12/31
Analysed by collateral type:		
Stock ( <i>Note</i> )	<b>27,795,962</b>	31,968,603
Bonds	<b>5,413,745</b>	9,584,043
Less: Allowance for ECL	<b>(564,558)</b>	(1,791,629)
	<b>32,645,149</b>	39,761,017
Analysed by market:		
Stock Exchange	<b>32,015,828</b>	37,044,102
Inter-bank market	<b>1,193,879</b>	4,508,544
Less: Allowance for ECL	<b>(564,558)</b>	(1,791,629)
	<b>32,645,149</b>	39,761,017
Analysed for reporting purpose as:		
Current assets	<b>32,595,078</b>	39,185,614
Non-current assets	<b>50,071</b>	575,403
	<b>32,645,149</b>	39,761,017

*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 2022, for the Group, the gross carrying amount of these agreements within one year was RMB27,745,853 thousand (31 December 2021: RMB31,392,851 thousand), the gross carrying amount of these agreements over one year was RMB50,109 thousand (31 December 2021: RMB575,752 thousand);

As at 31 December 2022, the fair value of the collateral was RMB89,186,204 thousand (31 December 2021: RMB121,478,644 thousand).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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 2022</b>	<b>13,905</b>	<b>1,180</b>	<b>1,776,544</b>	<b>1,791,629</b>
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>

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2021</b>	<b>9,693</b>	<b>7,881</b>	<b>1,777,912</b>	<b>1,795,486</b>
Changes in the loss allowance:				
– ECL (reversed)/recognised	(48)	(3,072)	785,076	781,956
– Write-offs	–	–	(646,387)	(646,387)
– Transfer between stages	4,266	(3,629)	(637)	–
– Other derecognition	–	–	(139,420)	(139,420)
– Exchange difference and others	(6)	–	–	(6)
<b>As at 31 December 2021</b>	<b>13,905</b>	<b>1,180</b>	<b>1,776,544</b>	<b>1,791,629</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 32. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (CONTINUED)

The following table details the credit risk exposures to financial assets held under resale agreements, which require an expected credit loss assessment:

#### Gross carrying amount:

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 31 December 2022</b>	<b>31,146,703</b>	<b>330,638</b>	<b>1,732,366</b>	<b>33,209,707</b>
<b>As at 31 December 2021</b>	<b>37,068,437</b>	<b>214,814</b>	<b>4,269,395</b>	<b>41,552,646</b>

### 33. OTHER LOANS AND RECEIVABLES

	2022/12/31	2021/12/31
Entrusted loans and others	514,159	720,224
Factoring receivable	–	6,030,532
Other loans and receivables	7,055,246	8,926,484
Gross carrying amount	7,569,405	15,677,240
Less: Allowance for ECL	(841,237)	(738,575)
	<b>6,728,168</b>	<b>14,938,665</b>
Analysed for reporting purpose as:		
Current assets	4,209,604	12,544,269
Non-current assets	2,518,564	2,394,396
	<b>6,728,168</b>	<b>14,938,665</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 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 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>

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2021</b>	<b>161,119</b>	<b>394,663</b>	<b>323,056</b>	<b>878,838</b>
Changes in the loss allowance:				
– ECL (reversed)/recognised	(4,691)	65,930	451,341	512,580
– Write-offs	–	–	(52,703)	(52,703)
– Transfer between stages	(24,813)	(210,885)	235,698	–
– Recovery of other loans and receivables previously written off	–	–	1,344	1,344
– Other derecognition	–	–	(592,429)	(592,429)
– Exchange difference and others	(976)	(119)	(7,960)	(9,055)
<b>As at 31 December 2021</b>	<b>130,639</b>	<b>249,589</b>	<b>358,347</b>	<b>738,575</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 33. OTHER LOANS AND RECEIVABLES (CONTINUED)

The following table details the credit risk exposures of other loans and receivables, which are subject to expected credit loss assessment:

#### Gross carrying amount:

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<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>
<b>As at 31 December 2021</b>	10,575,552	935,291	4,166,397	15,677,240

### 34. LOANS AND ADVANCES

	2022/12/31	2021/12/31
loans and advances	<b>5,978,815</b>	4,808,748
Less: Allowance for ECL	<b>(109,801)</b>	(96,097)
	<b>5,869,014</b>	4,712,651
Analysed for reporting purpose as:		
Current assets	<b>837,281</b>	593,565
Non-current assets	<b>5,031,733</b>	4,119,086
	<b>5,869,014</b>	4,712,651

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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 2022</b>	<b>18,529</b>	<b>37,737</b>	<b>39,831</b>	<b>96,097</b>
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>	<b>22,711</b>	<b>40,253</b>	<b>46,837</b>	<b>109,801</b>
	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2021</b>	14,888	59,467	33,089	107,444
Changes in the loss allowance:				
– ECL recognised/(reversed)	7,308	(18,205)	12,021	1,124
– Write-offs	–	–	(2,888)	(2,888)
– Transfer between stages	(2,029)	508	1,521	–
– Exchange difference and others	(1,638)	(4,033)	(3,912)	(9,583)
<b>As at 31 December 2021</b>	<b>18,529</b>	<b>37,737</b>	<b>39,831</b>	<b>96,097</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 34. LOANS AND ADVANCES (CONTINUED)

Gross carrying amount:

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
As at 31 December 2022	<b>5,153,647</b>	<b>752,825</b>	<b>72,343</b>	<b>5,978,815</b>
As at 31 December 2021	4,116,862	596,883	95,003	4,808,748

### 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:

	2022/12/31	2021/12/31
Deferred tax assets	<b>4,709,952</b>	5,171,925
Deferred tax liabilities	<b>(909,459)</b>	(1,320,651)
	<b>3,800,493</b>	3,851,274



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### 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 2021</b>	(859,460)	(81,608)	54,231	1,324,938	187,026	(180,706)	2,603,868	535,737	3,584,026
(Charge)/credit to profit or loss	(346,392)	11,774	32,971	33,044	(135,131)	-	619,840	(8,253)	207,853
(Charge)/credit to other comprehensive income	-	-	(4,053)	-	(86,644)	108,150	-	-	17,453
Effects of exchange rate and other change	-	1,744	(930)	15,631	6,252	39,969	(7,001)	(13,723)	41,942
<b>As at 31 December 2021</b>	(1,205,852)	(68,090)	82,219	1,373,613	(28,497)	(32,587)	3,216,707	513,761	3,851,274
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	53,971	11,827
<b>As at 31 December 2022</b>	(1,040,446)	(86,647)	211,089	1,066,445	30,323	187,693	3,052,493	379,543	3,800,493

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 reverse in the foreseeable future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 36. DEPOSITS WITH EXCHANGES

	2022/12/31	2021/12/31
Deposits with stock exchanges		
– Shanghai Stock Exchange	458,959	1,083,784
– Shenzhen Stock Exchange	234,925	196,785
– National Equities Exchange and Quotations	2,672	3,183
– Stock Exchange of Hong Kong Limited	1,340	1,788
Subtotal	697,896	1,285,540
Deposits with futures and commodity exchanges		
– Shanghai Futures Exchange	3,230,204	2,909,388
– Dalian Commodity Exchange	2,580,037	2,241,738
– Zhengzhou Commodity Exchange	1,342,274	1,083,011
– China Financial Futures Exchange	12,743,745	8,715,967
– Shanghai Gold Exchange	63,451	15,694
– HKFE Clearing Corporation Limited	2,250	5,430
– Collateral deposits placed with overseas stock exchange and brokers	415,849	594,660
Subtotal	20,377,810	15,565,888
Trading rights and other deposits		
– Guarantee fund paid to Shanghai Stock Exchange	21,046	40,792
– Guarantee fund paid to Shenzhen Stock Exchange	23,832	49,113
– Deposit with CSFC	1,415,591	440,150
– Deposit with Shanghai Clearing House	131,853	117,659
– Guarantee fund paid to the Stock Exchange of Hong Kong Options Clearing House Ltd.	3,228	4,241
– Guarantee fund paid to Hong Kong Securities Clearing Company Ltd.	182,324	142,223
– Others	10,994	9,562
Subtotal	1,788,868	803,740
Total	22,864,574	17,655,168
Analysed for reporting purpose as:		
Current assets	22,664,637	17,491,923
Non-current assets	199,937	163,245
	22,864,574	17,655,168

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 37. BANK BALANCES AND CASH

	2022/12/31	2021/12/31
General accounts	<b>56,199,340</b>	51,045,568
Cash held on behalf of clients <i>(Note i)</i>	<b>98,970,479</b>	106,920,251
Less: allowance for impairment losses	<b>(7,618)</b>	(14,202)
	<b>155,162,201</b>	157,951,617
Less: non-current restricted bank deposits <i>(Note ii)</i>	<b>(1,769,482)</b>	(1,503,454)
	<b>153,392,719</b>	156,448,163

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, pledge bank deposits and margin deposits over one year.

### 38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	2022/12/31	2021/12/31
Bank balances and cash – general account (excluding accrued interest)	<b>56,102,251</b>	50,949,331
Less: Restricted bank deposits (i)	<b>(2,887,055)</b>	(2,534,750)
Deposits with other banks (excluding accrued interest)	<b>179,809</b>	226,311
Deposits with central banks other than legal reserve	<b>3,231,241</b>	3,284,435
Clearing settlement funds – House accounts	<b>10,903,854</b>	5,779,740
	<b>67,530,100</b>	57,705,067

- (i) The restrictive deposits are special account deposits for risk reserves, margin deposits of notes payable, aircraft maintenance funds and pledge bank deposits.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 39. OTHER NON-CURRENT ASSETS

	2022/12/31	2021/12/31
Long-term receivables from government cooperation projects	1,174,762	885,385
Foreclosed assets	86,701	250,330
Repossession of finance lease assets	85,385	219,013
Others	1,754,174	536,630
	<b>3,101,022</b>	1,891,358

### 40. ADVANCES TO CUSTOMERS ON MARGIN FINANCING

	2022/12/31	2021/12/31
Loans to margin clients (Note)	70,026,612	76,937,089
Less: Allowance for ECL	<b>(2,182,741)</b>	(1,713,685)
	<b>67,843,871</b>	75,223,404
Analysed for reporting purpose as:		
Current assets	<b>67,843,871</b>	75,223,404

*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 2022 were secured by the customers' securities to the Group as collateral with undiscounted market value of approximately RMB208,287,447 thousand (31 December 2021: RMB263,615,471 thousand).

As at 31 December 2022, 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 RMB7,634,836 thousand (31 December 2021: RMB8,073,655 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 2022 (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 2022</b>	<b>55,087</b>	<b>11,811</b>	<b>1,646,787</b>	<b>1,713,685</b>
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>
	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<b>As at 1 January 2021</b>	32,760	5,838	2,046,415	2,085,013
Changes in the loss allowance:				
– ECL recognised	26,787	2,181	456,294	485,262
– Write-offs	–	–	(832,743)	(832,743)
– Transfer between stages	(3,830)	3,946	(116)	–
– Exchange difference and others	(630)	(154)	(23,063)	(23,847)
<b>As at 31 December 2021</b>	<b>55,087</b>	<b>11,811</b>	<b>1,646,787</b>	<b>1,713,685</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 40. ADVANCES TO CUSTOMERS ON MARGIN FINANCING (CONTINUED)

#### Gross carrying amount

	12m ECL Stage 1	Lifetime ECL (not credit- impaired) Stage 2	Lifetime ECL (credit- impaired) Stage 3	Total
<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>
<b>As at 31 December 2021</b>	73,158,320	1,019,080	2,759,689	76,937,089

### 41. ACCOUNTS RECEIVABLE

	2022/12/31	2021/12/31
Accounts receivable from:		
– Brokers, dealers and clearing house	<b>4,509,006</b>	7,007,206
– Cash clients	<b>3,508,600</b>	1,503,403
– Asset and fund management	<b>560,359</b>	847,026
– Advisory and financial planning	<b>151,312</b>	28,354
– Clients for subscription of new shares in IPO	<b>965</b>	–
– Others	<b>1,986,304</b>	2,189,133
	<b>10,716,546</b>	11,575,122
Less: Allowance for ECL	<b>(322,031)</b>	(203,106)
	<b>10,394,515</b>	11,372,016

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 41. ACCOUNTS RECEIVABLE (CONTINUED)

Aging analysis of accounts receivable from the trade date is as follows:

	2022/12/31	2021/12/31
Less than 3 months	8,872,138	9,918,027
4 to 6 months	704,621	490,884
7 to 12 months	369,720	432,920
More than 1 year	448,036	530,185
	<b>10,394,515</b>	11,372,016

### 42. DERIVATIVE INSTRUMENTS

	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 equity instruments	1,110,869	–	7,986
Foreign exchange swap	8,875,332	8,166	4,133
Credit default swap	152,000	–	364
Total	<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 2022 (All amounts in RMB'000 unless otherwise stated)

### 42. DERIVATIVE INSTRUMENTS (CONTINUED)

	Contractual value	2021/12/31	
		Assets	Liabilities
<i>Derivatives designated in hedge accounting:</i>			
Interest rate swaps	2,594,286	11,079	67,973
Foreign exchange swap	2,080,552	–	88,985
Forward contracts	820,273	–	74,157
<i>Derivatives held for trading:</i>			
Stock index futures contracts (Note i)	15,488,680	–	–
Treasury futures contracts (Note ii)	22,279,016	–	–
Commodity futures contracts (Note iii)	11,394,851	–	–
Interest rate swap contracts (Note iv)	62,486,693	453,337	382,558
Equity swap	6,551,915	208,790	292,057
Forward contracts	18,835,143	167,665	102,935
Options (Note v)	127,949,347	192,765	325,999
Embedded equity instruments	2,860,711	–	186,354
Foreign exchange swap	2,137,298	51,095	25,093
Credit default swap	422,000	–	2,205
<b>Total</b>	<b>275,900,765</b>	<b>1,084,731</b>	<b>1,548,316</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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 2022 and 31 December 2021. Accordingly, the net position of the SIF contracts in derivative instruments was nil at the end of reporting period. As at 31 December 2022, 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 RMB28,451,306 thousand (31 December 2021: RMB15,488,680 thousand), recognising net derivative liabilities of RMB572,114 thousand (31 December 2021: net derivative assets of RMB167,825 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 2022 and 31 December 2021. Accordingly, the net position of the TF contracts in derivative instruments was nil at the end of reporting period (31 December 2021: nil).

