

# 2023

## INTERIM REPORT

**光大證券股份有限公司**  
EVERBRIGHT SECURITIES CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)  
Stock Code: 601788 (A Share) 06178 (H Share)

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## IMPORTANT NOTICE

1. The Board, the Supervisory Committee, Directors, Supervisors and senior management of the Company warrant that this interim report is true, accurate and complete and does not contain any false records, misleading statements or material omission and jointly and severally assume legal responsibility as to the contents herein.
2. This report was reviewed and passed at the 28th meeting of the sixth session of the Board of the Company. The number of Directors that should attend the Board meeting was 11 and the number of Directors having voted at the Board meeting was 11. None of the Directors or Supervisors has made any objection to this report.
3. Unless otherwise specified, the financial data for the six months ended June 30, 2022 and for the six months ended June 30, 2023 disclosed in this report are prepared in accordance with the International Financial Reporting Standards and have not been audited, while having been reviewed by Ernst & Young. The data set out in this report is denominated in RMB.
4. Zhao Ling, the person-in-charge of the Company, Mei Jian, the person-in-charge of accounting affairs, and Du Jia, the head of accounting department (accounting executive), declare that they warrant the truthfulness, accuracy and completeness of the financial statements contained in this interim report.
5. Forward-looking statements included in this report, including future plans and development strategies, do not constitute actual commitment of the Company to the investors. The investors should be reminded of the risks of investment.
6. There was no appropriation of funds on a non-recurring basis by the Company's controlling shareholders and other related parties during the Reporting Period.
7. The Company has not provided any external guarantees in violation of the prescribed decision-making procedures during the Reporting Period.
8. The Company has no plans of cash dividend distribution, bonus share proposals or proposals for transfer of capital reserve fund into capital for the first half of 2023.
9. The situation where the majority of the Directors cannot warrant the authenticity, accuracy and completeness of the information contained in the interim report does not exist.
10. The Company has described in detail of the risks that it may be exposed to in this report. Please refer to the relevant statements in "IV. Other Disclosures (I) Potential Risk Exposure" in "Section III Management Discussion and Analysis" in this report for details.
11. The Company prepared this interim report in both English and Chinese versions. In the event of any discrepancies in interpretation between the English version and Chinese version, the Chinese version shall prevail.

## SECTION I DEFINITIONS

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

A Shares	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the SSE and traded in RMB
Articles of Association	articles of association of the Company
Asset securitization, ABS	financing through issuance of tradable securities backed by specific asset portfolios or specific cash flows
AUM	assets under management
Board, Board of Directors	the board of Directors of the Company
China or PRC	the People's Republic of China excluding, for the purpose of this interim report, Hong Kong, Macau and Taiwan
collateralized stock repurchase	a transaction in which a qualified borrower pledges his shares or other securities held as collaterals to obtain financing funds from a qualified lender, and agrees to repay the funds on a future date to release the pledge
Company, our Company, the parent company or Everbright Securities	Everbright Securities Company Limited (光大證券股份有限公司)
connected transaction(s)	has the meaning ascribed to it under the Hong Kong Listing Rules currently in effect and as amended from time to time
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
Dacheng Fund	Dacheng Fund Management Co., Ltd. (大成基金管理有限公司), a joint venture of the Company
Directors	the directors of the Company
EBSI	Everbright Securities International Holdings Limited (光大證券國際控股有限公司), a wholly-owned subsidiary of the Company
Everbright Asset Management	Shanghai Everbright Securities Asset Management Co., Ltd. (上海光大證券資產管理有限公司), a wholly-owned subsidiary of the Company
Everbright Bank	China Everbright Bank Company Limited (中國光大銀行股份有限公司)
Everbright Capital	Everbright Capital Investment Co., Ltd. (光大資本投資有限公司), a wholly-owned subsidiary of the Company

## SECTION I DEFINITIONS

Everbright Development	Everbright Development Investment Co., Ltd. (光大發展投資有限公司), a wholly-owned subsidiary of the Company
Everbright Fortune	Everbright Fortune Investment Co., Ltd. (光大富尊投資有限公司), a wholly-owned subsidiary of the Company
Everbright Futures	Everbright Futures Co., Ltd. (光大期貨有限公司), a wholly-owned subsidiary of the Company
Everbright Group	China Everbright Group Ltd. (中國光大集團股份公司), the largest shareholder of the Company
Everbright Leasing	Everbright Fortune Financial Leasing Co., Ltd. (光大幸福融資租賃有限公司), a controlling subsidiary of the Company
Everbright Limited	China Everbright Limited (中國光大控股有限公司), the second largest shareholder of the Company
Everbright Pramerica	Everbright Pramerica Fund Management Co., Ltd. (光大保德信基金管理有限公司), a controlling subsidiary of the Company
FOF	fund of funds
Group, our Group	the Company and its subsidiaries
H Shares	foreign shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
HK\$ or Hong Kong dollars or HK dollars	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Huijin Company	Central Huijin Investment Ltd. (中央匯金投資有限責任公司)
IFRS	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by International Accounting Standards Board, and interpretation issued by the International Accounting Standards Committee
IPO	initial public offering
margin financing and securities lending	provision of collateral by investors to securities firms to borrow funds for securities purchases (margin financing) or to borrow and sell securities (securities lending)
MOF	Ministry of Finance of the PRC (中華人民共和國財政部)
MOM	manager of managers, an asset management investment tool

## SECTION I DEFINITIONS

NEEQ	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
PB	prime brokerage
PBOC	People's Bank of China, the central bank of the PRC
PRC GAAP	the PRC Accounting Standards for Business Enterprises
related party transaction(s)	has the meaning ascribed to it under the SSE Listing Rules currently in effect and as amended from time to time, unless otherwise stated
Renminbi or RMB	RMB, the lawful currency of the PRC. Amounts are in RMB unless otherwise indicated in this report
Reporting Period	the first half of 2023 (January 1, 2023 to June 30, 2023)
Sci-tech Innovation Board	the science and technology innovation board launched by the Shanghai Stock Exchange
security transactions with repurchase agreement	a transaction in which a qualified client sells the subject securities at an agreed price to the securities firm which is the custodian of such securities, and agrees to purchase the subject securities from the securities firm at another agreed price on a future date, and the securities firm will return the relevant yields generated by the subject securities during the period pending for repurchase to the client pursuant to the agreement signed with the client
SFC	the Securities and Futures Commission of Hong Kong
SFO	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
SSE	Shanghai Stock Exchange
SSE Listing Rules	Shanghai Stock Exchange Listing Rules
Supervisors	the supervisors of the Company
Supervisory Committee	the supervisory committee of the Company
SZSE	Shenzhen Stock Exchange
Wind	Wind Information Co., Ltd. (上海萬得信息技術股份有限公司), a company incorporated in the PRC in 1994 with limited liability and an integrated service provider of financial data, information and software, being an independent third party

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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### I. Company Information

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

### Registered capital and net capital of the Company

Unit: RMB

	<b>As at June 30, 2023</b>	As at December 31, 2022
Registered capital	<b>4,610,787,639.00</b>	4,610,787,639.00
Net capital	<b>48,832,635,456.15</b>	48,853,130,506.55

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

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

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

### II. Contact Person and Information

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

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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### III. Basic Information

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

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

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

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

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



## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

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

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

Item	January to June 2023 (RMB'000)	January to June 2022 (RMB'000)	Variance as compared to the last corresponding period
<b>Operating results</b>			
Revenue and other income	8,505,009	7,511,660	13.22%
Profit before income tax	2,771,702	2,714,666	2.10%
Net profit attributable to shareholders of the Company	2,391,952	2,107,524	13.50%
Net cash generated from/(used in) operating activities	5,656,703	9,687,464	(41.61)%
	(RMB/share)	(RMB/share)	
<b>Earnings per share</b>			
Basic earnings per share	0.48	0.42	14.29%
Diluted earnings per share	0.48	0.42	14.29%
<b>Index of profitability</b>			
Weighted average returns on net assets (%)	3.94%	3.61%	Increased by 0.33 percentage point
<b>Scale indices</b>			
Item	As at June 30, 2023 (RMB'000)	As at December 31, 2022 (RMB'000)	Variance as compared to the end of the last corresponding period
Total assets	262,019,329	258,354,482	1.42%
Total liabilities	195,836,570	193,570,043	1.17%
Accounts payable to brokerage clients	65,023,154	69,297,987	(6.17)%
Equity attributable to shareholders of the Company	65,377,153	64,004,834	2.14%
Total equity of owners	66,182,759	64,784,439	2.16%
Total share capital ('000 shares)	4,610,788	4,610,788	-
Net assets per share attributable to shareholders of the Company (RMB/share) <sup>(Note 1)</sup>	12.12	11.82	2.54%
Gearing ratio (%) <sup>(Note 2)</sup>	66.40%	65.73%	Increased by 0.67 percentage point