	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>
	2021/12/31	
	Contractual value	Fair value
T2203	2,808,181	(30,324)
TF2203	8,386,402	(62,172)
TS2203	11,084,433	(23,127)
<b>Total</b>	<b>22,279,016</b>	<b>(115,623)</b>
Plus: settlements		115,623
<b>Net position of TF contracts</b>		<b>-</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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 2022, the net position of the commodity futures contracts under the daily mark-to-market and settlement arrangement was nil (31 December 2021: nil).

	2022/12/31		2021/12/31	
	Contractual value	Fair value	Contractual value	Fair value
Total	13,735,363	(5,874)	11,394,851	(13,426)
Plus: settlement		5,874		13,426
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 2022. 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.

	2022/12/31		
	Contractual value	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
Total	139,385,340	565,983	484,260
Plus: settlements		(234,892)	(188,180)
Net position of IRS contracts		331,091	296,080

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 42. DERIVATIVE INSTRUMENTS (CONTINUED)

Notes: (continued)

#### (iv) Interest rate swap contracts (Continued)

	Contractual value	2021/12/31	
		Assets	Liabilities
IRS – settled in Shanghai Clearing House	62,456,693	73,513	382,558
IRS – non-centralised settlement	30,000	453,337	–
<b>Total</b>	<b>62,486,693</b>	<b>526,850</b>	<b>382,558</b>
Plus: settlements		(73,513)	–
<b>Net position of IRS contracts</b>		<b>453,337</b>	<b>382,558</b>

#### (v) Options

At 31 December 2022, the notional principal amounts of the Group's options purchased or written in Mainland China were approximately RMB75,370,059 thousand (31 December 2021: RMB120,134,799 thousand). The notional principal amounts of the Group's listed options purchased or written outside Mainland China were approximately RMB10,000,865 thousand (31 December 2021: RMB7,814,548 thousand).

### 43. OTHER CURRENT ASSETS

	2022/12/31	2021/12/31
Prepayments	<b>1,349,583</b>	1,458,367
Inventories	<b>104,379</b>	166,906
Dividend receivable	<b>618</b>	3,042
Other receivables (Note i)	<b>5,853,376</b>	5,109,234
	<b>7,307,956</b>	6,737,549
Less: Allowance for ECL (Note ii)	<b>(559,333)</b>	(495,462)
	<b>6,748,623</b>	6,242,087

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 2022 (All amounts in RMB'000 unless otherwise stated)

### 44. PLACEMENTS TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2022/12/31	2021/12/31
Placements to overseas banks	274,590	359,538
Less: Allowance for ECL	(145)	(6,610)
	<b>274,445</b>	<b>352,928</b>

### 45. CLEARING SETTLEMENT FUNDS

	2022/12/31	2021/12/31
Clearing settlement funds held with clearing houses for:		
House accounts	10,903,854	5,779,740
Customers	10,476,841	10,985,678
	<b>21,380,695</b>	<b>16,765,418</b>

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

	2022/12/31	2021/12/31
Deposits with central banks other than legal reserve	3,231,599	3,284,435
Legal reserve	13,497	19,774
	<b>3,245,096</b>	<b>3,304,209</b>
Deposits with other banks	179,840	226,343
Less: Allowance for ECL	(6,968)	(6)
	<b>172,872</b>	<b>226,337</b>
Total	<b>3,417,968</b>	<b>3,530,546</b>

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

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### 47. BORROWINGS

	2022/12/31	2021/12/31
Short-term borrowings:		
Secured borrowings ( <i>Note</i> )	291,097	1,906,267
Unsecured borrowings	34,566,945	27,668,766
	<b>34,858,042</b>	29,575,033
Long-term borrowing:		
Secured borrowings ( <i>Note</i> )	18,399,853	17,576,036
Unsecured borrowings	37,558,350	32,002,992
	<b>55,958,203</b>	49,579,028
<b>Total</b>	<b>90,816,245</b>	79,154,061
Current liabilities:		
Short-term borrowings	34,858,042	29,575,033
Long-term borrowings due within one year	22,006,870	18,827,302
	<b>56,864,912</b>	48,402,335
Non-current liabilities:		
Long-term borrowings	33,951,333	30,751,726
	<b>90,816,245</b>	79,154,061
Analysis by maturity:		
Less than 1 year	56,864,912	48,402,335
1 to 2 years	11,911,122	10,633,261
2 to 5 years	21,147,505	19,987,997
More than 5 years	892,706	130,468
	<b>90,816,245</b>	79,154,061

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 47. BORROWINGS (CONTINUED)

*Note:*

As at 31 December 2022, borrowings of RMB10,372 million (31 December 2021: RMB6,756 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 2022, bank loans of HKD185 million (RMB165 million) (31 December 2021: HKD78 million (RMB64 million)) were secured by collaterals (listed shares) acquired against the advances to customers on margin financing with the consent of the customers. The fair value of the secured collaterals is HKD1,979 million (RMB1,768 million) (31 December 2021: HKD2,437 million (RMB1,992 million)).

As at 31 December 2022, borrowings of RMB8,154 million (31 December 2021: RMB9,741 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 2022, the book value of secured finance lease receivable is RMB426 million (31 December 2021: RMB1,137 million), the book value of receivables arising from sale and leaseback arrangements is RMB5,006 million (31 December 2021: RMB8,024 million), the book value of secured aircraft for leasing is RMB4,832 million (31 December 2021: RMB4,608 million).

### 48. SHORT-TERM FINANCING BILLS PAYABLES

	2022/12/31	2021/12/31
Ultra-short-term bonds	<b>5,035,289</b>	6,076,732
Medium-term notes	<b>2,909,046</b>	5,593,378
Short-term income certification	<b>2,647,746</b>	2,178,256
Short-term bonds	<b>1,003,520</b>	–
Short-term corporate bonds	<b>4,563,493</b>	11,138,322
	<b>16,159,094</b>	24,986,688

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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	12/07/2021	16/06/2022	2.82%	6,080,196	76,950	6,157,146	-
Haitong Securities Co., Ltd	Short-term corporate bonds	RMB	29/07/2021	29/07/2022	2.72%	5,058,126	77,874	5,136,000	-
Haitong Securities Co., Ltd	Short-term corporate bonds	RMB	09/06/2022	09/06/2023	2.50%	-	4,563,493	-	4,563,493
Haitong Securities Co., Ltd	Short-term income certification	RMB	04/01/2022 to 30/12/2022	01/01/2023 to 01/01/2024	0.00%-3.08%	2,178,256	15,606,162	15,136,672	2,647,746
Haitong Unitrust International Leasing Co., Ltd	Ultra-short-term bonds	RMB	30/04/2021	21/01/2022	3.35%	1,022,452	1,835	1,024,287	-
Haitong Unitrust International Leasing Co., Ltd	Ultra-short-term bonds	RMB	21/05/2021	21/01/2022	3.25%	1,019,896	1,780	1,021,676	-
Haitong Unitrust International Leasing Co., Ltd	Ultra-short-term bonds	RMB	24/05/2021	18/02/2022	3.30%	509,908	2,170	512,078	-
Haitong Unitrust International Leasing Co., Ltd	Ultra-short-term bonds	RMB	06/08/2021	22/04/2022	2.97%	1,011,492	9,032	1,020,524	-
Haitong Unitrust International Leasing Co., Ltd	Ultra-short-term bonds	RMB	23/08/2021	11/03/2022	2.83%	504,893	2,675	507,568	-
Haitong Unitrust International Leasing Co., Ltd	Ultra-short-term bonds	RMB	13/10/2021	25/03/2022	2.85%	1,005,768	6,481	1,012,249	-
Haitong Unitrust International Leasing Co., Ltd	Ultra-short-term bonds	RMB	25/11/2021	15/04/2022	2.85%	1,002,324	8,120	1,010,444	-
Haitong Unitrust International Leasing Co., Ltd	Ultra-short-term bonds	RMB	11/01/2022	27/05/2022	2.60%	-	1,009,688	1,009,688	-
Haitong Unitrust International Leasing Co., Ltd	Ultra-short-term bonds	RMB	19/01/2022	17/06/2022	2.60%	-	505,307	505,307	-
Haitong Unitrust International Leasing Co., Ltd	Ultra-short-term bonds	RMB	16/02/2022	26/08/2022	2.43%	-	506,358	506,358	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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	08/03/2022	25/08/2022	2.46%	-	505,729	505,729	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	23/03/2022	12/08/2022	2.46%	-	1,009,570	1,009,570	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	13/04/2022	28/10/2022	2.49%	-	506,754	506,754	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	20/04/2022	18/11/2022	2.28%	-	1,013,243	1,013,243	-
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	25/05/2022	17/02/2023	2.05%	-	1,012,129	-	1,012,129
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	15/06/2022	10/03/2023	2.06%	-	505,443	-	505,443
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	09/08/2022	21/04/2023	2.03%	-	1,007,493	-	1,007,493
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	23/08/2022	28/04/2023	1.86%	-	1,006,090	-	1,006,090
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	26/10/2022	10/03/2023	1.86%	-	501,435	-	501,435
Haitong Unitrust International Financial Leasing Co., Ltd	Short-term Corporate bonds	RMB	25/10/2022	25/10/2023	2.45%	-	1,003,520	-	1,003,520
Haitong Unitrust International Financial Leasing Co., Ltd	Ultra-short-term bonds	RMB	16/11/2022	11/08/2023	2.51%	-	1,002,700	-	1,002,700
Haitong International Securities Group Ltd	Medium-term notes	USD	08/04/2021	10/01/2022	0.72%	320,486	29,663	350,149	-
Haitong International Securities Group Ltd	Medium-term notes	HKD	16/07/2021	18/01/2022	0.60%	655,867	60,702	716,569	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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 International Securities Group Ltd	Medium-term notes	HKD	16/07/2021	15/07/2022	0.70%	207,420	19,197	226,617	-
Haitong International Securities Group Ltd	Medium-term notes	HKD	29/07/2021	28/01/2022	0.60%	311,477	28,828	340,305	-
Haitong International Securities Group Ltd	Medium-term notes	HKD	03/08/2021	07/02/2022	0.60%	311,454	28,826	340,280	-
Haitong International Securities Group Ltd	Medium-term notes	HKD	18/08/2021	18/02/2022	0.50%	655,193	60,639	715,832	-
Haitong International Securities Group Ltd	Medium-term notes	USD	26/08/2021	25/08/2022	0.58%	319,295	29,551	348,846	-
Haitong International Securities Group Ltd	Medium-term notes	HKD	14/09/2021	14/03/2022	0.00%	246,644	22,827	269,471	-
Haitong International Securities Group Ltd	Medium-term notes	USD	20/09/2021	20/09/2022	0.59%	638,366	59,081	697,447	-
Haitong International Securities Group Ltd	Medium-term notes	USD	08/12/2021	07/12/2022	0.75%	636,686	58,926	695,612	-
Haitong International Securities Group Ltd	Medium-term notes	HKD	13/12/2021	13/06/2022	0.65%	653,938	60,523	714,461	-
Haitong International Securities Group Ltd	Medium-term notes	USD	16/12/2021	15/12/2022	0.75%	636,551	58,914	695,465	-
Haitong International Securities Group Ltd	Medium-term notes	USD	13/01/2022	13/07/2022	0.75%	-	419,455	419,455	-
Haitong International Securities Group Ltd	Medium-term notes	USD	31/01/2022	01/08/2022	0.60%	-	139,715	139,715	-
Haitong International Securities Group Ltd	Medium-term notes	HKD	17/02/2022	16/02/2023	1.00%	-	923,319	-	923,319
Haitong International Securities Group Ltd	Medium-term notes	HKD	07/03/2022	07/06/2022	0.75%	-	805,463	805,463	-
Haitong International Securities Group Ltd	Medium-term notes	HKD	08/06/2022	09/01/2023	2.10%	-	1,536,733	-	1,536,733
Haitong International Securities Group Ltd	Medium-term notes	HKD	09/06/2022	10/01/2023	2.00%	-	90,338	-	90,338
Haitong International Securities Group Ltd	Medium-term notes	USD	26/08/2022	24/08/2023	4.10%	-	358,655	-	358,655
<b>Total</b>						<b>24,986,688</b>	<b>36,243,386</b>	<b>45,070,980</b>	<b>16,159,094</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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%	2,401,346	153,661	152,211	2,402,796
Haitong Securities Co., Ltd	Corporate bonds	RMB	800,000	14/07/2014	14/07/2024	5.85%	821,925	48,078	48,309	821,694
Haitong Securities Co., Ltd	Corporate bonds	RMB	1,000,000	11/08/2017	11/08/2022	4.80%	1,018,551	29,449	1,048,000	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,500,000	22/09/2017	22/09/2027	4.99%	5,569,377	280,940	284,827	5,565,490
Haitong Securities Co., Ltd	Corporate bonds	USD	300,000	13/12/2018	13/12/2023	4.50%	1,913,075	372,213	194,287	2,091,001
						Euribor+				
Haitong Securities Co., Ltd	Corporate bonds	EUR	230,000	13/12/2018	13/12/2023	165bps	1,661,502	227,129	183,882	1,704,749
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	11/04/2019	11/04/2022	3.75%	5,136,130	51,370	5,187,500	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	4,500,000	15/11/2019	15/11/2022	3.52%	4,520,397	138,003	4,658,400	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	27/02/2020	27/02/2023	3.01%	5,126,997	159,435	159,934	5,126,498
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,500,000	19/03/2020	19/03/2023	2.99%	3,582,573	110,784	111,254	3,582,103
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,600,000	30/04/2020	30/04/2023	2.38%	5,689,827	142,689	143,846	5,688,670
Haitong Securities Co., Ltd	Corporate bonds	RMB	700,000	30/04/2020	30/04/2025	2.88%	713,587	20,866	21,481	712,972
Haitong Securities Co., Ltd	Corporate bonds	RMB	6,700,000	25/05/2020	25/05/2023	2.70%	6,809,531	191,869	193,541	6,807,859
Haitong Securities Co., Ltd	Corporate bonds	RMB	6,000,000	11/08/2020	11/08/2023	3.53%	6,082,979	220,817	223,120	6,080,676
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	21/10/2020	21/10/2022	3.82%	5,037,677	153,323	5,191,000	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	19/11/2020	13/01/2022	3.70%	5,206,795	6,080	5,212,875	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	6,000,000	13/01/2021	13/01/2024	3.58%	6,207,738	222,216	226,120	6,203,834

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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	5,400,000	08/02/2021	08/02/2024	3.79%	5,583,353	211,093	214,849	5,579,597
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	23/04/2021	23/04/2024	3.45%	5,119,568	177,815	181,934	5,115,449
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,800,000	27/05/2021	27/05/2024	3.35%	2,856,280	96,612	99,083	2,853,809
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,100,000	10/06/2021	10/06/2024	3.40%	2,140,101	73,459	75,362	2,138,198
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,000,000	29/07/2021	29/07/2024	3.14%	2,026,841	64,592	66,574	2,024,859
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	20/08/2021	20/08/2024	3.04%	3,033,482	93,775	96,861	3,030,396
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,000,000	30/08/2021	30/08/2024	3.10%	2,021,063	63,682	65,773	2,018,972
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,000,000	30/08/2021	30/08/2026	3.43%	2,023,305	69,610	72,373	2,020,542
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	10/11/2021	10/11/2024	3.10%	5,022,082	158,586	164,434	5,016,234
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	22/11/2021	22/11/2024	3.09%	5,016,932	157,983	163,935	5,010,980
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	20/01/2022	25/12/2024	2.84%	-	5,137,656	9,434	5,128,222
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,900,000	21/02/2022	21/02/2025	2.90%	-	2,973,915	5,471	2,968,444
Haitong Securities Co., Ltd	Corporate bonds	RMB	500,000	07/03/2022	07/03/2025	3.03%	-	512,710	943	511,767

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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	5,000,000	26/07/2022	26/07/2025	2.75%	-	5,061,265	9,434	5,051,831
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	09/09/2022	09/09/2025	2.53%	-	5,040,490	9,434	5,031,056
Haitong Securities Co., Ltd	Corporate bonds	RMB	4,700,000	14/10/2022	14/10/2025	2.60%	-	4,727,087	8,868	4,718,219
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	10/11/2022	10/11/2025	2.61%	-	3,011,423	5,660	3,005,763
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,700,000	13/12/2022	20/12/2023	2.90%	-	2,704,335	5,094	2,699,241
Haitong Securities Co., Ltd	Subordinated notes	RMB	3,300,000	28/02/2019	28/02/2022	4.09%	3,413,523	21,447	3,434,970	-
Haitong Securities Co., Ltd	Subordinated notes	RMB	5,000,000	12/01/2022	12/01/2025	3.18%	-	5,157,253	9,434	5,147,819
Haitong Securities Co., Ltd	Subordinated notes	RMB	2,000,000	25/02/2022	25/02/2025	3.15%	-	2,054,573	3,773	2,050,800
Haitong Securities Co., Ltd	Subordinated notes	RMB	2,480,000	09/03/2022	09/03/2025	3.29%	-	2,547,886	4,679	2,543,207
Haitong Securities Co., Ltd	Financial bond	RMB	7,000,000	29/08/2019	29/08/2022	3.39%	7,081,267	156,033	7,237,300	-
Haitong Securities Co., Ltd	Long-term income certificates	RMB	588,640	04/01/2021 to 30/12/2022	01/01/2023 to 30/12/2024	0.00%-3.70%	395,855	979,545	779,613	595,787
Shanghai Haitong Securities Asset management Co., Ltd	Corporate bonds	RMB	1,000,000	04/11/2020	04/11/2025	3.85%	1,006,012	38,500	38,500	1,006,012
Shanghai Haitong Securities Asset management Co., Ltd	Subordinated notes	RMB	1,000,000	04/04/2018	04/04/2023	5.00%	103,726	5,000	5,000	103,726
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	500,000	28/02/2019	28/02/2022	5.20%	521,679	4,132	525,811	-
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	500,000	24/07/2019	24/07/2022	4.83%	510,204	13,350	523,554	-
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	11/05/2020	11/05/2023	3.50%	1,019,973	35,000	33,206	1,021,767
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	700,000	19/06/2020	19/06/2022	3.95%	713,762	12,802	726,564	-



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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	Corporate bonds	RMB	1,200,000	28/07/2020	28/07/2023	4.00%	1,216,709	48,000	45,544	1,219,165
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	10/09/2020	10/09/2022	4.40%	1,011,399	30,378	1,041,777	-
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	17/09/2020	17/09/2023	4.20%	1,008,703	42,000	40,036	1,010,667
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	800,000	30/10/2020	30/10/2023	4.15%	802,798	33,200	31,629	804,369
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	26/04/2021	26/04/2025	4.10%	1,024,573	41,000	38,387	1,027,186
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	800,000	18/06/2021	18/06/2025	3.85%	812,964	30,800	28,066	815,698
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	600,000	12/08/2021	12/08/2024	3.90%	606,340	23,400	22,373	607,367
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	25/10/2021	25/10/2023	3.80%	1,001,517	38,000	34,422	1,005,095
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	24/12/2021	24/12/2024	3.70%	995,925	37,000	34,974	997,951
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,500,000	21/04/2022	21/04/2024	3.48%	-	1,531,627	-	1,531,627
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	500,000	05/05/2022	05/05/2025	3.57%	-	509,827	-	509,827
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	21/06/2022	21/06/2024	3.16%	-	1,013,123	-	1,013,123
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	600,000	07/07/2022	07/07/2025	3.44%	-	607,330	-	607,330

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For the year ended 31 December 2022 (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	Corporate bonds	RMB	1,000,000	21/10/2022	21/10/2025	3.13%	-	1,001,299	-	1,001,299
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	500,000	31/08/2020	31/08/2023	4.20%	505,673	21,000	20,148	506,525
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	06/11/2020	06/11/2022	3.97%	1,004,602	33,609	1,038,211	-
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	500,000	20/01/2021	20/01/2023	4.00%	518,052	20,000	19,162	518,890
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	09/12/2021	09/12/2024	3.70%	997,363	37,000	35,289	999,074
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	800,000	13/01/2022	13/01/2025	3.64%	-	825,379	-	825,379
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	-	1,016,579
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	-	1,210,215
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	14/12/2022	14/12/2025	4.13%	-	998,271	-	998,271
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	11/11/2019	19/03/2022	4.57%	22	-	22	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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		Closing	
							Balance	Decrease	Balance	Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	25/03/2020	19/11/2022	4.10%	118,445	1,484	119,929	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	16/08/2021	26/12/2022	3.40% - 4.00%	367,063	5,920	372,983	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	18/08/2021	26/08/2022	3.50%	339,796	3,914	343,710	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	970,000	18/11/2021	17/05/2022	3.25%	972,226	11,746	983,972	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	29/11/2021	26/05/2023	3.95%	947,283	22,712	783,668	186,327
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	10/03/2022	26/08/2024	3.30% - 3.50%	-	968,051	514,985	453,066
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	855,000	22/07/2022	18/01/2023	2.30%	-	863,411	-	863,411
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based notes	RMB	950,000	21/09/2022	20/03/2023	2.10%	-	954,137	-	954,137
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	1,440,000	14/06/2019	24/02/2022	4.50%	109	-	109	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	926,000	24/12/2019	26/05/2022	4.60%	62,770	650	63,420	-

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For the year ended 31 December 2022 (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 Leasing Co., Ltd	Financial	RMB	190,000	07/04/2020	13/02/2023	5.00%	190,498	9,500	8,891	191,107
Haitong Unitrust International Leasing Co., Ltd	Financial	RMB	950,000	15/04/2020	26/08/2022	3.40%	131,229	1,455	132,684	-
Haitong Unitrust International Leasing Co., Ltd	Financial	RMB	880,000	28/05/2020	26/07/2022	3.40%	203,538	1,820	205,358	-
Haitong Unitrust International Leasing Co., Ltd	Financial	RMB	950,000	17/06/2020	28/11/2022	3.70%	248,767	3,880	252,647	-
Haitong Unitrust International Leasing Co., Ltd	Financial	RMB	950,000	19/06/2020	26/01/2022	3.80%	26,979	70	27,049	-
Haitong Unitrust International Leasing Co., Ltd	Financial	RMB	950,000	28/07/2020	28/11/2022	4.10%	280,675	4,889	285,564	-
Haitong Unitrust International Leasing Co., Ltd	Financial	RMB	950,000	14/08/2020	26/04/2022	3.68% - 3.99%	153,060	628	153,688	-
Haitong Unitrust International Leasing Co., Ltd	Financial	RMB	950,000	09/09/2020	26/10/2022	4.00% - 4.20%	320,240	4,604	324,844	-
Haitong Unitrust International Leasing Co., Ltd	Financial	RMB	950,000	22/10/2020	26/06/2023	4.30%	311,193	6,887	311,050	7,030
Haitong Unitrust International Leasing Co., Ltd	Financial	RMB	950,000	24/11/2020	26/04/2022	4.15% - 4.30%	240,693	1,881	242,574	-



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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		Closing	
							Balance	Increase	Decrease	Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	09/12/2020	26/07/2023	4.30%	419,463	7,766	386,625	40,604
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	02/02/2021	28/08/2023	4.55%	432,615	9,187	397,003	44,799
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	25/03/2021	28/08/2023	4.50%	501,058	11,085	462,756	49,387
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	31/03/2021	28/11/2022	4.00% - 4.40%	388,691	6,326	395,017	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	29/04/2021	26/09/2023	4.00% - 4.50%	515,133	13,651	440,619	88,165
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	31/05/2021	26/01/2023	4.35%	610,326	11,114	582,109	39,331
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	17/06/2021	28/08/2023	3.80% - 4.40%	587,188	12,496	515,165	84,519
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	05/08/2021	26/09/2023	3.50% - 4.20%	594,324	13,506	494,043	113,787
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	24/09/2021	26/04/2023	3.83% - 3.99%	954,384	14,118	829,417	139,085
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	19/11/2021	28/08/2023	3.80% - 3.95%	947,632	22,827	738,726	231,733
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-based special plan	RMB	950,000	08/12/2021	28/08/2023	3.78% - 4.00%	944,485	17,869	782,650	179,704

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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		Closing	
							Balance	Decrease	Balance	Balance
Haitong Unitrust International Leasing Co., Ltd	Financial Asset-based special plan	RMB	950,000	26/01/2022	26/05/2023	3.30% - 3.40%	-	829,057	969,923	140,866
Haitong Unitrust International Leasing Co., Ltd	Financial Asset-based special plan	RMB	935,000	28/04/2022	17/06/2024	3.20%-4.40%	-	514,573	978,234	463,661
Haitong Unitrust International Leasing Co., Ltd	Financial Asset-based special plan	RMB	950,000	29/06/2022	26/02/2025	2.69%-3.60%	-	260,429	959,335	698,906
Haitong Unitrust International Leasing Co., Ltd	Financial Asset-based special plan	RMB	943,000	07/07/2022	16/12/2024	3.10%-4.30%	-	325,390	975,505	650,115
Haitong Unitrust International Leasing Co., Ltd	Financial Asset-based special plan	RMB	1,425,000	16/09/2022	25/12/2025	4.10%	-	16,166	1,411,785	1,395,619
Haitong Unitrust International Leasing Co., Ltd	Financial Asset-based special plan	RMB	950,000	21/09/2022	26/08/2025	2.25%-3.40%	-	132,339	950,033	817,694
Haitong Unitrust International Leasing Co., Ltd	Financial Asset-based special plan	RMB	984,000	28/10/2022	17/02/2025	3.03%-4.00%	-	-	1,007,144	1,007,144
Haitong Unitrust International Leasing Co., Ltd	Financial Asset-based special plan	RMB	1,425,000	23/12/2022	25/12/2025	4.48%	-	-	1,401,010	1,401,010
Haitong Unitrust International Leasing Co., Ltd	Financial Asset-based special plan	RMB	950,000	23/12/2022	22/11/2023	4.30%	-	-	630,297	630,297
Haitong Unitrust International Leasing Co., Ltd	Financial Private publication notes	RMB	300,000	23/04/2019	23/04/2022	4.65%	309,506	313,787	4,281	-
Haitong Unitrust International Leasing Co., Ltd	Financial Private publication notes	RMB	1,000,000	31/05/2019	31/05/2022	4.70%	1,027,051	1,046,366	19,315	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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		Closing	
							Balance	Increase	Decrease	Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Private publication notes	RMB	1,400,000	04/12/2019	04/12/2022	4.50%	1,402,664	58,167	1,460,831	-
Haitong Unitrust International Financial Leasing Co., Ltd	Private publication notes	RMB	1,000,000	04/06/2021	04/06/2023	3.95%	1,020,318	39,500	37,817	1,022,001
Haitong Unitrust International Financial Leasing Co., Ltd	Private publication notes	RMB	1,000,000	11/11/2021	11/11/2024	4.19%	1,001,267	41,900	40,274	1,002,893
Haitong Unitrust International Financial Leasing Co., Ltd/Haitong UT MSE	Asset-based special plan	RMB	760,000	29/12/2021	15/08/2023	3.80%-3.95%	754,450	17,587	536,504	235,533
Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	13/04/2022	26/12/2023	3.24%-3.40%	-	1,155,326	736,992	418,334
Haitong Unitrust International Financial Leasing Co., Ltd/Haitong UT MSE	Asset-based special plan	RMB	1,140,000	18/05/2022	26/03/2024	2.69%-3.20%	-	1,154,190	587,050	567,140
Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	12/07/2022	27/05/2024	2.60%-3.03%	-	1,150,007	359,336	790,671
Haitong Unitrust International Financial Leasing Co., Ltd/Haitong UT MSE	Asset-based special plan	RMB	1,140,000	08/09/2022	26/08/2024	2.30%-2.80%	-	1,142,771	184,453	958,318
Financial Leasing (Shanghai) Co., Ltd	Asset-based special plan	RMB	1,140,000	08/09/2022	26/08/2024	2.30%-2.80%	-	1,142,771	184,453	958,318