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

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

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

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

Item	As at June 30, 2023 RMB	As at December 31, 2022 RMB
Core net capital	<b>40,832,635,456.15</b>	39,953,130,506.55
Subordinate net capital	<b>8,000,000,000.00</b>	8,900,000,000.00
Net capital	<b>48,832,635,456.15</b>	48,853,130,506.55
Net assets	<b>66,076,712,113.69</b>	65,617,882,655.56
Provisions for risk capital	<b>15,781,792,196.99</b>	14,279,048,816.13
On-balance sheet and off-balance sheet assets	<b>198,063,530,445.05</b>	190,295,218,095.36
Risk coverage ratio (%)	<b>309.42</b>	342.13
Capital leverage ratio (%)	<b>22.15</b>	22.55
Liquidity coverage ratio (%)	<b>215.18</b>	216.78
Net stable funding ratio (%)	<b>145.24</b>	157.99
Net capital/Net assets (%)	<b>73.90</b>	74.45
Net capital/Liabilities (%)	<b>42.04</b>	43.90
Net assets/Liabilities (%)	<b>56.89</b>	58.97
Value of proprietary trading of equity securities and derivative securities/Net capital (%)	<b>8.86</b>	9.07
Value of proprietary trading of non-equity securities and derivative securities/Net capital (%)	<b>188.74</b>	176.27

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

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

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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

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

In the first half of 2023, China's economy and society comprehensively resumed normalized operation; the effects of policies on maintaining stable economic growth and stable employment continuously emerged; the production demand gradually recovered and the economic operation maintained the trend of recovery. In the first half of the year, the GDP increased by 5.5% year-on-year and the driving role of consumption in boosting economic growth was significantly strengthened. Total import and export trade volume hit a historical high and new growth points in foreign trade gradually developed.

Regulatory authorities continued to improve system construction and boosted regulatory efforts to promote the high-quality development of the securities industry. On the one hand, the comprehensive implementation of the registration-based IPO system was officially carried out, which strengthened the responsibility of securities companies as "watchmen", brought huge business opportunities to securities companies and raised higher requirements on the comprehensive financial service capabilities of securities companies. On the other hand, the "zero-tolerance" regulatory enforcement continued to enhance. Regulatory authorities maintained strict supervision on non-compliance of securities companies and significantly intensified administrative punishment, raising higher requirements on intermediary institutions in performing their duties and responsibilities.

The securities industry proactively integrated into the overall national development and fully displayed the important role of the capital market in promoting capital formation, price discovery, resource allocation and risk management. In the first half of 2023, the operating results returned to a rising trend and the overall risk control indicators on the industry met regulatory standards with compliance and risk control level maintaining healthy and stable.

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

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (II) The Company's principal business and business model

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

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

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

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

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

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

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

### (I) Party building leads the role of central enterprises

Everbright Group, the controlling shareholder of Everbright Securities, was established by the MOF and Huijin Company. It has a complete set of financial services licenses and featured businesses related to people's livelihood, characterized by its overall finance, the integration of industry and finance, the combined advantages of Chinese Mainland and Hong Kong. As the only core subsidiary of the Group with a securities license, the Company has always insisted on the political and popular nature of its financial work, and is committed to serving the people's growing demand for upgrading wealth management and direct financing in the real economy. The Company always comprehensively implements the spirit of the Party, solidly carries out thematic education, proactively integrates into and serves the new development pattern and serves "what the country needs" with "what Everbright can". It will focus on transforming the strategic plans of the Party into a vivid practice in promoting the Company's high-quality development.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (II) Focusing on principal business and serving the real economy

The Company insisted on serving the real economy through financial services and facilitated enterprises to optimize the financing structure and reduce the financing cost. With respect to the equity financing business, the Company has strengthened the deployment in key strategic areas of the country and focused on “specialized and sophisticated enterprises that produce new and unique products” to improve the service capability covering the full lifecycle of enterprises. Our bond financing business has ranked top in the industry. During the Reporting Period, we issued the first “local industrial bonds with credit enhancement”, the first PPN on rural revitalization, the panda perpetual medium-term notes with the largest scale in a single tranche and other projects in the country, actively served the “double carbon” strategy and rural revitalization strategy, assisted in the infrastructure construction and regional development and constantly improved the market influence.

### (III) Deepening transformation and promoting common prosperity

The Company firmly promoted the transformation of wealth management, gradually consolidated the financial product system, the asset allocation system and the securities investment and advisory system and continuously strengthened the construction of the customer service ecosystem on wealth management. The Company has been successively included in the whitelist of the CSRC and awarded the New Fortune Best Investment Advisor multiple times. The Company’s subsidiaries, namely, Everbright Asset Management, Everbright Pramerica and Everbright Futures, have continued to innovate, improve their product creation capabilities and increasingly enriched their product portfolios. The Company actively improved its diversified financial service capabilities and continuously enhanced the professionalism of its wealth management business to meet the ever-growing wealth management needs of the public.

### (IV) Building a collaborative ecosystem to create value

The Company fully displayed the leading role of Everbright Group’s “Institutional Customer Committee”, optimized license portfolios, developed coordinated scenarios and tapped into coordinated resources to support business development. The Company adhered to the “customer-centric” development philosophy and vigorously built a collaborative business ecosystem, providing standardized and differentiated integrated solutions for domestic and overseas customers. The Company continued to optimize the IT governance, develop digital ecosystems, strengthen the construction of data coordination platforms and optimize the sharing of internal resources. Adequate domestic and international linkages and a distinctive synergistic ecosystem provided an impetus for the Company to deepen customer flow, strengthen cross-selling and provide high value-added services.

### (V) Gathering strength with corporate culture

The Company continued to build its core values and promote the righteousness of responsibility. The Company advocated the working style of “being honest, being professional, setting an example and caring for the grassroots”, encouraged truthfulness, practicality and effectiveness, promoted professionalism, and actively practiced the cultural philosophy of “compliance, integrity, professionalism and stability”. Through the “comprehensive inspection” conducted by the central government at the in-depth level, the systems and mechanisms have been further improved, and the foundation for healthy development has been further strengthened. Standing at the new starting point of building a modern capital market with Chinese characteristics, the Company is guided by the spirit of the 20th National Congress of the Party, takes the cultural concept of the securities industry as the beacon, gathers the majestic strength, works side by side, pools the wisdom of all, and helps promote the high-quality development of a modern capital market with Chinese characteristics.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### III. Discussion and Analysis on Business Operation

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

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

Table of the main business segments

Unit: RMB'000

Items	January to June 2023				January to June 2022			
	Segment revenue		Segment expenses		Segment revenue		Segment expenses	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Wealth management business	4,197,811	49%	2,788,295	48%	4,094,570	55%	2,497,201	51%
Corporate financing business	711,848	8%	296,789	5%	999,805	13%	302,056	6%
Institutional customer business	860,297	10%	226,421	4%	617,699	8%	249,258	5%
Investment trading business	751,451	9%	333,351	6%	49,889	1%	166,856	3%
Asset management business	654,916	8%	380,197	7%	697,813	9%	430,208	9%
Equity investment business	646,243	8%	117,458	2%	397,613	5%	413,553	9%

#### 1. Wealth management business segment

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

In the first half of 2023, this business segment achieved revenue of RMB4.2 billion, accounting for 49% of the Group's total revenue.

##### Market environment

In the first half of 2023, with greater market uncertainties and fluctuations, investors' risk appetite declined. The market turnover decreased year-on-year and the issuance of fund products fell short of expectation. Under the increasingly complicated market environment with increasingly diversified investor demands, the wealth management business of securities companies is transforming towards asset allocation covering the full lifecycle. The buyer's investment advisory market developed rapidly and the empowerment role of financial technology was further highlighted.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2023, the scale of margin financing and securities lending in the entire market increased. As of the end of June 2023, the balance of margin financing and securities lending in the entire market was RMB1,588.5 billion, representing an increase of 3.12% from the end of 2022.

In the first half of 2023, the domestic economy saw moderate recovery, and the trading in the futures market picked up gradually. According to statistics from the China Futures Association, from January to June, the accumulated trading volume and the accumulated turnover in the national futures market reached 3,950,879,084 lots and RMB262,126.685 billion, representing a year-on-year increase of 29.71% and 1.80%, respectively.

In the first half of 2023, the Hang Seng Index closed at 18,916 points, representing a decline of 4.37% as compared with the end of 2022. In terms of market activity, the trading volume of the constituent stocks of the Hang Seng Index was HK\$13.8 trillion in the first half of 2023, representing a year-on-year decrease of 16.87%.

### *Operational measures and performance*

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

In the first half of 2023, the Company adhered to the development strategy of “wealth + institutions + synergy” for the retail business, fully displayed the initiative and promoted regional and characteristic operation. The trading business rose steadily and the wealth transformation increasingly sped up. As of the end of the first quarter of 2023, the Company’s ranking in the market share in terms of net income from securities brokerage business improved by 1 place and the ranking in terms of net revenue from proxy sale of financial products improved by 5 places.