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (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		Closing	
							Balance	Increase	Decrease	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	3.18%-3.60%	-	1,136,240	-	1,136,240
Unican Limited	Overseas private placement bond	USD	150,000	31/07/2019	31/07/2022	3.80%	970,422	72,122	1,042,544	-
Haitong UT Brilliant Limited	Medium-term notes	USD	100,000	03/06/2021	03/06/2024	3.00%	601,447	80,102	8,713	672,836
Haitong UT Brilliant Limited	Medium-term notes	USD	200,000	27/04/2022	27/04/2025	4.20%	-	1,428,136	29,551	1,398,585
Haitong International Securities Group Ltd	Corporate bonds	USD	700,000	19/07/2019	19/07/2024	3.38%	4,517,314	422,848	-	4,940,162
Haitong International Securities Group Ltd	Corporate bonds	USD	400,000	18/11/2019	18/05/2025	3.13%	2,545,221	239,542	-	2,784,763
Haitong International Securities Group Ltd	Corporate bonds	USD	400,000	02/07/2020	02/07/2023	2.13%	2,570,703	242,052	-	2,812,755
Haitong International Securities Group Ltd	Corporate bonds	USD	300,000	20/05/2021	20/05/2026	2.13%	1,909,960	178,154	-	2,088,114
Haitong International Finance Holdings 2015 Limited	Corporate bonds	USD	670,000	12/03/2020	11/03/2025	2.11%	4,291,224	498,795	99,845	4,690,174
Haitong Investment Ireland PLC	Medium-term notes	EUR	6,777	28/12/2017 to 23/07/2018	8/12/2022 to 23/01/2026	0.98%-1.71%	45,880	-	35,374	10,506
Haitong Bank, S.A.	Financial bond	EUR	230,000	10/02/2022	10/02/2025	3.18%	-	1,707,877	-	1,707,877
Haitong Bank, S.A.	Financial bond	USD	150,000	25/05/2022	31/05/2027	4.00%	-	1,044,918	-	1,044,918
Haitong Banco de Investimento do Brasil, S.A.	Financial bond	BRL	924,872	21/05/2018 to 29/12/2022	03/01/2022 to 30/03/2026	5.41%-15.55%	193,125	1,151,911	74,118	1,270,918
<b>Total</b>							<b>163,586,070</b>	<b>78,316,159</b>	<b>60,071,311</b>	<b>181,830,918</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 49. BONDS PAYABLE (CONTINUED)

	2022/12/31	2021/12/31
Analysed for reporting purpose as:		
Current liabilities	<b>60,153,220</b>	52,513,925
Non-current liabilities	<b>121,677,698</b>	111,072,145
	<b>181,830,918</b>	163,586,070

As at 31 December 2022, bonds payable increased RMB18,245 million, with a percentage of 11.15%, mainly due to the increase in the issuance of long-term debt instruments of the Group.

### 50. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	2022/12/31	2021/12/31
Accounts payable to brokerage clients	<b>115,513,463</b>	123,202,200

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 51. CUSTOMER ACCOUNTS

	2022/12/31	2021/12/31
Demand deposits – corporate	<b>341,188</b>	321,006
Time deposits – corporate	<b>3,074,505</b>	3,833,794
Demand deposits – individual	<b>9,070</b>	55
Time deposits – individual	<b>1,893,712</b>	1,789,636
	<b>5,318,475</b>	5,944,491
Analysed for reporting purpose as:		
Current liabilities	<b>3,784,565</b>	2,758,837
Non-current liabilities	<b>1,533,910</b>	3,185,654
	<b>5,318,475</b>	5,944,491

### 52. CONTRACT LIABILITIES

	2022/12/31	2021/12/31
Commodity trading	<b>25,969</b>	156,746

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 53. OTHER PAYABLES AND ACCRUALS

	2022/12/31	2021/12/31
Payable to employees ( <i>Note i</i> )	<b>4,485,011</b>	7,498,187
Short term finance lease guarantee deposits	<b>2,706,970</b>	3,832,682
Client settlement payables	<b>2,222,899</b>	750,543
Notes payable	<b>2,047,521</b>	2,899,881
Risk reserve	<b>744,368</b>	821,412
Amounts due to brokers	<b>473,659</b>	1,659,651
Other tax payable	<b>468,323</b>	722,417
Pending payable to clearing house	<b>203,157</b>	2,037,970
Commission and fee payables	<b>9,632</b>	19,481
Dividends payable	<b>7,536</b>	7,536
Others ( <i>Note ii</i> )	<b>9,617,007</b>	9,791,241
	<b>22,986,083</b>	30,041,001
Analysed for reporting purpose as:		
Current liabilities	<b>21,262,810</b>	28,635,826
Non-current liabilities ( <i>Note i</i> )	<b>1,723,273</b>	1,405,175
	<b>22,986,083</b>	30,041,001

*Notes:*

- (i) The Group sets up a detailed plan for the payment of accrued employees' bonuses. According to the plan, a balance of RMB373,068 thousand is expected to be settled after one year (31 December 2021: RMB424,063 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 54. PROVISIONS

	2022/12/31	2021/12/31
Pending litigation	189,288	196,697
External guarantee	12,417	7,103
	<b>201,705</b>	<b>203,800</b>

### 55. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022/12/31	2021/12/31
Financial liabilities held for trading	286,697	2,382,470
Liabilities arising from consolidation of structured entities	702,488	1,828,521
Designated as financial liabilities at fair value through profit or loss (FVTPL) (Note)		
– Structured products	16,122,780	8,078,933
– Gold option	279,483	–
– Income certificates	5,497,032	4,026,293
	<b>22,888,480</b>	<b>16,316,217</b>
Analysed for reporting purpose as:		
Current liabilities	5,478,358	10,456,105
Non-current liabilities	17,410,122	5,860,112
	<b>22,888,480</b>	<b>16,316,217</b>

*Notes:*

As at 31 December 2022 and 31 December 2021, 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 2022 and the year ended 31 December 2021.

As at 31 December 2022 and 31 December 2021, 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 56. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	<b>2022/12/31</b>	2021/12/31
Analysed by collateral type:		
Stock	<b>3,025,125</b>	876,186
Bonds	<b>87,906,636</b>	80,060,042
Gold	<b>10,762,596</b>	10,975,724
	<b>101,694,357</b>	91,911,952
Analysed by market:		
Stock exchanges	<b>42,830,883</b>	38,841,695
Inter-bank market	<b>48,100,878</b>	42,094,533
OTC	<b>10,762,596</b>	10,975,724
	<b>101,694,357</b>	91,911,952
Analysed for reporting purpose as:		
Current liabilities	<b>101,694,357</b>	91,911,952

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 2022 (All amounts in RMB'000 unless otherwise stated)

### 56. 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 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

#### As at 31 December 2021

	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	49,477,280	23,966,069	101,712	719,802	25,187,767	99,452,630
Carrying amount of associated liabilities	44,991,712	22,425,310	99,526	569,279	23,826,125	91,911,952
Net position	4,485,568	1,540,759	2,186	150,523	1,361,642	7,540,678

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 57. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	2022/12/31	2021/12/31
Placements from banks	<b>3,244,643</b>	6,649,257
Placements from CSFC	<b>3,031,458</b>	9,015,400
	<b>6,276,101</b>	15,664,657
Analysed for reporting purpose as:		
Current liabilities	<b>3,218,363</b>	12,723,438
Non-current liabilities	<b>3,057,738</b>	2,941,219
	<b>6,276,101</b>	15,664,657

### 58. DEPOSITS FROM OTHER BANKS

	2022/12/31	2021/12/31
Deposits from other banks	–	72,787

### 59. SHARE CAPITAL

	Listed A shares		Listed H shares		Total	
	Number of shares 000	Amount	Number of shares 000	Amount	Number of shares 000	Amount
Registered, issued and fully paid at RMB1.0 per share:						
As at 1 January 2022	<b>9,654,631</b>	<b>9,654,631</b>	<b>3,409,569</b>	<b>3,409,569</b>	<b>13,064,200</b>	<b>13,064,200</b>
As at 31 December 2022	<b>9,654,631</b>	<b>9,654,631</b>	<b>3,409,569</b>	<b>3,409,569</b>	<b>13,064,200</b>	<b>13,064,200</b>

As at 31 December 2022, 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 2021: 1,171,953 thousand shares).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 60. REVALUATION RESERVE

	2022/12/31	2021/12/31
As beginning of the year	305,179	282,378
Debt instrument measured at fair value through other comprehensive income		
– Net fair value changes during the year	(111,392)	275,043
– Reclassification adjustment to profit or loss on disposal	(83,883)	73,630
– Reclassification adjustment to profit or loss for ECL	(63,908)	83,512
– Income tax impact	44,121	(87,535)
Equity instrument measured at fair value through other comprehensive income		
– Net fair value changes during the period	(1,462,092)	(432,146)
– Transfer to retained earnings	400,167	(150,792)
– Income tax impact	220,280	143,478
Share of other comprehensive income of associates and joint ventures	8,336	(2,193)
Actuarial gains on defined benefit obligations	80,357	39,131
Fair value gains on hedging instrument designated in cash flow hedges	38,692	80,673
As end of the year	<b>(624,143)</b>	305,179

### 61. 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.

#### (b) Revaluation reserve

It mainly represents the fair value changes of debt instruments measured at FVTOCI and equity instruments measured at FVTOCI.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

## 61. RESERVES AND RETAINED EARNINGS (CONTINUED)

### (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 2022, the Company transferred approximately RMB2,887,487 thousand to the statutory reserve, general risk reserve and transaction risk reserve pursuant to the above regulatory requirements in the PRC (31 December 2021: RMB3,091,301 thousand).

Each of the Company's statutory reserve, general risk reserve and transaction risk reserve amounted to approximately RMB9,656,101 thousand as at 31 December 2022 (31 December 2021: RMB8,693,606 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 2022 is RMB1,987,237 thousand and RMB482,833 thousand (31 December 2021: RMB1,790,981 thousand and RMB441,413 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 IFRSs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 62. PERPETUAL NOTES

	2022/12/31	2021/12/31
Perpetual notes issued by UniTrust (Note i)	<b>2,562,903</b>	2,364,512
Perpetual notes issued by Haitong Bank (Note ii)	–	26,937
	<b>2,562,903</b>	2,391,449

*Note:*

- (i) UniTrust issued renewable corporate bonds with value date on 1 March 2021 and principal amount of RMB 1,500,000 thousand on 26 February 2021. This issue is divided into two tranches of notes with principal amount of RMB 1,200,000 thousand for Variety 1 and RMB 300,000 thousand for Variety 2. On 1 March 2022, UniTrust redeemed the above mentioned Variety 1 of the renewable corporate bonds with principal amount of RMB 1,200,000 thousand in full amount.

UniTrust issued renewable corporate bonds with value date on 10 September 2021 and principal amount of RMB 530,000 thousand on 9 September 2021.

UniTrust issued renewable corporate bonds with value date on 14 March 2022 and principal amount of RMB 970,000 thousand on 11 March 2022.

UniTrust issued renewable corporate bonds with value date on 21 November 2022 and principal amount of RMB 500,000 thousand on 17 November 2022.

The above financial instruments have no fixed maturity date and UniTrust has the right to defer the principal in accordance with the contractual terms.

Unless the compulsory interest payment events mentioned below have occurred, 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 the interests deferred; 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

## 62. PERPETUAL NOTES (CONTINUED)

(i) continued:

UniTrust issued a renewable trust plan with value date on 30 December 2021 and principal amount of RMB 300,000 thousand at 30 December 2021.

The above financial instrument has no fixed maturity date and UniTrust has the right to defer the principal in accordance with the contractual terms.

Unless the compulsory interest payment events mentioned below have occurred, 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 the interests deferred. Interest deferred 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 6 months before the interest payment date:

- To decrease registered capital or return the capital contribution of shareholders in cash or other forms or invest in other forms;
- To declare and pay dividend to ordinary shareholders.

Based on the terms and conditions mentioned above, the directors of UniTrust are of the view that UniTrust has an unconditional right to avoid delivering cash or other financial assets. Accordingly, the above renewable corporate bonds and renewable trust plan are recognised as other equity instruments under IAS 32 Financial Instruments: Presentation.

(ii) On 20 April 2022, Haitong Bank have fully early repaid the perpetual bonds, at the repayment price, corresponding to the nominal value of EUR 3,731 thousand.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 63. LONG-TERM PAYABLES

	2022/12/31	2021/12/31
Finance lease guarantee deposits	4,303,758	5,207,591
Deferred income	422,792	435,446
Others	781,614	587,307
	<b>5,508,164</b>	<b>6,230,344</b>

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.

### 64. CREDIT COMMITMENTS

As at 31 December 2022 and 2021, off-balance credit commitments can be analysed as follows:

	2022/12/31	2021/12/31
Guarantees and standby letters of credit income	1,070,625	963,048
Irrevocable credit commitments	1,220,027	1,824,989

Guarantees and standby letters of credits are banking operations that may imply out-flow by the Group 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.

Notwithstanding the particular characteristics of these financial guarantees and commitments, the analysis of these operations follows the same basic principles of any other commercial operation, namely the solvency of the underlying client and business, being that Haitong Bank requires these operations to be adequately covered by collaterals when needed.

Once as expected, the majority of these will expire without being used, the referred amounts are not representative of the future cash-flows needs.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 65. 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:

	2022/12/31	2021/12/31
Within one year	574,682	503,180
In the second year	556,922	552,931
In the third year	514,570	506,236
In the fourth year	474,325	467,847
In the fifth year	348,531	431,314
Over five years	829,418	1,072,989
	<b>3,298,448</b>	<b>3,534,497</b>

### 66. CAPITAL COMMITMENTS

	2022/12/31	2021/12/31
Capital expenditure in respect of acquisition of property and equipment:		
– Contracted but not provided	806,385	2,226,331

### 67. DIVIDENDS

	2022/12/31	2021/12/31
Dividends recognised as distribution	3,919,260	3,266,050

According to the 2021 Haitong Securities annual general meeting of shareholders on 21 June 2022, the general meeting of shareholders reviewed and approved the declaration of a 2021 dividend of RMB3.00 per 10 shares (including tax) to all shareholders, with a total declared amount of RMB3,919 million including tax, paid in cash.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 68. INVESTMENT IN SUBSIDIARIES

#### Company

	2022/12/31	2021/12/31
Unlisted shares, at cost	<b>37,648,658</b>	36,897,561

#### 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	Equity interest held by the Group		Registered capital	Principal activities
			As at 31 December 2022	As at 31 December 2021		
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	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	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	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	83%	67%	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	68%	65%	HKD 664,156,359	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	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 2022 (All amounts in RMB'000 unless otherwise stated)

## 68. 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	Equity interest held by the Group		Registered capital	Principal activities
			As at 31 December 2022	As at 31 December 2021		
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	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	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	85%	85%	RMB 8,235,300,000	Leasing
海通銀行 Haitong Bank S.A. *	N/A	Portugal	100%	100%	EUR 863,278,725	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	100%	100%	RMB 10,000,000	Real estate development, property management and catering management
上海澤春投資發展有限公司 Shanghai Zechun Investment & Development Co., Ltd.*	有限責任公司(法人獨資) Limited liability company (wholly owned)	Shanghai	100%	100%	RMB 100,000,000	Industrial investment, real estate development and investment management

Note:

\* English translated name are for identification only.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 68. 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	
		2022/12/31	2021/12/31	2022/12/31	2021/12/31	2022/12/31	2021/12/31
HISGL	Bermuda	32.08%	35.11%	(1,858,850)	87,491	5,862,900	7,786,029
UniTrust	PRC	15.00%	15.00%	216,467	198,880	2,465,209	2,356,403

Summarised financial information in respect of HISGL is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2022/12/31	2021/12/31
Current assets	64,366,743	75,711,318
Non-current assets	15,221,114	10,129,811
Current liabilities	51,210,830	51,509,314
Non-current liabilities	9,896,335	11,826,192
Total equity	18,480,692	22,505,623
	2022	2021
Total income	(1,031,750)	4,384,746
Profit for the year	(5,637,723)	249,472
Other comprehensive income	(276,095)	18,064
Total comprehensive income for the year	(5,913,818)	267,536
Net cash (outflow)/inflow from operating activities	(3,468,228)	12,854,273
Net cash outflow from investing activities	(118,793)	(89,686)
Net cash inflow/(outflow) from financing activities	1,773,760	(10,466,160)
Net cash (outflow)/inflow	(1,813,261)	2,298,427



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 68. 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.

	2022/12/31	2021/12/31
Current assets	<b>57,624,834</b>	61,867,266
Non-current assets	<b>66,888,910</b>	52,874,044
Current liabilities	<b>57,560,786</b>	57,562,341
Non-current liabilities	<b>48,126,294</b>	39,559,326
Total equity	<b>18,826,664</b>	17,619,643

	2022/12/31	2021/12/31
Total income	<b>8,861,946</b>	8,953,184
Profit for the year	<b>1,532,889</b>	1,412,860
Other comprehensive income	<b>129,743</b>	73,782
Total comprehensive income for the year	<b>1,662,632</b>	1,486,642

	2022/12/31	2021/12/31
Net cash outflow from operating activities	<b>(8,779,930)</b>	(3,751,311)
Net cash inflow/(outflow) from investing activities	<b>179,826</b>	(339,323)
Net cash inflow from financing activities	<b>8,011,078</b>	5,516,282
Net cash (outflow)/inflow	<b>(589,026)</b>	1,425,648

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 69. 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 2022 and 2021, and the results and cash flows for the years ended 31 December 2022 and 2021, though consolidated, are not individually significant to the Group. Therefore, the financial information of these consolidated structured entities is not disclosed individually.

Interests in all consolidated structured entities directly held by the Group amounted to fair value of RMB31,422,817 thousand and RMB30,119,941 thousand at 31 December 2022 and 31 December 2021, respectively. It contains the interests in the subordinated tranche of those structured products held by the Group. The Group provides credit enhancement to the senior tranche investors by holding such subordinated tranche interests. As at 31 December 2022 and 31 December 2021, the fair value of the Group's interests in the subordinated tranche of those structured products is RMB10,497 thousand and RMB370,590 thousand respectively.

### 70. INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

Except for the structured entities the Group has consolidated as detailed in Note 69, 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 RMB15,463,801 thousand and RMB13,448,955 thousand as at 31 December 2022 and 2021, respectively. Total management income from all structured entities in which the Group acted as investment manager is RMB1,959,196 thousand and RMB3,139,995 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 71. 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 2022 and 2021 are set out below:

#### 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>3</sup>	–	828	56	–	884
<i>Independent Non-executive Directors:</i>					
Zhang Ming <sup>4</sup>	260	–	–	–	260
Lin Jiali <sup>5</sup>	240	–	–	–	240
Zhu Hongchao <sup>6</sup>	230	–	–	–	230
Zhou Yu <sup>7</sup>	250	–	–	–	250
<i>Non-executive Directors and Supervisors:</i>					
Tu Xuanxuan <sup>8</sup>	–	–	–	–	–
Zhou Donghui <sup>9</sup>	–	–	–	–	–
Yu Liping <sup>10</sup>	–	–	–	–	–
Xu Jianguo <sup>11</sup>	–	–	–	–	–
Tong Jianping <sup>12</sup>	–	–	–	–	–
Zhao Yonggang <sup>13</sup>	–	441	386	–	827
Shi Xu <sup>14</sup>	–	906	1,272	–	2,178
Wu Xiangyang <sup>15</sup>	–	695	1,011	–	1,706
Ruan Feng <sup>16</sup>	–	–	–	–	–
Li Zhenghao <sup>17</sup>	–	–	–	–	–
Cao Yijian <sup>18</sup>	–	–	–	–	–
Dong Xiaochun <sup>19</sup>	–	–	–	–	–
Dai Li <sup>20</sup>	–	–	–	–	–
	<b>980</b>	<b>4,280</b>	<b>3,216</b>	–	<b>8,476</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 71. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2021

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	1,325	–	1,815
Li Jun <sup>2</sup>	–	230	–	–	230
Qu Qiuping <sup>21</sup>	–	690	1,380	–	2,070
Ren Peng <sup>3</sup>	–	828	1,242	–	2,070
<i>Independent Non-executive Directors:</i>					
Zhang Ming <sup>4</sup>	290	–	–	–	290
Lin Jiali <sup>5</sup>	200	–	–	–	200
Zhu Hongchao <sup>6</sup>	280	–	–	–	280
Zhou Yu <sup>7</sup>	290	–	–	–	290
<i>Non-executive Directors and Supervisors:</i>					
Tu Xuanxuan <sup>8</sup>	–	–	–	–	–
Zhou Donghui <sup>9</sup>	–	–	–	–	–
Yu Liping <sup>10</sup>	–	–	–	–	–
Xu Jianguo <sup>11</sup>	–	–	–	–	–
Zhao Yonggang <sup>13</sup>	–	257	193	–	450
Wu Hongwei <sup>22</sup>	–	184	707	–	891
Shi Xu <sup>14</sup>	–	665	2,072	–	2,737
Wu Xiangyang <sup>15</sup>	–	430	1,416	–	1,846
Ruan Feng <sup>16</sup>	–	–	–	–	–
Li Zhenghao <sup>17</sup>	–	–	–	–	–
Cao Yijian <sup>18</sup>	–	–	–	–	–
Dong Xiaochun <sup>19</sup>	–	–	–	–	–
Dai Li <sup>20</sup>	–	–	–	–	–
	1,060	3,774	8,335	–	13,169



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

## 71. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

### For the year ended 31 December 2021 (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. Details of the subsidiary's share option schemes are disclosed in note 73.
- 1 Mr. Zhou Jie was appointed as the Executive Director of the Company in September 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. 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 whose emoluments disclosed above include those for service rendered by them as the Executive Director. Mr. Ren Peng resigned from the position of the Vice General Manager and Executive Director of the Company in January 2023.
  - 4 Mr. Zhang Ming was appointed as the Independent Non-executive Director of the Company in June 2016.
  - 5 Mr. Lin Jiali was appointed as the Independent Non-executive Director of the Company in April 2017.
  - 6 Mr. Zhu Hongchao was appointed as the Independent Non-executive Director of the Company in June 2019.
  - 7 Mr. Zhou Yu was appointed as the Independent Non-executive Director of the Company in June 2019.
  - 8 Mr. Tu Xuanxuan was appointed as the Non-executive Director of the Company in June 2019.
  - 9 Mr. Zhou Donghui was appointed as the Non-executive Director of the Company in June 2020.
  - 10 Mrs. Yu Liping was appointed as the Non-executive Director of the Company in June 2015.
  - 11 Mr. Xu Jianguo was appointed as the Non-executive Director of the Company in October 2016.
  - 12 Mr. Tong Jianping was appointed as the Chairman of the Supervisory Board in September 2022.
  - 13 Mr. Zhao Yonggang was appointed as the Vice Chairman of the Supervisory Board in June 2021.
  - 14 Mr. Shi Xu was appointed as the Supervisor of the Company in June 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 71. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

#### For the year ended 31 December 2021 (Continued)

*Note: (Continued)*

- 15 Mr. Wu Xiangyang was appointed as the Supervisor of the Company in June 2019.
- 16 Mr. Ruan Feng was appointed as the Supervisor of the Company in October 2020.
- 17 Mr. Li Zhenghao was appointed as the Supervisor of the Company in June 2020.
- 18 Mr. Cao Yijian was appointed as the Supervisor of the Company in June 2019.
- 19 Mr. Dong Xiaochun was appointed as the Supervisor of the Company in October 2020.
- 20 Mrs. Dai Li was appointed as the Supervisor of the Company in June 2019.
- 21 Mr. Qu Qiuping was appointed as the General Manager and Executive Director of the Company in June 2014. Mr. Qu Qiuping resigned from the position of the General Manager and Executive Director of the Company in September 2021.
- 22 Mr. Wu Hongwei was appointed as the Vice Chairman of the Supervisory Board in December 2017. Mr. Wu Hongwei resigned from the position of the Vice Chairman of the Supervisory Board in June 2021.

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 2022 and 2021, 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 2022 and excludes deferred remuneration attributable to the previous years and paid in 2022. In particular, Mr. Zhou Jie received RMB0.6034 million; Mr. Li Jun received RMB0.1533 million; Mr. Ren Peng received RMB0.4140 million; Mr. Zhao Yonggang received RMB0.209 million; Mr. Shi Xu received RMB0.3780 million; Mr. Wu Xiangyang received RMB0.2822 million.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 72. 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 2022 and 2021 are as follows:

	2022	2021
Salary and commission	<b>6,187</b>	9,795
Bonuses	<b>42,465</b>	43,120
Employer's contribution to pension schemes/annuity plans	–	246
	<b>48,652</b>	53,161

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 2022 and 2021.

The emoluments of the highest-paid individuals of the Group fall within the following bands:

	2022 Number of employees	2021 Number of employees
Emolument bands		
– RMB9,000,001 to RMB9,500,000	<b>1</b>	1
– RMB9,500,001 to RMB10,000,000	<b>4</b>	1
– RMB10,000,001 to RMB10,500,000	–	1
– RMB10,500,001 to RMB11,000,000	–	–
– RMB11,000,001 to RMB11,500,000	–	1
– RMB11,500,001 to RMB12,000,000	–	–
– RMB12,000,001 to RMB12,500,000	–	1
	<b>5</b>	5

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 73. OTHER DISCLOSURES RELATED TO SUBSIDIARIES

#### 2015 Share option scheme of HISGL

The shareholders of HISGL approved the adoption of a new share option scheme (the "2015 Share Option Scheme") on 8 June 2015 (the "Adoption Date"). The 2015 Share Option Scheme was also approved by the shareholders of HSCL, the holding company of Haitong International Holdings Limited, the controlling shareholder of HISGL, and Listing Committee of The Stock Exchange of Hong Kong Limited on 8 June 2015 and 12 June 2015 respectively. A summary of the principal terms of the 2015 Share Option Scheme, as disclosed in accordance with the Listing Rules, is set out as follows:

The 2015 Share Option Scheme was adopted to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group. Under the 2015 Share Option Scheme, share options could be granted to any full time or part-time employee, executive and non-executive (whether independent or not) directors of the Group, who, in the absolute opinion of the Board, have contributed to HISGL or the Group.