As of the end of June 2023, the total number of customers of the Company was 5.66 million, representing an increase of 5% from the end of last year, and customers’ total assets were RMB1.3 trillion, representing an increase of 2% from the end of last year. In the first half of the year, the proxy sale of financial products services of the Company totalled RMB20.347 billion, representing a year-on-year increase of 97%. The size of the contracted assets in securities investment advisory and fund investment advisory business increased significantly as compared with the previous year, and the brand influence of the Company’s investment advisory has been further expanded. Institutional brokerage services became increasingly extensive, and the size of algorithmic transactions grew quickly. According to statistics from the Asset Management Association of China, as of the end of June 2023, the total scale of the stock + hybrid mutual funds of the Company was RMB25.0 billion, and the total scale of mutual funds in the non-monetary market was RMB28.2 billion.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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

In the first half of 2023, the Company's margin financing and securities lending business deeply tapped into customer demands, actively enriched marketing service models, enhanced product strategy innovation, continuously optimized management processes and internal control mechanisms, and continuously improved customer experience. As of the end of June 2023, the Company's margin financing and securities lending balance was RMB34.768 billion, representing an increase of 1.82% from the end of 2022. The maintenance margin ratio of the Company's margin financing and securities lending business was 261.44%, which showed good quality and efficiency in risk control.

### (3) Stock pledge business

In the first half of 2023, the Company's stock pledge business continued to increase efforts in business due diligence and risk control, the business scale of which remained basically stable. As of the end of June 2023, the Company's stock pledge balance was RMB2.81 billion, of which, the balance of the Company's own funds was RMB1.043 billion, representing a decrease of RMB55 million from the end of 2022. The weighted average performance guarantee ratio of the Company's stock pledge self-funded projects was 329.49%.

### (4) Futures brokerage business

The Company mainly conducts futures brokerage business through its wholly-owned subsidiary, Everbright Futures. In the first half of 2023, Everbright Futures resolutely implemented the national strategy on rural revitalization and deeply served the real economy. Based on characteristic futures business and focusing on its principal responsibilities and businesses, Everbright Futures obtained an outstanding market reputation and social effects. In terms of business, Everbright Futures always followed the orientation of customer demand, continuously promoted the establishment of the service system for three categories of customers, vigorously expanded corporate and asset management businesses and solidly advanced innovation and transformation. From January to June 2023, Everbright Futures achieved average daily margin of RMB37.594 billion, representing an increase of 34.14% year-on-year. It achieved a market share of 1.89% in trading volume, representing a decrease of 19.57% year-on-year. Among them, the trading volume of the Company represented 1.13%, 1.56%, 2.55%, 2.70%, 1.11% and 0.29% of the total trading volume of China Financial Futures Exchange, Shanghai Futures Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange, the Energy Center and Guangzhou Futures Exchange, respectively. In the first half of the year, the cumulative stock options trading volume of Everbright Futures represented 1.50% of the total trading volume of stock options on the Shanghai Stock Exchange, ranking 7th among the 32 futures companies engaged in stock options business in terms of the trading volume in June.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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

The Company develops overseas wealth management and brokerage business mainly through its Hong Kong subsidiary. In the first half of 2023, the Hong Kong subsidiary actively responded to changes in the market environment by actively maintaining the asset scale of custodian customers, focusing on acquiring new existing customers and introducing principal-guaranteed products. As of the end of June 2023, the Hong Kong subsidiary's brokerage business had a total of approximately 142,000 customers, with the asset scale of custodian customers of approximately HK\$60.2 billion, more than 3,000 wealth management products, and the market share of Hong Kong stock brokerage business of approximately 0.25%.

In the first half of the year, the Hong Kong subsidiary was awarded the Prize for "Best Securities Investment Service" in the Sing Tao Service Awards by Sing Tao Daily, the "Prize for Outstanding Securities Companies" and the "Prize for Outstanding Wealth Management Platform" by the Bloomberg Businessweek (Chinese Version) and the "Best Hong Kong Securities Company in the FinanceAsia Awards 2023" by FinanceAsia.

#### *Outlook for the second half of 2023*

In the second half of 2023, for the wealth management business, the Company will further implement the development orientation of "wealth + institutions + synergy", follow the customer-centric concept, constantly improve the professional capability in wealth management, the capability in serving customers and the brand influence and fully display the coordinated advantages of the Company. Leveraging on comprehensive financial platforms of Everbright Group and the Company, it will provide customers with closed-loop services within financial ecosystems, highlight the brand value of "Everbright" and further expand the customer and asset scale on the basis of maintaining existing customers to achieve high-quality development. For the margin financing and securities lending business, the Company will strengthen regional strategies, attract high-quality customers, adhere to the orientation of customer demand, constantly diversify business expansion tools and improve customer services to achieve high-quality development. For the stock pledge business, the Company will adhere to the orientation of serving the real economy, strictly follow regulatory requirements and continuously carry out refined management. Everbright Futures will fulfill the social responsibility of futures companies in serving the real economy, adhere to the development keynote of "pursuing progress amid stability", advocate refined operation and management models, strengthen practical business support systems, empower frontline business expansion, promote simultaneous development at all business lines and speed up in innovation and transformation. For the overseas wealth management and brokerage business, the Company will continue to deeply tap into customers, constantly diversify wealth management products and meet various investment demands of investors.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Corporate financing business segment

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

In the first half of 2023, the business segment achieved revenue of RMB0.7 billion, accounting for 8% of the Group's total revenue.

#### *Market environment*

According to Wind data, as of the end of June 2023, the total amount of equity financing in the industry was RMB556.5 billion, representing a year-on-year decrease of 24.57%. The amount of IPO funds raised was RMB218.7 billion, representing a year-on-year decrease of 29.88%.

In the first half of 2023, the bond underwriting size of securities companies hiked significantly. According to Wind's public data, the total bond underwriting amount of securities companies was RMB6.18 trillion, representing a year-on-year increase of 9.81%. Resources were still concentrated among top securities companies and the scale of default and extension decreased, but there were pressures on risk prevention. The underwriting fee rate further declined, further increasing the difficulty in improving the profitability.

In the first half of 2023, the Hong Kong IPO market recovered slowly. According to statistics of Dealogic and the Hong Kong Stock Exchange, there were a total of 29 IPO projects (excluding listing projects transferred from GEM to the Main Board) in the Hong Kong new stock market in the first half of 2023, representing a year-on-year increase of 32%, and HK\$17.8 billion was raised, representing a year-on-year decrease of 9.6%. The market size of overseas bonds issued by Chinese-funded companies continued to shrink, and the volume of overseas bonds issued by Chinese-funded companies decreased by 13.8% year on year.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### *Operational measures and performance*

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

In 2023, the Company fulfilled the responsibilities and undertakings as a central enterprise on the equity financing business. It served the real economy, focused on serving strategic emerging industries, further penetrated the development in the main area and conducted in-depth research on industries. It actively explored specialized and sophisticated enterprises that produce new and unique products. The Company was awarded the "2023 Junding Prize for IPO Sales Investment Bank in China Securities industry" by the Securities Times.

According to Wind data, based on the statistical caliber of the issuance date, in the first half of 2023, the Company completed 6 equity underwriting projects for which it acted as the lead underwriter, including 5 IPO projects and 1 refinancing project. The Company recorded total equity underwriting amount of RMB4.212 billion, representing a year-on-year decrease of 64.6%, of which IPO financing scale was RMB4.132 billion, representing a year-on-year decrease of 51.58%. As of the end of June 2023, the Company had 8 IPO projects under review, 5 refinancing projects under review, and 6 projects for the Sci-tech Innovation Board in the pipeline.

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

In the first half of 2023, for debt financing business, the Company actively responded to national strategies and promoted the underwriting and issuance of featured bonds represented by green bonds, rural revitalization bonds and technological innovation bonds, further contributing its strength to financing of the real economy and demonstrating the undertakings of a central financial enterprise. In the first half of 2023, the Company completed the issuance of "the first PPN on rural revitalization of municipal transportation enterprises in China", the first "local industrial bonds with credit enhancement" in China, the panda perpetual medium-term notes with the largest scale in a single tranche in the market and the first dual-labeled green medium-term notes on "carbon neutrality bonds/rural revitalization" in Zhejiang Province. Meanwhile, the Company actively innovated and deeply tapped into the asset securitization business. The Company was awarded the "Junding Prize for Asset Management ABS Teams in the Securities Industry in China in 2023" by the Securities Times and the "Award for Annual Outstanding Institutions at the 9th China Asset Securitization Forum" by the China Asset Securitization Forum.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2023, the number of underwriting projects for corporate bonds was 580, representing a year-on-year decrease of 27.23%. The underwriting amount of bonds was RMB179.174 billion, with a market share of 2.93%, ranking 9th in the industry. Among them, the underwriting amount of interbank products was RMB31.928 billion, ranking 5th in the industry; the underwriting amount of local government bonds was RMB81.329 billion, ranking 8th in the industry.