The maximum number of shares of HISGL (the "Shares") which may be issued upon exercise of all options to be granted under the 2015 Share Option Scheme and any other share option schemes shall not in aggregate exceed 212,924,439 shares, representing approximately 10% of the issued shares of HISGL as at 30 November 2014, being the date of tentative approval of the 2015 Share Option Scheme by the management of HISGL.

In respect of the period of 12 months from the Adoption Date and for each of the subsequent periods of 12 months from the previous anniversary of the Adoption Date (each of those 12-months periods is hereinafter referred to as a "Scheme Year"), the total number of shares of HISGL which may be issued upon exercise of the options granted in each Scheme Year shall not exceed 21,292,444 shares (the "Annual Limit"). HISGL may from time to time seek approval of its shareholders and the approval of the shareholders of HSCL (so long as HISGL is a subsidiary of HSCL under the Listing Rules) in respective general meetings to renew the Scheme Limit and/or the Annual Limit such that the total number of shares of HISGL in respect of which options may be granted by directors of HISGL under the 2015 Share Option Scheme (i) in respect of the Scheme Limit, shall not exceed 10% of the issued share capital of HISGL as at the date of approval of the refreshment; and (ii) in respect of the Annual Limit, shall not exceed 1% of the issued share capital of HISGL as at the date of approval of the refreshment. Options previously granted under the 2015 Share Option Scheme and any other share option schemes of HISGL (including those outstanding, cancelled, lapsed or exercised options) will not be counted for the purpose of calculating such limits as refreshed.

Notwithstanding the aforesaid in previous paragraph, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2015 Share Option Scheme and any other share option schemes of HISGL shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of shares in issue from time to time.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

## 73. OTHER DISCLOSURES RELATED TO SUBSIDIARIES (CONTINUED)

### 2015 Share option scheme of HISGL (Continued)

The maximum number of shares issued and to be issued upon exercise of the options granted to each participant under the 2015 Share Option Scheme and any other share option schemes of HISGL (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of HISGL's shares in issue. Any further grant of share options in excess of this limit is subject to approval by the shareholders of HISGL at a general meeting.

Share options granted to a director, chief executive or substantial shareholders of HISGL, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of HISGL, or to any of their associates, in excess of 0.1% of the total number of shares of HISGL in issue at the date on which such grant is proposed by the directors or with an aggregate value (based on the closing price of HISGL's shares at the date on which such grant is proposed by the directors) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance at a general meeting of HISGL.

The offer of a grant of share options may be accepted within 28 days from the date of the offer upon payment of a consideration of HK\$1 by the grantee. The exercise period of the share options granted is determinable by the directors of HISGL and notified by the directors of HISGL to each participant as being the period during which an option may be exercised, and in any event such period of time shall not exceed a period of 5 years, commencing on the Offer Date and expire on the last day of such period. The 2015 Share Option Scheme does not stipulate any performance target which needs to be achieved by the participant who accepts the offer of share options (the "Grantee") before the share options can be exercised. In order to sustain a long-term employment relationship between HISGL and the Grantee(s), grantees must hold their share options for a holding period of not less than 6 months from the date of acceptance of the offer by the Grantee, before the share options can be exercised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 73. OTHER DISCLOSURES RELATED TO SUBSIDIARIES (CONTINUED)

#### 2015 Share option scheme of HISGL (Continued)

The exercise price of the share options is determinable by the directors, and shall be at least the highest of (i) the price equal to 110% of the closing price of HISGL's shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing price of HISGL's shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the offer date; and (iii) the nominal value of HISGL's shares. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 21 July 2021, HISGL granted 10,645,000 share options at the exercise price of HK\$2.398 per share to its directors and employees under the 2015 Share Option Scheme with a total of 9,845,000 share options being accepted. The exercise period of the share options is from 17 February 2022 to 20 July 2026. All the share options granted have a vesting period of 6 months from the date of acceptance. The closing price of HISGL's shares on the date of grant was HK\$2.18 per share.

The estimated fair values of the options granted under 2015 Share Option Scheme on the grant date on 21 July 2021 is approximately HK\$3.6 million, which was calculated using the Binomial Option Pricing model with the key inputs into the model as disclosed below.

	2021
Weighted average share price at the date of grant	HK\$2.18
Initial exercise price	HK\$2.398
Expected volatility	37.533%
Expected option life	5 years
Risk-free rate	0.495%
Expected dividend yield	7.514%
Early exercise multiples – directors of HISGL	1.68
– employees	1.91

Expected volatility was determined using the historical volatility of HISGL's share price over the previous 5 years at the grant date.

On 6 September 2022, HISGL granted 10,635,000 share options at the exercise price of HK\$0.935 per share to its directors and employees under the 2015 Share Option Scheme with a total of 10,570,000 share options being accepted. The exercise period of the share options is from 3 April 2023 to 5 September 2027. All the share options granted have a vesting period of 6 months from the date of acceptance. The closing price of HISGL's shares on the date of grant was HK\$0.85 per share.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 73. OTHER DISCLOSURES RELATED TO SUBSIDIARIES (CONTINUED)

#### 2015 Share option scheme of HISGL (Continued)

The estimated fair values of the options granted under 2015 Share Option Scheme on the grant date on 6 September 2022 is approximately HK\$1.3 million, which was calculated using the Binomial Option Pricing model with the key inputs into the model as disclosed below.

	2022
Weighted average share price at the date of grant	<b>HK\$0.85</b>
Initial exercise price	<b>HK\$0.935</b>
Expected volatility	<b>38.168%</b>
Expected option life	<b>5 years</b>
Risk-free rate	<b>3.05%</b>
Expected dividend yield	<b>10.481%</b>
Early exercise multiples – directors of HISGL	<b>1.68</b>
– employees	<b>1.91</b>

Expected volatility was determined using the historical volatility of HISGL's share price over the previous 5 years at the grant date.

For the year ended 31 December 2022, the Group has recognised an equity-settled share-based compensation expense of HK\$1,540 thousand equivalent to RMB1,376 thousand (for the year ended 31 December 2021: HK\$2,678 thousand, equivalent to RMB2,190 thousand) for the share options under the 2015 Share Option Scheme in the consolidated statement of profit or loss.

The following table discloses movements of share options granted to the directors and employees of the Group.

	2022		2021	
	Weighted average exercise price HKD <i>per share</i>	Number of options 000	Weighted average exercise price HKD <i>per share</i>	Number of options 000
At beginning of the year	<b>2.860</b>	<b>40,551</b>	3.369	62,102
Granted and accepted during the year	<b>0.935</b>	<b>10,570</b>	2.398	9,845
Adjusted during the year (note)	<b>2.590</b>	<b>3,998</b>	–	–
Exercise during the year	–	–	1.727	(1,750)
Forfeited during the year	<b>3.880</b>	<b>(9,957)</b>	3.840	(29,646)
At end of the year	<b>1.930</b>	<b>45,162</b>	2.860	40,551

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 73. OTHER DISCLOSURES RELATED TO SUBSIDIARIES (CONTINUED)

#### 2015 Share option scheme of HISGL (Continued)

The exercise prices and exercise periods of the share options outstanding as at respective reporting dates are as follows:

31 December 2022 Number of options <i>000</i>	Exercise price HKD\$ per share <i>(note)</i>	Exercise period
–	4.547	7 June 2018 – 9 November 2022
<b>11,599</b>	2.635	28 May 2019 – 31 October 2023
<b>6,439</b>	2.322	27 December 2019 – 30 May 2024
<b>7,419</b>	1.570	25 December 2020 – 28 May 2025
<b>9,295</b>	2.180	17 February 2022 – 20 July 2026
<b>10,410</b>	0.935	3 April 2023 – 5 September 2027
<b>45,162</b>		
<hr/>		
31 December 2021 Number of options <i>000</i>	Exercise price HKD\$ per share <i>(note)</i>	Exercise period
6,546	5.002	7 June 2018 – 9 November 2022
11,125	2.898	28 May 2019 – 31 October 2023
6,340	2.554	27 December 2019 – 30 May 2024
7,345	1.727	25 December 2020 – 28 May 2025
9,195	2.398	17 February 2022 – 20 July 2026
<b>40,551</b>		

*Note:* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, scrip dividend, or bonus shares, or other similar changes in HISGL's share capital.

As at 31 December 2022, HISGL had 45,161,765 (31 December 2021: 40,551,041) share options outstanding under the 2015 Share Option Scheme, which represented approximately 0.68% (31 December 2021: 0.67%) of HISGL's shares in issue as at that date.

The exercise in full of the remaining share options would, under the present capital structure of HISGL, result in the issue of 45,161,765 (2021: 40,551,041) additional ordinary shares of HISGL and additional share capital of HK\$4,516 thousand equivalent to RMB4,034 thousand (2021: HK\$4,055 thousand, equivalent to RMB3,315 thousand) and share premium of HK\$82,642 thousand equivalent to RMB73,822 thousand (2021: HK\$111,855 thousand, equivalent to RMB91,453 thousand) (before issue expenses).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

## 73. OTHER DISCLOSURES RELATED TO SUBSIDIARIES (CONTINUED)

### Share award scheme of HISGL

On 19 December 2014, the Board adopted a 10-year share award scheme (the "Scheme") to incentivise selected employees or directors ("Selected Participants") for their contributions to the Group and to attract suitable personnel for further development of the Group.

Pursuant to the Scheme, the ordinary shares of HK\$0.1 each in the capital of HISGL will be acquired by the trustee at the cost of HISGL and will be held in trust for the Selected Participants before vesting. The total number of shares granted under the Scheme shall be limited to 10% of the total issued share capital of HISGL as at 19 December 2014 (the "Adoption Date") or such other percentage as determined by the Board from time to time.

No award of the shares shall be granted to any single Selected Participant which would result in the maximum number of awarded shares under the Scheme in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the issued share capital of HISGL as at the Adoption Date.

The Board has delegated the power and authority to the Administration Committee to handle administrative matters of the Scheme but all major decisions in relation to the Scheme shall be made by the Board unless expressly provided for in the Scheme rules pursuant to the Scheme or the Board resolves to delegate such power to the Administration Committee.

Pursuant to the Scheme rules, the Administration Committee may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each Participant) select any participant (excluding any excluded participants as defined under the Scheme rules) for participation in the Scheme as a Selected Participant and determine the number of awarded shares, save and except that the selection of a director of HISGL as a Selected Participant, the terms and conditions of the award to such director and the number of award shares thereunder shall be approved by the Board upon the recommendation of the Remuneration Committee.

After the selection of the Selected Participant(s) and the determination of the number of awarded shares by the Board or the Administration Committee, as the case may be, the Administration Committee shall inform the trustee accordingly. The Administration Committee shall also inform the Selected Participant(s) by award notice. Provided that the respective Selected Participant(s) has (have) executed the relevant acceptance form(s) and returned the same together with a counterpart of the award notice(s) to the trustee through HISGL within the period prescribed in the award notice(s), HISGL shall during the award period pay or cause to be paid to the trustee for purchasing the awarded shares ("Reference Amount").

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 73. OTHER DISCLOSURES RELATED TO SUBSIDIARIES (CONTINUED)

#### Share award scheme of HISGL (Continued)

After receiving the Reference Amount, the Trustee shall apply the same towards the purchase of awarded shares in the market through a broker at the prevailing market price on the Stock Exchange pursuant to the Scheme Rules and HISGL would recognise as treasury shares in the consolidated statement of changes in equity.

The Administration Committee shall conduct a review of the performance conditions (if any) in relation to each Selected Participant at least once in each financial year during the award period if the award period is more than 12 months or once only during the award period if the award period is less than 12 months. The awarded shares will be vested if the Selected Participant is able to meet the relevant service conditions during the relevant period, or lapsed if the Selected Participant is unable to meet the relevant service conditions during the relevant period.

A Selected Participant shall not exercise or direct the trustee to exercise and the trustee shall not exercise the voting rights in respect of any awarded shares held under the trust.

Details of the awarded shares granted and unvested as at 31 December 2022 are set out below.

Date of awarded shares granted	Number of awarded shares granted	Number of awarded shares vested	Number of awarded shares lapsed <i>(note (g))</i>	Number of awarded shares unvested	Vesting dates	Fair value as at grant date <i>HKD</i>
25 March 2019	6,848,366	5,678,547	1,169,819	–	<i>note (a)</i>	21,024,000
29 October 2019	8,175,000	6,635,000	1,540,000	–	<i>note (b)</i>	18,557,000
25 March 2020	14,294,205	8,092,251	2,908,024	3,293,930	<i>note (c)</i>	28,731,000
25 March 2021	29,000,000	29,000,000	–	–	<i>note (d)</i>	69,890,000
31 August 2021	36,788,082	27,225,412	1,247,600	8,315,070	<i>note (e)</i>	82,773,000
8 September 2022	9,453,454	9,102,015	–	351,439	<i>note (f)</i>	8,413,000

For the shares granted, the fair value of the shares were measured at the market price of HISGL's shares. For the year ended 31 December 2022, the Group has recognised an equity settled share-based payment of RMB35,114 thousand (for the year ended 31 December 2021: RMB106,824 thousand) for the Scheme in consolidated statement of profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

## 73. OTHER DISCLOSURES RELATED TO SUBSIDIARIES (CONTINUED)

### Share award scheme of HISGL (Continued)

As at 31 December 2022, HISGL did not have any awarded shares granted on 25 March 2019 which were outstanding under the Scheme (31 December 2021: 1,620,854). During the current year, none (2021: 433,949) and 1,620,854 (2021: 1,933,971) awarded shares granted on 25 March 2019 were lapsed and vested respectively.

As at 31 December 2022, HISGL did not have any awarded shares granted on 29 October 2019 which were outstanding under the Scheme (31 December 2021: 1,635,000). During the current year, none (2021: 740,000) and 1,635,000 (2021: 2,385,000) awarded shares granted on 29 October 2019 were lapsed and vested respectively.

As at 31 December 2022, HISGL had 3,293,930 (31 December 2021: 7,506,259) awarded shares granted on 25 March 2020 which were outstanding under the Scheme. During the current year, 479,106 (2021: 1,597,936) and 3,733,223 (2021: 4,359,028) awarded shares granted on 25 March 2020 were lapsed and vested respectively.

As at 31 December 2022, HISGL had no awarded shares granted on 25 March 2021 which were outstanding under the Scheme.

As at 31 December 2022, HISGL had 8,315,070 (31 December 2021: 20,799,843) awarded shares granted on 31 August 2021 which were outstanding under the Scheme. During the current year, 1,060,000 (2021: 187,600) and 11,424,773 (2021: 15,800,639) awarded shares granted on 31 August 2021 were lapsed and vested respectively.

As at 31 December 2022, HISGL had 351,439 awarded shares granted on 8 September 2022 which were outstanding under the Scheme. During the current year, none awarded shares granted on 8 September 2022 were lapsed and 9,102,015 awarded shares granted on 8 September 2022 were vested respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 73. OTHER DISCLOSURES RELATED TO SUBSIDIARIES (CONTINUED)

#### Share award scheme of HISGL (Continued)

Notes:

- (a) Pursuant to the agreed terms, the vesting date of one-third of the award shares granted on 25 March 2019 was on 23 March 2020 while the vesting date of another one-third of award shares granted on 25 March 2019 would be on 23 March 2021 and the vesting date for the remaining would be on 23 March 2022.
- (b) Pursuant to the agreed terms, the vesting date of one-third of the award shares granted on 29 October 2019 was on 2 January 2020 while the vesting date of another one-third of award shares granted on 29 October 2019 would be on 2 January 2021 and the vesting date for the remaining would be on 2 January 2022.
- (c) Pursuant to the agreed terms, the vesting date of one-third of the award shares granted on 25 March 2020 was on 24 March 2021 while the vesting date of another one-third of award shares granted on 25 March 2020 would be on 24 March 2022 and the vesting date for the remaining would be on 24 March 2023.
- (d) Pursuant to the agreed terms, the vesting date of one-third of the award shares granted on 25 March 2021 was on 30 April 2021.
- (e) Pursuant to the agreed terms, the vesting date of one-third of the award shares granted on 31 August 2021 was on 30 September 2021 while the vesting date of another one-third of award shares granted on 31 August 2021 would be on 30 September 2022 and the vesting date for the remaining would be on 30 September 2023.
- (f) Pursuant to the agreed terms, the vesting date of 8,641,329 award shares granted on 8 September 2022 was on 30 September 2022 while the vesting date of another 282,114 and 178,572 award shares granted on 8 September 2022 were on 30 November 2022 and 31 December 2022 respectively. The remaining 351,439 award shares would be vested on the agreed schedule during 2023 to 2026.
- (g) Awarded Shares would lapse prior to their vesting date as a result of staff separations. Pursuant to the agreement, the lapsed shares would be held by the trustee which is subject to the approval from Administration Committee for re-selection of any Selected Participant. The lapsed Awarded Shares were transferred out from share award reserve to share premium as disclosed in the consolidated statement of changes in equity.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 73. OTHER DISCLOSURES RELATED TO SUBSIDIARIES (CONTINUED)

#### Share award scheme of HISGL (Continued)

Movements of shares held under the Scheme during the year are as follows:

	2022		2021	
	<i>HKD'000</i>	Number of shares	<i>HKD'000</i>	Number of shares
As at 1 January	<b>269,732</b>	<b>117,409,723</b>	389,986	172,705,979
Purchased during the year	<b>17,670</b>	<b>14,662,000</b>	–	–
Shares issued under bonus issue	–	<b>12,508,264</b>	–	–
Vested and transferred out during the year	<b>(56,538)</b>	<b>(27,515,865)</b>	(120,254)	(55,296,256)
As at 31 December	<b>230,864</b>	<b>117,064,122</b>	269,732	117,409,723

### 74. RELATED PARTY TRANSACTIONS

In addition to the joints and 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 74. RELATED PARTY TRANSACTIONS (CONTINUED)

The Group's major transactions with related parties are as follows:

	2022	2021
Commission and fee income from:		
– Fullgoal Fund Management Co., Ltd.	<b>180,068</b>	190,721
– CCTV Financial Media Industry Investment Fund (Limited Partnership)	<b>66,495</b>	–
– Xi'an Aerospace and New Energy Industry Fund	<b>35,963</b>	7,787
– Shanghai Equity Investment Fund II (Limited Partnership)	<b>28,328</b>	15,205
– Liaoning energy investment (Group) Co., Ltd.	<b>25,491</b>	25,472
– Liaoning China-Germany Industrial Equity Investment Fund (Limited Partnership)	<b>17,000</b>	16,981
– Shanghai Cultural Industries Investment Fund (Limited Partnership)	<b>13,847</b>	17
– Xi'an Aerospace Haitong Innovative New Materials Equity Investment Partnership (Limited Partnership)	<b>13,710</b>	–
– Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	<b>11,463</b>	23,151
– Jilin Modern Agricultural and Emerging Markets Investment Fund Limited	<b>9,522</b>	22,267
– Xi'an Civil-Military Integration Satellite Investment Fund Co., Ltd.	<b>5,013</b>	4,505
– Guangdong South Media Integration Fund (Limited Partnership)	<b>4,290</b>	4,441
– Anhui Wanneng Haitong Dual Carbon Industry M & A Investment Fund Partnership (Limited Partnership)	<b>3,583</b>	–
– Shanghai Guosheng (Group) Co., Ltd.	<b>2,019</b>	3,562
– Xuchang Haitong Innovation Equity Investment Fund Limited Partnership	<b>1,509</b>	94
– Jilin Haitong Innovation Satellite Investment Center (Limited Partnership)	<b>1,415</b>	–
– Haitong (Jilin) Equity Investment Fund (Limited Partnership)	<b>1,160</b>	1,689
– Jilin Haichuang Changxin Investment Center (Limited Partnership)	<b>1,155</b>	–
– Shanghai Electric (Group) Corp.	<b>307</b>	697
– Jiaxing Haitong Xuchu Equity Investment Fund Limited Partnership	<b>53</b>	4,885
– Bright Foods (Group) Co., Ltd.	<b>53</b>	4,104
– Shanghai Equity Investment Fund (Limited Partnership)	<b>50</b>	15,235
– Hefei Haitong Huiyin Equity Investment Partnership (Limited partnership)	–	8,491
– Haitong (Jilin) Modern Service Industry Investment Fund (Limited Partnership)	–	1,283
– Shanghai Tongguan Investment Management Partnership (Limited partnership)	–	503

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 74. RELATED PARTY TRANSACTIONS (CONTINUED)

	2022	2021
Net interest income from		
– Shanghai Guosheng (Group) Co., Ltd.	<b>802</b>	149
– Shanghai Electric (Group) Corp.	<b>373</b>	855
– Jiaxing Haitong Xuchu Equity Investment Fund Limited Partnership	<b>354</b>	2
– Xi'an Aerospace Haitong Innovative New Materials Equity Investment Partnership (Limited Partnership)	<b>352</b>	–
– Xi'an Aerospace and New Energy Industry Fund	<b>237</b>	355
– Others	<b>436</b>	666
Net investment income		
– Shanghai Guosheng (Group) Co., Ltd.	<b>6,253</b>	(3,603)
– Shanghai Equity Investment Fund (Limited Partnership)	–	5,630
	<b>2022/12/31</b>	2021/12/31
Accounts receivables from:		
– Xi'an Aerospace and New Energy Industry Fund	<b>33,055</b>	–
– Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	<b>32,881</b>	–
– Shanghai Cultural Industries Investment Fund (Limited Partnership)	<b>31,758</b>	17,080
– Xi'an Aerospace Haitong Innovative New Materials Equity Investment Partnership (Limited Partnership)	<b>8,369</b>	–
– Shanghai Guosheng (Group) Co., Ltd.	<b>684</b>	585
– Others	<b>140</b>	40

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 74. RELATED PARTY TRANSACTIONS (CONTINUED)

	2022/12/31	2021/12/31
Accounts payable to brokerage clients		
– Shanghai Equity Investment Fund (Limited Partnership)	<b>(57,192)</b>	(926)
– Shanghai Equity Investment Fund II (Limited Partnership)	<b>(50,065)</b>	(31)
– Bright Foods (Group) Co., Ltd.	<b>(23,476)</b>	(11)
– Shanghai Electric (Group) Corp.	<b>(15,398)</b>	(7,762)
– Jiaxing Haitong Xuchu Equity Investment Fund Limited Partnership	<b>(2,414)</b>	(304)
– Xi'an Aerospace and New Energy Industry Fund	<b>(826)</b>	(150,000)
– Shanghai Guosheng (Group) Co., Ltd.	<b>(9)</b>	(174,699)
– Others	<b>(33)</b>	(159)
Accounts payable to		
– Shanghai Guosheng (Group) Co., Ltd.	<b>(56,980)</b>	(91,600)
Derivative financial assets		
– Shanghai Guosheng (Group) Co., Ltd.	<b>2,310</b>	949

The remuneration of the key management personnel of the Group was as follows (Note):

	Year ended 31 December	
	2022	2021
Short-term benefits:		
– Fees, salaries, commission and bonuses	<b>36,962</b>	66,790
Post-employment benefits:		
– Employer's contribution to pension schemes/annuity plans	<b>1,224</b>	1,054

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 2022 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 2022. It should be noted that the amount of RMB20,151 thousand of compensation attributable to prior years, which is deferred to 2022, is excluded from the aforementioned total.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

## 75. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	2022/12/31	2021/12/31
<b>Non-current assets</b>		
Property and equipment	<b>8,013,297</b>	8,049,110
Right-of-use assets	<b>492,978</b>	503,127
Investment properties	<b>13,081</b>	14,156
Other intangible assets	<b>365,223</b>	326,010
Investments in subsidiaries	<b>37,648,658</b>	36,897,561
Investments accounted for using equity method	<b>2,151,252</b>	1,957,895
Equity instruments at fair value through other comprehensive income	<b>5,361,535</b>	10,183,589
Debt instruments at fair value through other comprehensive income	<b>44,642,989</b>	31,666,415
Financial assets at fair value through profit or loss	<b>3,385,948</b>	3,221,175
Financial assets held under resale agreements	<b>50,071</b>	575,403
Deferred tax assets	<b>1,641,765</b>	2,307,574
<b>Total non-current assets</b>	<b>103,766,797</b>	95,702,015
<b>Current assets</b>		
Advances to customers on margin financing	<b>56,840,362</b>	67,692,375
Accounts receivable	<b>4,490,817</b>	1,948,966
Debt instruments at fair value through other comprehensive income	<b>6,015,496</b>	3,511,075
Financial assets at fair value through profit or loss	<b>136,567,567</b>	143,813,600
Derivative financial assets	<b>869,903</b>	354,430
Financial assets held under resale agreements	<b>26,589,823</b>	28,762,510
Other receivables and prepayments	<b>4,839,404</b>	3,547,890
Deposits with exchanges	<b>6,187,577</b>	3,949,885
Clearing settlement funds	<b>31,643,792</b>	23,908,471
Bank balances and cash	<b>94,195,714</b>	93,457,408
<b>Total current assets</b>	<b>368,240,455</b>	370,946,610
<b>Total assets</b>	<b>472,007,252</b>	466,648,625

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 75. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

	2022/12/31	2021/12/31
<b>Current liabilities</b>		
Borrowings	–	2,237
Short-term financing bills payables	7,211,240	13,316,578
Bonds Payable	38,039,857	32,879,392
Accounts payable to brokerage clients	69,201,352	72,910,212
Other payables and accruals	8,567,455	12,533,410
Amount due to subsidiaries	81,541	56,020
Lease liabilities	127,112	134,889
Tax liabilities	–	1,106,393
Financial liabilities at fair value through profit or loss	1,427,432	476,840
Derivative financial liabilities	738,108	619,042
Financial assets sold under repurchase agreements	93,412,806	89,332,831
Placements from other financial institutions	3,031,458	10,015,659
<b>Total current liabilities</b>	<b>221,838,361</b>	<b>233,383,503</b>
<b>Net current assets</b>	<b>146,402,094</b>	<b>137,563,107</b>
<b>Total assets less current liabilities</b>	<b>250,168,891</b>	<b>233,265,122</b>
<b>Equity</b>		
Share capital	13,064,200	13,064,200
Capital reserve	74,709,021	74,772,635
Revaluation reserve	(393,603)	411,800
General reserves	28,968,304	26,080,817
Retained earnings	32,697,861	30,179,778
<b>Total equity</b>	<b>149,045,783</b>	<b>144,509,230</b>
<b>Non-current liabilities</b>		
Long-term borrowings	–	2,092,000
Bonds payables	83,009,677	80,354,269
Other payables and accruals	346,592	310,994
Financial liabilities at fair value through profit or loss	17,407,216	5,639,743
Lease liabilities	359,623	358,886
<b>Total non-current liabilities</b>	<b>101,123,108</b>	<b>88,755,892</b>
<b>Total equity and non-current liabilities</b>	<b>250,168,891</b>	<b>233,265,122</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 75. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (CONTINUED)

	Share Capital	Capital Reserve <i>(Note)</i>	Revaluation reserve	General Reserves	Retained Earnings	Total
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
As at 1 January 2021	13,064,200	74,772,635	499,138	22,989,516	26,119,699	137,445,188
Profit for the year	-	-	-	-	10,304,336	10,304,336
Other comprehensive income for the year	-	-	25,756	-	-	25,756
Total comprehensive income for the year	-	-	25,756	-	10,304,336	10,330,092
Appropriation to general reserves	-	-	-	3,091,301	(3,091,301)	-
Cash dividends recognised as distribution	-	-	-	-	(3,266,050)	(3,266,050)
Disposal of equity instruments at fair value through other comprehensive income	-	-	(113,094)	-	113,094	-
As at 31 December 2021	13,064,200	74,772,635	411,800	26,080,817	30,179,778	144,509,230

*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 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. 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 full coverage of conglomerate risk management.