Table 1: The underwriting amount, number of issued projects and ranking of major types of bonds of the Company

<b>Type of bonds</b>	Underwriting amount (RMB100 million)	Number of issued projects	Industry ranking
Interbank products (including medium-term notes, short-term financing bonds and private placement notes)	319.28	92	5
Corporate bonds	231.74	70	23
Asset securitization	90.40	66	16
Non-policy financial bonds	331.13	27	14
Local government bonds	813.29	323	8
Others	5.89	2	-

### (3) Overseas investment banking business

The Company conducts its overseas investment banking business mainly through its Hong Kong subsidiary. The Hong Kong subsidiary fully leverages on its business synergy to meet the diversified and integrated financing needs of customers. In the first half of 2023, the Hong Kong subsidiary completed 1 IPO sponsorship project for which it acted as the sole sponsor, 8 IPO underwriting projects and 3 overseas bond issuance projects, and submitted 2 IPO sponsorship projects for approval. According to statistics from Dealogic, in terms of the number of underwriting projects of Hong Kong IPOs, the Hong Kong subsidiary ranked 4th in the entire market, up 4 places from the corresponding period last year.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (4) Financial leasing business

The Company conducts its financial leasing business mainly through Everbright Leasing, a controlling subsidiary of the Company. In the first half of 2023, Everbright Leasing recorded an investment of RMB360 million.

#### *Outlook for the second half of 2023*

In the second half of 2023, in terms of equity financing business, the Company will rapidly replenish project reserves, moderate operating revenue and promote the development of subsequent businesses with refinancing business as the driver. It will focus on promoting IPOs of scientific and technological innovation enterprises at early stages, projects on Beijing Stock Exchange and refinancing projects and speed up enhancing the reserves of high-quality projects. For debt financing business, the Company will continue to strengthen the resources allocation for serving the real economy, promote innovation in business development and explore new product sectors. It will continuously hold the bottom line of compliance, control business risks and strengthen subsequent management responsibilities. It will promote the implementation of business expansion models of "investment banking + commercial banks", "investment banking + investment" and "investment banking + platforms" through coordinated empowerment. The Company will vigorously improve the quantity and quality of project reserves through business synergy for overseas investment banking business. It will actively follow market trends, boost efforts in covering TMT, hard technology, new retails, pharmaceutical and other industries and give play to the advantages of overseas financing platforms.

### 3. Institutional customer business segment

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

In the first half of 2023, the business segment realized revenue of RMB0.9 billion, accounting for 10% of the Group's total revenue.

#### *Market environment*

In the first half of 2023, the capital market showed a trend of weak recovery. The trading volume across the whole A-share market shrank by RMB2.6 trillion, representing a year-on-year decrease of 2.28%. The size of wealth management products issued by banks reduced by RMB1.5 trillion as compared with the end of last year, representing a decrease of 6.76%. The net assets under mutual funds amounted to RMB27.37 trillion, representing an increase of 6.29% as compared with the end of last year. While continuously increasing input in investment research and institutional services, securities companies increasingly concentrated resources among top mutual funds, subsidiaries engaged in insurance asset management and bank wealth management, as well as other asset management institutions, and the competition in institutional trading business was increasingly intensified. In the first half of 2023, various new regulations on the private fund industry were issued and the regulation on the industry was increasingly strict. The number of new products of private equity institutions for filing in the whole market plunged significantly from May and the overall management scale of private equity institutions increased slightly. Institutional customers are increasingly demanding the professional, personalized and diversified services of securities companies, and over-the-counter derivatives business gradually became the important competition area of institutional business.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### *Operational measures and performance*

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

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

#### **(2) Prime brokerage business**

In the first half of 2023, for commercial banks and wealth management subsidiaries, private equity institutions and trust and other financial institutions, the Company provided one-stop integrated financial services underpinned by trading system, investment research, fundraising, capital intermediary and FOF/MOM investment and extended with other services to create the prime brokerage service brand. As of the end of June 2023, the Company had introduced a total of 5,915 PB products. There were 3,907 existing PB products, representing an increase of 39.64% compared with that of the end of 2022.

#### **(3) Asset custody and outsourcing business**

In the first half of 2023, for asset custody and outsourcing business, the Company constantly displayed the coordinated advantages and the role of institutional business in attracting business, expanded the coverage of customer groups and service margins and further improved its business risk control, security assurance, operational capabilities and professional standards. As of the end of June 2023, the scale of mutual and private fund custody amounted to RMB69.5 billion, representing an increase of 14.50% compared with that of the beginning of the year. The scale of private equity product outsourcing amounted to RMB116.5 billion, representing an increase of 13.88% compared with that of the beginning of the year.

#### **(4) Investment research business**

In the first half of 2023, adhering to the implementation of the new development concept for investment research business, the Company reinforced and strengthened professional researches, focused on in-depth studies, organized and planned a series of thematic studies, which closely focused on market hot topics like meetings of the Political Bureau of the Party Central Committee, Sino-US relations, artificial intelligence and the recovery of the Hong Kong stock market. It accelerated in building a professional research team to better serve customers and the market through distinctive and in-depth research. The Company held 1 big online strategy meeting for investors and 404 phone meetings, published 2,829 research reports in total, and conducted 14,389 roadshows and reverse roadshows and 618 inspections. As of the end of June 2023, the Company researched and followed 751 A-share listed companies and 173 overseas listed companies, with an increasing market influence.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (5) Financial innovation business

In the first half of 2023, for the over-the-counter derivatives business, the Company continuously improved the trading and risk pricing capabilities through strengthening infrastructure construction, actively expanded return swaps, over-the-counter options and income receipts business and advanced the expansion of long-short return swap business, achieving steady improvement in business scale, fully displaying the synergistic effects of over-the-counter derivatives business and well satisfying investors' risk management demand. During the Reporting Period, for the exchange derivatives market maker business, the Company newly obtained the qualifications as the lead market maker for the E Fund STAR 50ETF options and China AMC STAR 50ETF options on the SSE and the SZSE, won the Silver Prize for Outstanding Market Makers for Index Options in 2022 by the China Financial Futures Exchange and obtained the annual class-A comprehensive appraisal on lead market makers for stock options in 2022 by the Shanghai Stock Exchange. It completed the obligations of market makers for exchange options, continuously added new service categories for the businesses as a fund liquidity service provider, expanded the business scale and carried out the market making business in an orderly manner.

### (6) Overseas institutional trading business

The Company conducts its overseas institutional trading business mainly through its Hong Kong subsidiary. In the first half of 2023, the overseas institutional trading business continued to enhance promotion and synergy. The Hong Kong institutional sales team focused on sales, trading and research services in Hong Kong and Mainland markets, provided customers with global transaction execution services and professional investment suggestions and realized synergy with wealth management business through mutual empowerment to build business ecosystem.

#### *Outlook for the second half of 2023*

In the second half of 2023, the Company will continue to diversify investment research products and online and offline services, match customer hierarchy for high-efficient investment, boost the output of advantageous customer services and tap into customers with potential revenue for the institutional trading business. For trading services, the Company will further improve customer experience and reputation. It will fully display the coordinated advantages of resources among all lines, deepen the foundations for cooperation with traditional mutual funds, insurance asset management and other institutional customers, boost efforts in providing comprehensive services to bank wealth management, private fund and interbank institutions, speed up expanding new cooperation with institutional customers and diversify the sources and structure of revenue. For the asset custody and outsourcing business, the Company will continue to center on its principal business as a securities company with the focus on standard product business, enhance its professional capabilities, expand the customer coverage, consolidate the infrastructure service function of the custody and outsourcing business, advance the resources integration model focusing on synergy development and display the role as an intermediate link in providing institutional customers with one-stop comprehensive financial services by the Company. The investment research business will focus on the market demand, continue to build a special research area, improve the coverage rate of institutional customers and promote research ability and market influence. The financial innovation business will continue to follow the customer-centric concept, provide all-dimensional derivatives trading services, deepen the innovation capability on products and strategies, continuously optimize the construction of systems, adhere to the risk neutrality strategy and steadily promote the high-quality business development.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 4. *Investment trading business segment*

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

In the first half of 2023, the business segment realized revenue of RMB0.8 billion, accounting for 9% of the Group's total revenue.

#### *Market environment*

In the first half of 2023, the domestic equity market experienced adjustments amid fluctuations after the recovery at the beginning of the year, but there were still mainly structural opportunities. CSI 300 Index recorded a decrease of 0.75% in total. The economic growth showed a trend of recovery. In the first half of the year, monetary policies remained loose; the market liquidity was loose on the whole; the yield rate of bonds moved down amid fluctuations; and the sentiment in the bond market continuously improved.

#### *Operational measures and performance*

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

In the first half of 2023, the Company operated its proprietary equity investment business based on the target and orientation on absolute returns. The Company continued to optimize the investment research methodology and promoted the optimization of business models, investment strategies and asset structure. In the first half of 2023, benefiting from the effective control over directional exposure and the outstanding performance of dividend assets with low fluctuations deployed previously, the performance was much better than the same period last year.

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

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

In the first half of 2023, the performance of the proprietary fixed income investment business improved significantly year on year. The Company optimized the position structure on the basis of strict risk control. As of the end of June, the Company held ordinary credit bonds, interest rate bonds and others. Most credit bonds were issued by superior and high-quality entities and the credit risk was under control.

#### *Outlook for the second half of 2023*

In the second half of 2023, for the proprietary equity business, the Company will continue to implement the requirements on serving the real economy and national strategies, consolidate investment research capabilities, deeply explore investment opportunities, continuously improve talent teams and carry out layout on businesses with absolute returns. For the proprietary fixed income investment business, the Company will conduct scientific market judgment and prudently and steadily carry out businesses.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 5. *Asset management business segment*

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

In the first half of 2023, the business segment realized revenue of RMB0.7 billion, accounting for 8% of the Group's total revenue.

#### *Market environment*

In the first half of 2023, the comprehensive implementation of the registration-based IPO system was officially initiated, which is of milestone significance in promoting the high-quality development of the capital market. The CSRC amended the Rules Governing the Private Asset Management Business of Securities and Futures Operators 《證券期貨經營機構私募資產管理業務管理辦法》 and its ancillary normative documents, which further specified regulatory orientations and promoted the more standard and stable development of the private asset management industry. Securities companies and asset management institutions sped up the public offering transformation. Five securities companies and asset management institutions have officially submitted applications for the qualification as mutual fund managers to the CSRC. Institutions actively enhanced construction and preparation for organizational structure, talent reserves, investment research systems, product layout and other aspects. As of the end of June 2023, the AUM of mutual funds amounted to RMB27.22 trillion (excluding ETF feeder funds), representing an increase of RMB1.47 trillion, or 5.7%, as compared with the end of 2022.

#### *Operational measures and performance*

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

The Company mainly conducts asset management business through its wholly-owned subsidiary, Everbright Asset Management. In the first half of 2023, Everbright Asset Management steadily advanced the application for licenses for mutual funds and the application materials for the qualification as mutual fund managers have been officially accepted by the CSRC. Meanwhile, under the environment with rapid changes in the market environment, the Company seized market opportunities, actively carried out product layout, strengthened the in-depth expansion of core channels and key institutional customers and constantly improved the quality and efficiency of customer services by leveraging on financial technology means.

As of the end of June 2023, the total AUM of Everbright Asset Management was RMB305.528 billion, representing a decrease of 16.4% from the beginning of the year, among which, by product type, the AUM of collective wealth management was RMB170.495 billion, the AUM of single wealth management was RMB120.834 billion, and the AUM of special wealth management was RMB14.199 billion. According to the Asset Management Association of China, in the second quarter of 2023, the monthly average AUM of the private equity asset management business of Everbright Asset Management was RMB290.76 billion, ranking fifth in the industry.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (2) Funds management business

The Company mainly conducts funds management business through its controlling subsidiary, Everbright Pramerica. In the first half of 2023, Everbright Pramerica continued to strengthen cooperation with various distribution channels and issued two new funds: Everbright Pramerica Special New Mixed Securities Investment Fund (光大保德信專精特新混合型證券投資基金) and Everbright Pramerica Ruiyang Pure Bond Securities Investment Fund (光大保德信睿陽純債債券型證券投資基金). The Company continued to promote the development of its investment research system, gradually expanded the team of researchers, and strived to improve the breadth and depth of research support for investment and create excellent products. As of the end of June 2023, Everbright Pramerica managed 72 mutual funds, 21 products for special accounts under management, and 26 products of its asset management subsidiaries. The total AUM of Everbright Pramerica amounted to RMB111.5 billion, with the AUM of mutual funds amounting to RMB89.7 billion, and the AUM of mutual funds excluding money market funds amounting to RMB73.5 billion.

### (3) Overseas asset management business

The Company conducts its overseas asset management business mainly through its Hong Kong subsidiary. In the first half of 2023, by continuously improving investment research capabilities, strengthening the control over market risks and accurately investing in asset subjects, the Hong Kong subsidiary recorded investment performance of mutual fund products under its management higher than market indexes in the same period. The AUM was HK\$1.433 billion, representing a slight increase from that of the end of 2022. Among the products under its management, "Everbright Income Focus Fund" was continuously awarded the five-star rating (the highest) on five-year funds by Morningstar, Inc., an authoritative fund rating agency.

#### *Outlook for the second half of 2023*

In the second half of 2023, Everbright Asset Management will promote the application for qualification of mutual funds management in an orderly manner. Meanwhile it will further enhance its internal capabilities, continuously improve its investment research capabilities, promote the optimization and accumulation of investment methodology and achieve outstanding, stable and strong product performance focusing on the target of absolute returns. It will strengthen planning on product layout, constantly diversify the product spectrum based on customer demand and provide customers with diversified asset allocation plans. It will also continuously optimize talent teams, cultivate core cadre teams and enhance the professionalism of teams and the overall competitiveness of platforms. With the investment research capabilities as the core business driver, Everbright Pramerica will deeply focus on retail channels, actively cooperate with institutional customers, constantly improve the comprehensive risk management system, boost inputs in financial technology and strive to continuously create value for investors and promote the high-quality development of the Company. The Hong Kong subsidiary will continue to strengthen independent investment research capabilities, improve the product layout and boost product investment performance internally; and deeply focus on retail and institutional sales channels and optimize the market influence of brands of the enterprise externally.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 6. *Equity investment business segment*

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

In the first half of 2023, the business segment realized revenue of RMB0.6 billion, accounting for 8% of the Group's total revenue.

#### *Market environment*

In the first half of 2023, the private equity investment fund market showed a declining trend. Due to the impacts of the slower fundraising by large funds and monetary funds in the fundraising end, the number and total size of newly raised funds shrank and the fundraising was concentrated among top and state-owned funds. The investment end was relatively sluggish. The major trend of investments transformed from financial investments towards industrial investments and the equity investment is playing a more important role in serving strategic emerging industries in China. The number and amount of investments in intelligent manufacturing, professional services, biological medicine and new energy industries ranked high. At the exit end, the comprehensive implementation of the registration-based IPO system increased exit channels for private equity investment funds and exits through IPOs remained the mainstream.

#### *Operational measures and performance*

##### **(1) Private fund investment and financing business**

The Company mainly conducts private fund investment and financing business through its wholly-owned subsidiaries, Everbright Capital and Everbright Development. In the first half of 2023, according to the relevant regulatory requirements, for direct investment projects and existing funds, Everbright Capital continued to take rectification measures, strengthened post-investment management of the existing investment projects, and prudently and properly dealt with and mitigated the risks. Everbright Development continued to improve the internal management system to ensure the smooth operation of existing products, and explored new energy fund business models and Pre-REITs business models.

##### **(2) Alternative investment business**

The Company mainly conducts alternative investment business through its wholly-owned subsidiary, Everbright Fortune. Everbright Fortune actively kept track of the market environment and orderly carried out relevant business on co-investment in the Sci-tech Innovation Board and the ChiNext and direct equity investment to achieve steady business growth. Everbright Fortune strengthened the construction of professional post-investment management team and properly conducted the post-investment management of its existing projects to ensure safe and orderly exit. It actively participated in the strategic placing on the Sci-tech Innovation Board of the Company. As of the first half of 2023, it has completed co-investment in 11 companies on the Sci-tech Innovation Board.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### Outlook for the second half of 2023

In the second half of 2023, Everbright Capital will continuously strengthen risk control and compliance management, stick to prudent and stable operation, and enhance post-investment management of existing direct investment and fund business. Everbright Development will further promote business model transformation and actively explore business innovation. Everbright Fortune will steadily advance strategic placing investment projects in the Sci-tech Innovation Board and ChiNext stock market, actively expand equity investment and other businesses, focus on excellent enterprises with core competitiveness in key fields and continue to provide value-added services to investees leveraging on the advantages of securities brokerage platform.

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

Table 1 Major revenue items

Unit: RMB'000

Item	January to June 2023		January to June 2022		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
Fee and commission income	3,348,340	39%	3,783,931	50%	(435,591)	(12)%
Interest income	2,542,081	30%	2,875,807	38%	(333,726)	(12)%
Net investment gains	2,153,332	25%	579,646	8%	1,573,686	271%
Other income and gains	461,256	5%	272,276	4%	188,980	69%
Total revenue and other income	8,505,009		7,511,660		993,349	13%

In the first half of 2023, total revenue and other income of the Company amounted to RMB8.51 billion, representing a year-on-year increase of 13%.

In particular, fee and commission income amounted to RMB3.35 billion, representing a year-on-year decrease of 12%, which was mainly due to the decrease in fee and commission income from securities brokerage business.

Interest income amounted to RMB2.54 billion, representing a year-on-year decrease of 12%, which was mainly due to the decreases in interest income from margin financing and securities lending and interest income on financial interbank deposits.

Net investment gains amounted to RMB2.15 billion, representing a year-on-year increase of 271%, which was mainly due to changes in market conditions and diversified investment strategies.

Other income and gains amounted to RMB0.46 billion, representing a year-on-year increase of 69%, which was mainly due to the changes in income from commodities basis trading business during the current period.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Table 2 Major expenditure items

Unit: RMB'000

Item	January to June 2023		January to June 2022		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
Fee and commission expenses	<b>735,095</b>	<b>13%</b>	565,728	12%	169,367	30%
Interest expenses	<b>1,655,289</b>	<b>29%</b>	1,638,209	34%	17,080	1%
Staff costs	<b>2,083,015</b>	<b>36%</b>	1,813,999	37%	269,016	15%
Depreciation and amortization expenses	<b>332,899</b>	<b>6%</b>	298,679	6%	34,220	11%
Tax and surcharges	<b>29,866</b>	<b>1%</b>	36,963	1%	(7,097)	(19)%
Accrued liabilities	<b>63,105</b>	<b>1%</b>	-	0%	63,105	-
Credit impairment loss	<b>27,074</b>	<b>0%</b>	(269,514)	(6)%	296,588	110%
Impairment losses	<b>(5)</b>	<b>(0)%</b>	165,812	3%	(165,817)	(100)%
Other operating expenses	<b>873,028</b>	<b>15%</b>	613,022	13%	260,006	42%
<b>Total</b>	<b>5,799,366</b>		4,862,898		936,468	19%

In the first half of 2023, total expenses amounted to RMB5.80 billion, representing a year-on-year increase of 19%.