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 2022 (All amounts in RMB'000 unless otherwise stated)

## 76. 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 76. 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.

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 build the wisdom warning centre of the group supported by cloud computing, blockchain, big data, artificial intelligence and other financial technologies, implement the monitoring of public opinion fluctuation and default warning, the risk analysis of financial reports and the management and control tools of high-risk customers, so as to enable the business line and improve the abilities of risk early warning and forecasting. The second is to further improve the credit risk management system of the counterparty in the bond investment transaction and the underlying bond, 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, revise the detailed implement rules of asset wealth management client credit risk rating and credit management and dynamically optimize the related models. The fourth is to strengthen the systematic reporting procedures of credit business risk assets to effectively track and monitor the Group's overall credit risk profile and risk limit implementation. The fifth is to complete the revision of ESG risk management measures and etc., establish and improve the mechanism of client ESG risk accessing, tracking and monitoring, put the customer ESG due diligence and ESG risk assessment into effect proactively. 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 76. 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. 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;
- 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 76. 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. 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), and 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 consumer price index (CPI) growth rate, 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 76. 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 2022, 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 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. 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. and related management regulations, the Company standardized the treatment of impairment of financial instruments, strengthened the management of collateral for financing businesses, and promoted collaborative cooperation among relevant departments. At the same time, 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 76. 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:

	2022/12/31	2021/12/31
Advances to customers on margin financing	<b>67,843,871</b>	75,223,404
Accounts receivable	<b>10,394,515</b>	11,372,016
Other receivables	<b>8,223,597</b>	6,038,830
Other loan and receivables	<b>6,728,168</b>	14,938,665
Debt instruments measured at amortised cost	<b>5,806,157</b>	4,725,209
Finance lease receivables	<b>19,458,453</b>	33,472,587
Receivables arising from sale and leaseback arrangements	<b>84,549,952</b>	55,088,023
Debt instruments at fair value through other comprehensive income	<b>52,851,899</b>	37,052,945
Financial assets held under resale agreements	<b>32,645,149</b>	39,761,017
Placements to banks and other financial institutions	<b>274,445</b>	352,928
Financial assets at fair value through profit or loss	<b>108,626,776</b>	121,179,766
Deposits with exchanges	<b>22,864,574</b>	17,655,168
Clearing settlement funds	<b>21,380,695</b>	16,765,418
Bank balances and cash	<b>153,392,719</b>	156,448,163
Restricted bank balances and cash	<b>1,769,482</b>	1,503,454
Deposits with central banks	<b>3,245,096</b>	3,304,209
Deposits with other banks	<b>172,872</b>	226,337
Loans and advances	<b>5,869,014</b>	4,712,651
Derivative financial assets	<b>1,477,167</b>	1,084,731
<b>Maximum credit exposure</b>	<b>607,574,601</b>	600,905,521
Off balance sheet items credit exposure		
Guarantee granted	<b>1,070,625</b>	963,048
Irrevocable commitments	<b>1,220,027</b>	1,824,989
<b>Maximum off balance sheet items credit exposure</b>	<b>2,290,652</b>	2,788,037

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. 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, exchange rates, and commodity prices 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 standard includes the self-owned investment portfolio held for trading of the Group. 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 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%

Item	VaR 95% in 2021			
	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	308,906	378,932	0.22%	0.22%
Minimum month-end value in the Reporting Period	154,452	267,406	0.11%	0.16%
Average month-end value in the Reporting Period	264,445	341,430	0.19%	0.20%
Year-end value in 2021	246,569	280,569	0.17%	0.16%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. 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 0.3%, 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	
	2022/12/31	2021/12/31	2022/12/31	2021/12/31
Equity VaR	<b>221,967</b>	297,054	<b>180,146</b>	259,054
Interest rate VaR	<b>96,362</b>	102,385	<b>94,203</b>	100,385
Commodity VaR	<b>11,598</b>	81	<b>2,491</b>	1,081
Exchange rate VaR	<b>26,552</b>	8,342	<b>6,908</b>	3,342
Overall portfolio VaR	<b>233,172</b>	280,569	<b>174,182</b>	246,569

Item	The Company					
	2022			2021		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Equity VaR	<b>234,740</b>	<b>310,747</b>	<b>180,146</b>	278,312	330,670	161,253
Interest rate VaR	<b>84,243</b>	<b>102,197</b>	<b>73,410</b>	86,858	109,531	54,109
Commodity VaR	<b>2,538</b>	<b>9,581</b>	–	2,757	6,328	493
Exchange rate VaR	<b>3,668</b>	<b>6,908</b>	<b>2,921</b>	7,469	11,324	3,342
Overall portfolio VaR	<b>255,465</b>	<b>326,792</b>	<b>166,662</b>	262,877	308,906	154,452

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. 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 financial assets 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 OCI 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 OCI will be as follows:

	2022	2021
<b>Profit for the year</b>		
Increase by 10%	<b>1,364,778</b>	1,821,722
Decrease by 10%	<b>(1,364,778)</b>	(1,821,722)
<b>Revaluation reserve</b>		
Increase by 10%	<b>382,612</b>	739,356
Decrease by 10%	<b>(382,612)</b>	(739,356)

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 2022 (All amounts in RMB'000 unless otherwise stated)

## 76. 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:

	2022	2021
<b>Profit after income tax for the year</b>		
Increase by 25bps	<b>(198,458)</b>	(245,317)
Decrease by 25bps	<b>203,460</b>	253,012
<b>Other comprehensive income after income tax</b>		
Increase by 25bps	<b>(197,516)</b>	(175,770)
Decrease by 25bps	<b>199,520</b>	177,764

Some financial asset and financial liability contracts in the Group are pegged to the benchmark interest rate. On 31 December 2022, the financial asset contracts whose book value is 1.25 billion RMB are pegged to HIBOR, and the financial asset contracts whose book value is 0.26 billion RMB are pegged to LIBOR. The financial liability contracts whose book value is 27.39 billion RMB are pegged to HIBOR, and the financial liability contracts whose book value is 4.13 billion RMB are pegged to LIBOR. As at 31 December 2022, the above contracts have not completed the replacement of reference benchmark interest rate yet.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Market risk management (Continued)

##### *Exchange-rate risk*

Exchange rate risk refers to the risk resulted from changes in exchange rate. During the reporting period, with constant improvement of worldwide layout, facing the complicated and changing international market, the Group took the initiative to lower the asset leverage, reduced the overall scale of assets dominated in foreign currencies, resulting in a effectively controlled risk exposure of exchange rate. 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, and mitigate the impact of foreign exchange exposure on operating results through net investment hedging for overseas operations. 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 RMB303 million in 2022 (2021: RMB512 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 76. 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 strived to avoid any liquidity risks from happening within the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. 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 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 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

## 76. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Liquidity risk management (Continued)

As at 31 December 2021

	On Demand	Less than 3 months	3 months to 1 year	1 year to 5 years	5 years and above	Total
Borrowings	–	28,399,210	21,328,380	31,420,830	596,530	81,744,950
Deposits from central bank	–	–	158,833	2,163,306	–	2,322,139
Deposits from other banks	–	–	81,771	–	–	81,771
Customer accounts	368,601	1,008,996	1,393,839	3,201,654	–	5,973,090
Accounts payable to brokerage clients	123,202,200	–	–	–	–	123,202,200
Placements from other financial institutions	50	3,641,990	12,792,500	3,051,640	418,340	19,904,520
Financial assets sold under repurchase agreements	1,608,850	83,854,300	6,560,100	4,500	–	92,027,750
Other payables and accruals	8,472,129	3,546,604	9,206,567	289,053	306,041	21,820,394
Short-term financing bills payables	–	7,497,570	17,697,020	5,180	–	25,199,770
Bonds payable	–	12,530,850	43,147,340	115,296,610	7,631,490	178,606,290
Financial liabilities at fair value through profit or loss	5,967,370	639,910	3,848,830	5,716,281	143,831	16,316,222
Derivative financial liabilities	–	239,210	597,860	408,260	302,990	1,548,320
Long-term payables	–	–	–	5,890,096	340,248	6,230,344
Lease liabilities	50	95,080	217,100	546,160	296,570	1,154,960
	139,619,250	141,453,720	117,030,140	167,993,570	10,036,040	576,132,720

### 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 76. 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 2022
Net capital	<b>93,818,678</b>
Ratio 1	<b>241.25%</b>
Ratio 2	<b>62.95%</b>
Ratio 3	<b>36.97%</b>
Ratio 4	<b>58.74%</b>
Ratio 5	<b>16.59%</b>
Ratio 6	<b>193.66%</b>
Ratio 7	<b>21.12%</b>
Ratio 8	<b>293.75%</b>
Ratio 9	<b>162.85%</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 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. 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 optional derivatives;
- 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 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. 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 2022		As at 31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Debt instruments at amortised cost	<b>5,806,157</b>	<b>5,546,901</b>	4,725,209	4,310,574
<b>Financial liabilities</b>				
Non-convertible bonds payable	<b>181,830,918</b>	<b>182,341,774</b>	163,586,070	170,269,519

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 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. 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 2022 and 31 December 2021.

	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
	<b>22,113,704</b>	<b>199,113,953</b>	<b>48,796,457</b>	<b>270,024,114</b>
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
	<b>766,277</b>	<b>3,793,096</b>	<b>19,227,526</b>	<b>23,786,899</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 76. 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 2021</b>				
Financial assets at fair value through profit or loss				
– Debt securities	698,881	110,654,910	5,731,526	117,085,317
– Equity securities	15,103,142	579,055	19,272,727	34,954,924
– Funds	3,261,745	42,982,623	2,381,450	48,625,818
– Others	–	16,473,762	3,269,928	19,743,690
Debt instruments at fair value through other comprehensive income	927,858	34,837,660	1,287,427	37,052,945
Equity instruments at fair value through other comprehensive income	9,858,079	–	388,792	10,246,871
Derivative financial assets	59,072	735,177	290,482	1,084,731
	29,908,777	206,263,187	32,622,332	268,794,296
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	425,338	1,957,132	–	2,382,470
– Designated as financial liabilities at fair value through profit or loss	–	13,488,046	445,701	13,933,747
Derivative financial liabilities	44,520	884,578	619,218	1,548,316
	469,858	16,329,756	1,064,919	17,864,533

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 76. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Fair value of financial assets and liabilities (Continued)

#### Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

#### 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

#### 31 December 2021

	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 2020 and 1 January 2021	26,158,747	267,042	3,099,639	331,830	(13,595)
Transfer in	3,205,928	–	–	956,179	140
Purchase/(Disposal)	2,397,401	490	(2,322,403)	31,720	–
Transfer out	(3,111,053)	–	(27,393)	(324,149)	–
Other gains and losses	2,004,608	121,260	537,584	(549,879)	(315,281)
As at 31 December 2021	30,655,631	388,792	1,287,427	445,701	(328,736)

In 2022 and 2021, 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 2022 (All amounts in RMB'000 unless otherwise stated)

## 76. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Fair value of financial assets and liabilities (Continued)

#### *Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities (Continued)*

In 2022, 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 2022 (2021: same).

## 77. 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 2022, the carrying amount of finance lease receivables and receivables arising from sale and leaseback arrangements that have been transferred but not derecognised was RMB10,149 million (31 December 2021: RMB9,338 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 2022, the carrying amount of finance lease receivables and receivables arising from sale and leaseback arrangements that have been transferred but not derecognised was RMB1,887 million (31 December 2021: RMB2,276 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 2022, the carrying amount of securities that have been transferred but not derecognised was RMB2,821 million (31 December 2021: RMB5,062 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022 (All amounts in RMB'000 unless otherwise stated)

### 78. AUDITORS' REMUNERATION

	2022	2021
Annual audit fee for the Company	5,566	4,906
Other subsidiaries' audit fees	25,950	23,349
	<b>31,516</b>	<b>28,255</b>

### 79. SUBSEQUENT EVENTS

The Company's overseas holding subsidiary, HISGL (as borrower) entered into a facility agreement with certain financial institutions on 24 February 2023 whereby HISGL obtained a revolving loan facility in an amount up to HK\$16 billion for a term of up to 364 days from the date of the Facility Agreement. In connection with the Facility Agreement, the Company held the 34th meeting of the 7th board of directors (temporary meeting) reviewed and approved Proposal on Providing Keepwell Deed for Overseas Debt Financing of Overseas Holding Subsidiaries on 30 December 2022. The board of directors approved that the Company provides keepwell deed measures for HISGL and its wholly-owned subsidiaries. The keepwell deed amount will not exceed the total amount of debt financing of HK\$16 billion (or equivalent currency), and the keepwell deed period will not exceed 5 years.

On 17 March 2023, the Company, through its investee entity and HTIH, subscribed for the subordinated perpetual securities of US\$200 million issued by the HISGL. Such issuance of subordinated perpetual securities was completed on 21 March 2023.

On 28 March 2023, HISGL has resolved to propose a rights issue of HISGL on the basis of three rights shares for every ten existing shares, to raise share capital up to approximately HK\$1.3 billion.

According to the 36th meeting of the 7th board of directors of the Company held on 30 March 2023, the board of directors proposed to declare a dividend of RMB2.10 (tax included) per 10 shares in 2022 to all shareholders, with a total amount of RMB2,743 million (tax included) to be paid in cash. The profit distribution proposal has yet to be deliberated 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 2022 to the date of this report.





海通证券股份有限公司  
HAITONG SECURITIES CO., LTD.