In particular, fee and commission expenses amounted to RMB0.74 billion, representing a year-on-year increase of 30%, which was mainly due to an increase in fee and commission expenses for futures brokerage business;

Interest expenses amounted to RMB1.66 billion, which was basically the same with that of the corresponding period last year;

Staff costs amounted to RMB2.08 billion, representing a year-on-year increase of 15%, which was mainly due to an increase in total performance-related salary;

Depreciation and amortization expenses amounted to RMB0.33 billion, representing a year-on-year increase of 11%, which was mainly due to an increase in electronics and office equipment;

Tax and surcharges amounted to RMB0.03 billion, representing a year-on-year decrease of 19%, which was mainly due to a decrease in urban maintenance and construction taxes;

Accrued liabilities amounted to RMB0.06 billion, which were mainly expenses on pending litigations;

The credit impairment loss amounted to RMB0.03 billion, with a reversal of RMB0.27 billion in the same period last year, which was mainly due to the reversal of financial assets held under resale agreements during the same period last year as a result of the clearing and settlement of the project.

The reversal of other asset impairment loss amounted to RMB5,000, representing a year-on-year decrease of 100%, which was mainly due to provision for goodwill impairment loss during the same period last year, while there was no similar provision in the current period.

Other operating expenses amounted to RMB0.87 billion, representing a year-on-year increase of 42%, which was mainly due to the changes in cost of the commodities trading business of the Company during the current period.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Cash flow

In the first half of 2023, the cash and cash equivalents of the Company recorded a net decrease of RMB2.085 billion, of which:

Net cash generated from operating activities amounted to RMB5.657 billion, mainly due to the decreases in cash held on behalf of brokerage clients, and the increase in the financial assets sold under repurchase agreements, which was partially offset by the decrease in accounts payable to brokerage clients and placements from other financial institutions.

Net cash used in investing activities amounted to RMB5.298 billion, mainly due to the change of financial assets for investment purpose at fair value through other comprehensive income and other investments.

Net cash used in financing activities amounted to RMB2.444 billion, mainly due to the repayment of short-term debt instruments during the period, which was partially offset by the proceeds received from the issuance of short-term debt instruments.

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

Unit: RMB'000

Item	June 30, 2023		December 31, 2022		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
<b>Non-current assets</b>	<b>37,452,136</b>		37,063,315		388,821	1.05%
Property and equipment	837,282	0.32%	823,147	0.32%	14,135	1.72%
Right-of-use asset	815,212	0.31%	542,666	0.21%	272,546	50.22%
Investment properties	11,791	0.00%	12,151	0.00%	(360)	(2.96)%
Goodwill	861,244	0.33%	834,718	0.32%	26,526	3.18%
Other intangible assets	230,318	0.09%	215,492	0.08%	14,826	6.88%
Interest in associates and joint ventures	1,078,964	0.41%	1,062,535	0.41%	16,429	1.55%
Financial assets measured at amortized cost	3,168,601	1.21%	3,485,729	1.35%	(317,128)	(9.10)%
Investment in debt instruments at fair value through other comprehensive income	14,685,815	5.60%	14,310,552	5.54%	375,263	2.62%
Investment in equity instruments at fair value through other comprehensive income	2,674,035	1.02%	2,485,330	0.96%	188,705	7.59%
Financial assets held under resale agreements	24,063	0.01%	37,314	0.01%	(13,251)	(35.51)%
Refundable deposits	9,674,339	3.69%	9,701,252	3.76%	(26,913)	(0.28)%
Deferred income tax assets	2,406,413	0.92%	2,480,145	0.96%	(73,732)	(2.97)%
Finance lease receivables	6,469	0.00%	8,269	0.00%	(1,800)	(21.77)%
Receivables arising from sale-and-leaseback arrangements	615,010	0.23%	674,741	0.26%	(59,731)	(8.85)%
Other non-current assets	362,580	0.14%	389,274	0.15%	(26,694)	(6.86)%

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Item	June 30, 2023		December 31, 2022		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
<b>Current assets</b>	<b>224,567,193</b>		221,291,167		3,276,026	1.48%
Accounts receivable	995,069	0.38%	1,450,422	0.56%	(455,353)	(31.39)%
Finance lease receivables	210,098	0.08%	218,689	0.08%	(8,591)	(3.93)%
Receivables arising from sale-and-leaseback arrangements	802,784	0.31%	981,066	0.38%	(178,282)	(18.17)%
Other receivables and prepayments	2,483,421	0.95%	2,660,847	1.03%	(177,426)	(6.67)%
Margin accounts receivable	37,388,550	14.27%	36,814,356	14.25%	574,194	1.56%
Investment in debt instruments at fair value through other comprehensive income	10,291,525	3.93%	7,439,924	2.88%	2,851,601	38.33%
Financial assets held under resale agreements	4,518,230	1.72%	1,366,820	0.53%	3,151,410	230.57%
Financial assets measured at amortized cost	218,469	0.08%	103,643	0.04%	114,826	110.79%
Financial assets at fair value through profit or loss	95,800,347	36.56%	92,067,675	35.64%	3,732,672	4.05%
Derivative financial assets	844,808	0.32%	1,107,395	0.43%	(262,587)	(23.71)%
Clearing settlement funds	741,948	0.28%	1,188,681	0.46%	(446,733)	(37.58)%
Cash held on behalf of brokerage clients	57,864,202	22.08%	61,922,141	23.97%	(4,057,939)	(6.55)%
Cash and bank balances	12,407,742	4.74%	13,969,508	5.41%	(1,561,766)	(11.18)%
<b>Total assets</b>	<b>262,019,329</b>		258,354,482		3,664,847	1.42%
<b>Current liabilities</b>	<b>170,086,478</b>		159,678,846		10,407,632	6.52%
Loans and borrowings	4,041,932	2.06%	3,273,317	1.69%	768,615	23.48%
Short-term debt instruments issued	6,979,391	3.56%	8,575,315	4.43%	(1,595,924)	(18.61)%
Placements from other financial institutions	9,601,224	4.90%	13,704,055	7.08%	(4,102,831)	(29.94)%
Accounts payable to brokerage clients	65,023,154	33.20%	69,297,987	35.80%	(4,274,833)	(6.17)%
Employee benefits payable	2,365,979	1.21%	1,818,516	0.94%	547,463	30.10%
Income tax payable	122,167	0.06%	115,397	0.06%	6,770	5.87%
Financial assets sold under repurchase agreements	39,536,264	20.19%	31,249,189	16.14%	8,287,075	26.52%
Financial liabilities at fair value through profit or loss	446,855	0.23%	97,458	0.05%	349,397	358.51%
Derivative financial liabilities	645,549	0.33%	703,189	0.36%	(57,640)	(8.20)%
Long-term bonds due within one year	23,378,753	11.94%	15,349,694	7.93%	8,029,059	52.31%
Lease liabilities due within one year	354,645	0.18%	283,243	0.15%	71,402	25.21%
Contract liabilities	33,224	0.02%	44,636	0.02%	(11,412)	(25.57)%
Other payables and accruals	17,557,341	8.97%	15,166,850	7.84%	2,390,491	15.76%

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Item	June 30, 2023		December 31, 2022		Increase/decrease	
	Amount	Composition	Amount	Composition	Amount	Percentage
<b>Total assets less current liabilities</b>	<b>91,932,851</b>		98,675,636		(6,742,785)	(6.83)%
<b>Non-current liabilities</b>	<b>25,750,092</b>		33,891,197		(8,141,105)	(24.02)%
Loans and borrowings	1,054,728	0.54%	1,966,887	1.02%	(912,159)	(46.38)%
Bonds payable	18,916,714	9.66%	26,266,790	13.57%	(7,350,076)	(27.98)%
Deferred tax liabilities	17,521	0.01%	22,873	0.01%	(5,352)	(23.40)%
Accrued liabilities	5,259,452	2.69%	5,284,293	2.73%	(24,841)	(0.47)%
Lease liabilities	469,573	0.24%	278,157	0.14%	191,416	68.82%
Other non-current liabilities	32,104	0.02%	72,197	0.04%	(40,093)	(55.53)%
<b>Total liabilities</b>	<b>195,836,570</b>		193,570,043		2,266,527	1.17%
<b>Net assets</b>	<b>66,182,759</b>		64,784,439		1,398,320	2.16%

*Non-current assets:* As of June 30, 2023, the non-current assets of the Company amounted to RMB37.5 billion, representing an increase of 1% as compared with that of the beginning of the year, which was mainly due to the increase of investment in financial instruments at fair value through other comprehensive income and right-of-use assets, partially offset by the decrease of financial assets measured at amortized cost.

*Current assets:* As of June 30, 2023, the current assets of the Company amounted to RMB224.6 billion, representing an increase of 1% as compared with that of the beginning of the year, which was mainly due to the increase of financial assets at fair value through profit or loss, financial assets held under resale agreements and investment in debt instruments at fair value through other comprehensive income, partially offset by the decrease in cash held on behalf of brokerage clients and cash and bank balances.

As of June 30, 2023, the current liabilities of the Company amounted to RMB170.1 billion, representing an increase of 7% as compared with that of the beginning of the year, which was mainly due to the increase in financial assets sold under repurchase agreements, long-term bonds due within one year and other current liabilities, partially offset by the decrease in accounts payable to brokerage clients, placements from other financial institutions and short-term financing payables.

As of June 30, 2023, the non-current liabilities of the Company amounted to RMB25.8 billion, representing a decrease of 24% as compared with that of the beginning of the year, which was mainly due to the decrease of bonds payable.

#### *Overseas assets*

Of which: Overseas assets of the Company reached RMB14.819 billion, representing 5.66% of the total assets.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### *Borrowings and bond financing*

Unit: RMB'000

Item	June 30, 2023	December 31, 2022
Loans and borrowings	5,096,660	5,240,204
Short-term debt instruments issued	6,979,391	8,575,315
Long-term bonds	42,295,467	41,616,484
Total	54,371,518	55,432,003

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

For details of charged assets and other assets with restricted ownership or right to use, please refer to notes to the consolidated financial statements.

As at June 30, 2023, the Company's gearing ratio was 66.40%, the Company's borrowings due within one year, short-term financing payables and bonds amounted to RMB34.4 billion, and the Company's net current assets, net of the above liabilities, amounted to RMB190.2 billion. Therefore, the liquidity risk exposure of the Company was not material.

### (III) Analysis on investments

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

As of the end of the Reporting Period, the long-term equity investment of the Company amounted to RMB1.079 billion, representing an increase of RMB16 million or 1.55%, as compared with that of the beginning of the year, which was mainly due to the gain on investment in associates and joint ventures under the equity method. For details, please refer to the disclosure in the consolidated financial report.

(1). *Significant equity investment*

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

(2). *Significant non-equity investment*

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

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

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

### (V) Analysis on principal controlled subsidiaries and companies with equity interest

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

As of June 30, 2023, Everbright Futures had total assets, net assets, operating income and net profit for the first half of 2023 amounting to RMB29.480 billion, RMB2.941 billion, RMB753 million and RMB212 million, respectively.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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

As of June 30, 2023, Everbright Asset Management had total assets, net assets, operating income and net profit for the first half of 2023 amounting to RMB3.337 billion, RMB2.917 billion, RMB396 million and RMB163 million, respectively.

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

As of June 30, 2023, Everbright Capital had total assets, net assets, operating income and net profit for the first half of 2023 amounting to RMB3.366 billion, RMB-2.460 billion, RMB581 million and RMB493 million, respectively.

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

As of June 30, 2023, Everbright Fortune had total assets, net assets, operating income and net profit for the first half of 2023 amounting to RMB2.024 billion, RMB1.849 billion, RMB82 million and RMB84 million, respectively.

5. Everbright Securities International Holdings Limited (formerly known as Everbright Securities Financial Holdings Limited) is a company with limited liability incorporated under the laws of Hong Kong with a registered capital of HK\$5.065 billion on November 19, 2010, and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding and financial services.

As of June 30, 2023, EBSI had total assets, net assets, operating income and net loss for the first half of 2023 amounting to RMB14.819 billion, RMB857 million, RMB251 million and RMB29 million (PRC GAAP equivalent to RMB), respectively.

China Everbright Securities International Company Limited (formerly known as Everbright Sun Hung Kai Company Limited) is the main operating and management platform of EBSI. As of June 30, 2023, under IFRSs, China Everbright Securities International Company Limited had total assets, net assets, operating income and net profit for the first half of 2023 amounting to HK\$5.132 billion, HK\$2.983 billion, HK\$568 million and HK\$82 million.

As of June 30, 2023, Everbright Securities International (HK) Limited (formerly known as China Everbright Securities International Limited), another subsidiary of EBSI, under IFRSs, had total assets, net assets, operating income and net loss for the first half of 2023 amounting to HK\$112 million, HK\$-797 million, HK\$8 million and HK\$3 million.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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

As of June 30, 2023, Everbright Development had total assets, net assets, operating income and net profit for the first half of 2023 amounting to RMB700 million, RMB1.21 million, RMB4.16 million and RMB0.67 million, respectively (The share of assets of RMB1 billion in Kunming Purchase in Lieu of Construction Investment Partnership (Limited Partnership) (昆明以購代建投資合夥企業(有限合夥)) beneficially held by Everbright Development have been frozen due to the impact of MPS risk events. For details, please refer to the Company's announcements No. Lin 2022-007, No. Lin 2022-052, No. Lin 2022-054, No. Lin 2023-019 and No. Lin 2023-034 published on the website of the SSE, and announcements published on the website of the Hong Kong Stock Exchange dated March 9, 2022, December 2, 2022, December 20, 2022, May 31, 2023 and July 25, 2023).

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

As of June 30, 2023, Everbright Leasing had total assets, net assets, operating income and net profit for the first half of 2023 amounting to RMB2.281 billion, RMB1.271 billion, RMB26 million and RMB6.93 million, respectively.

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

As of June 30, 2023, Everbright Pramerica had total assets, net assets, operating income and net profit for the first half of 2023 amounting to RMB1.576 billion, RMB1.367 billion, RMB257 million and RMB55 million, respectively.

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

As of June 30, 2023, Dacheng Fund had total assets, net assets, operating income and net profit for the first half of 2023 amounting to RMB5.517 billion, RMB3.269 billion, RMB1.051 billion and RMB285 million, respectively.

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

As of June 30, 2023, the Company consolidated 37 structured entities, including asset management plans and partnerships. For asset management plans that the Company acts as manager and partnerships that the Company acts as general partner or investment manager, the Company is of the view that it has control over certain asset management plans and partnerships taking into account various factors including the rights of making decision on investment and the exposure to variable returns, and has included them into the scope of consolidation. As at June 30, 2023, the net assets of the above structured entities within the scope of consolidation amounted to RMB16.0 billion.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### IV. Other Disclosures

#### (I) Potential Risk Exposure

##### 1. *Summary of risk management*

By adhering to the risk management culture of sound operation, the Company continued to commit itself to establishing the comprehensive risk management system that matches the Company's strategic and development objectives, improving its risk management system, building its risk management information system and strengthening its professional risk management so as to effectively manage various risks faced during the Company's operations and promote the healthy and sustainable development of the Company's businesses.

##### 2. *Risk management structure*

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

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

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

The departments which have risk management functions of the Company include risk management and internal control department, legal and compliance department, internal audit department, information technology headquarters, financial technology development department, financial management department, treasury management department, operations management headquarters, board office (supervisory committee office), investment banking quality control headquarters, investment banking internal audit office, and so on. Each functional department shall identify, monitor, evaluate and report various risks of the Company, assist, instruct and inspect risk management work by each department, branches and subsidiaries of the Company correspondingly in accordance with the authorization of the Company.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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

### 3. Measures against various risks

#### (1) Market risk

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

In terms of market risk, the Company adheres to the principle of proactive management and quantitative orientation and establishes a risk limit system incorporated with various procedures for market risk tolerance and business risk limits based on the risk preferences of the Company. Risks are under control by a combination of investment portfolios, mark-to-market measures, hedging and mitigation measures during the business expansion. The general meeting of the Company determines the annual scale of proprietary trading business, the Board of Directors of the Company determines the market risk loss tolerance, and the management of the Company and its committees determine the management mechanism for market risk tolerance and limits, break down the market risk loss tolerance, review and approve limits for specific business, and specify the early warning standards, over-limit standards and countermeasures for various indicators. Among them, business risk limit system and various risk indicators include value at risk (VaR), net exposure value, Greek letters, concentration, basis point value, etc. Stress testing is an integrated part of the Company's market risk management, therefore the Company has improved a stress testing mechanism to conduct regular or occasional tests on the corresponding investment portfolios in accordance with business development and market changes, evaluated the Company's potential losses under stress scenarios and made risk recommendations to provide a basis for the business departments and management's operational decisions. For over-the-counter derivatives business, for risk management, the Company has insisted on market neutral strategy as the core, and established risk management measures such as access to the underlying pool, margin management, prior access to counterparties, in-market surveillance and post-collateral risk disposal, and set up risk limits such as Greek letter exposure, target concentration and stress test loss to carry out market risk management.

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

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (2) *Credit risk*

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

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

### (3) *Operational risk*

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

The Company has strictly controlled operational risks through formulating administrative measures for the operational risk and implementation rules for three tools, specifying the governance structure of the operational risk and strengthening the responsibilities and duties for managing each defense line of operational risk. The Company continues to improve the operational risk management system, promotes the construction and operation of the three tools for managing operational risk, and further enhances its capabilities in managing the operational risk by, among others, strictly implementing the self-assessment of operational risk and control, continuously carrying out key risk indicator monitoring and loss data collection and analysis. The Company continually optimizes operational risks management system, and stably promotes the intelligent management of operational risks. The Company integrates the operational risk management and internal control, reinforces the corresponding system such as monitor of internal control, authorization management and new business assessment and strengthens the vision and effectiveness of operational risk management. The Company focuses on strengthening advocacy and training of operational risk management, and enhances the awareness of all employees in management responsibility of operational risk, so as to ensure that the overall operational risk faced by the Company is controllable and tolerable.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(4) *Liquidity risk*

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

The Company has authorized the treasury management department to take charge of the overall liquidity risk management within the combination scope, implement overall control over the financing management of the Company, coordinate to satisfy the capital requirements of each branch, and carry out the daily liquidity management. The risk management and internal control department of the Company is responsible for monitoring the implementation of limit system for overall liquidity risk of the Company.

For the purpose of preventing the liquidity risk prudently, the Company has formulated and issued Administrative Measures for the Liquidity Risk of Everbright Securities Company Limited, specified the objective, strategy, governance structure, solutions and reporting system relating to the liquidity risk management, and actively carried out liquidity risk consolidation management to ensure that the overall liquidity risk within the consolidation scope is controllable.

Under assets and liabilities management and overall risk management policies, the Company persistently adheres to the strategy of robust risk management. The Company has adopted a proactive management and dynamic adjustment approach, and developed tolerance and facilities dismantling management mechanism for the liquidity risks covering parent company and subsidiaries pursuant to the overall risks management policies. It has gradually improved the management framework for the differentiated liquidity risk of subsidiaries. Based on the liquidity characteristics of different businesses, the Company has also established differentiated funds management patterns and a supporting mechanism for managing, monitoring and alerting liquidity risk limit. The Company has reasonably measured the management cost of liquidity risks and incorporated liquidity factors into the pricing system of funds.

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

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

(5) *Information technology risk*

Information technology risks refer to the effects on the network and the information system or data as a result of human errors, the defects or failure of software and hardware and natural disasters, abnormal service capability of internet and information system, or data loss or leakage, leading to risks of loss. With the rapid development of modern information technology, the accelerating iteration of information technology systems and the increasing complexity of information technology system architecture, cyber security incidents occur from time to time in certain institutions in the securities and futures industry, and the number of information technology-related regulatory punishments is increasing, highlighting the risk situation of information technology. During the Reporting Period, the Company focused on imposing enhanced requirements on internal control at the level of systems, processes and practices, establishing and improving the cyber security protection system of the information system, continuously strengthening the monitoring and supporting capabilities of information technology resources, and implementing the requirements for safe and stable operation supporting, so as to effectively prevent and resolve information technology risks. In the first half of the year, no failures affecting business continuity occurred, no material cyber security incidents occurred, and all important information systems were under continuous and stable operation.

During the Reporting Period, the Company focused on the strategic vision of digitalization, platformization and intellectualization of technology, continued to deepen information technology reform, strengthened information system security construction and quality control, improved information system operation and protection mechanism, enhanced information technology operation and maintenance management by using big data, cloud computing, artificial intelligence and other technologies, continuously optimized and improved emergency plans for internet security incidents, and further improved information technology risk monitoring and emergency disposal capabilities through regular emergency drills to ensure the long-term stable operation of the Company's information system. No information technology risk events have occurred during the Reporting Period.

(6) *Reputational risk*

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

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



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

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

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

(7) *Compliance risk*

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

In order to effectively control compliance risk, the Company has established a compliance management system. In terms of the organizational structure of compliance management, the Board sets the targets on compliance management of the Company; the Supervisory Committee supervises the performance; the senior management of the Company implements the targets on compliance management; the chief compliance officer is accountable to the Board; and the legal and compliance department practically performs various compliance management functions, continuously promoting and improving the organizational structure of compliance management from the aspects of the compliance system, process mechanism, compliance culture, and corruption-free practice management. In terms of compliance management systems, the Company amended 6 compliance management systems based on new compliance regulations and other regulatory requirements in the first half of this year and further improved compliance management mechanically. In terms of compliance management and control mechanisms, the Company intensified full-process management and control on compliance management throughout decision-making, execution, supervision, feedback, accountability and other processes and practically prevented significant compliance risks. In the pre-event stage, it carried out compliance review on key systems, significant businesses and innovative businesses of the Company through compliance review, compliance consulting and other measures. In the in-process stage, it continuously conducted monitoring and inspection on the practice of practitioners to prevent illicit trading, the leakage of sensitive information, benefit transfer and other behaviors of practitioners. In the post-event stage, it spotted problems and identified risks through compliance inspections and urged relevant entities to rectify immediately, set up the Accountability Committee of the Company, and continued to improve accountability mechanisms. Through normalized alarming publicity and alarming with cases, the Company urged all staff to recognize red lines and bottom lines, and created a clean and upright development atmosphere. In addition, the Company attached great importance to the construction of compliance culture. It created the "Everbright Securities law popularization", a featured WeChat official account for compliance publicity, and conducted the interpretation of new regulations, case analysis and the publicity of law popularization at a frequency of "one article each day" to promote the publicity of compliance culture and comprehensively enhance the compliance awareness and boost the bottom-line thinking of practitioners. In general, the compliance management of the Company was stable and orderly on the whole without significant compliance risk events or significant regulatory punishment since the first half of the year.

## SECTION IV CORPORATE GOVERNANCE

### I. Introduction to General Meetings

Meeting	Date of meeting	Enquiry index of the websites designated for publication of the resolutions	Date of publishing the resolutions	Resolutions at the meeting
2022 annual general meeting	June 29, 2023	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	June 29, 2023	The meeting considered and approved the following resolutions: <ol style="list-style-type: none"> <li>1. The 2022 Report of the Board of Directors</li> <li>2. The 2022 Report of the Supervisory Committee.</li> <li>3. The Independent Directors' Annual Work Report for 2022</li> <li>4. The 2022 Annual Report and its summary</li> <li>5. The 2022 Profit Distribution Plan</li> <li>6. The Proposal regarding the Election of Mr. Xie Song as a Non-executive Director of the Company</li> <li>7. The Proposal of Cap of Proprietary Trading Businesses Scale of the Company in 2023</li> <li>8. The Proposal of Expected Ordinary Related Party (Connected) Transactions of the Company in 2023</li> <li>9. The Proposal of Amendments to the External Guarantee System of the Company</li> </ol>
2023 first extraordinary general meeting	August 8, 2023	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	August 8, 2023	The meeting considered and approved the following resolution: Resolution on the re-appointment of external auditors for the year of 2023

## SECTION IV CORPORATE GOVERNANCE

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

Name	Position	Change
Xie Song	Director	Elected
Fu Jianping	Vice President	Appointed
Wang Pei	Business Line Director	Appointed
Fu Jianping	Director	Resigned
Tian Wei	Director	Resigned
Yu Mingxiong	Director	Resigned
Wang Hongyang	Supervisor	Resigned

#### Description of changes about Directors, Supervisors and senior management of the Company

- The Company held the 2022 annual general meeting on June 29, 2023, at which Mr. Xie Song was elected as a Director of the sixth session of the Board.  
  
The Board received letters of resignation from Mr. Yu Mingxiong and Mr. Tian Wei on April 7, 2023 and April 20, 2023, respectively. Due to change of job assignment, Mr. Yu Mingxiong and Mr. Tian Wei resigned as Directors of the Company.
- The Board received a letter of resignation from Mr. Fu Jianping on June 30, 2023. Due to change of job assignment, Mr. Fu Jianping resigned as a Director of the company. On the same date, the 26th meeting of the sixth session of the Board considered and approved the appointment of Mr. Fu Jianping as the Vice President of the Company.
- The Supervisory Committee of the Company received a letter of resignation from Mr. Wang Hongyang on May 12, 2023. Due to change of job assignment, Mr. Wang Hongyang resigned as a Supervisor of the Company.
- On January 6, 2023, the 20th meeting of the sixth session of the of the Board considered and approved the appointment of Mr. Wang Pei as a business line director of the Company.
- During the Reporting Period, the number of Directors, Supervisors and senior management members who left office (including change of position) was four, accounting for approximately 13.33% of the total number of Directors, Supervisors and senior management members at the beginning of the Reporting Period.

## SECTION IV CORPORATE GOVERNANCE

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

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

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

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

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Hong Kong Listing Rules as the code of conduct for Directors and Supervisors of the Company regarding securities transactions. The Company, having made specific enquiries to all Directors and Supervisors, confirmed that they had been in strict compliance with the requirements of the Model Code during the Reporting Period. The Company has also established guidelines no less exacting the Model Code for relevant employees (as defined in the Hong Kong Listing Rules) in respect of their dealings in the Company's securities. During the Reporting Period, the Company has not found any employee violating the said guidelines.

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

### VI. Staff and Remuneration Policy

#### (I) Information about the staff

As of the end of the Reporting Period, the Company had 8,280 employees (including 1,378 brokers), of which the parent company had 6,298 employees, and the wholly-owned and controlling subsidiaries had 1,982 employees.

## SECTION IV CORPORATE GOVERNANCE

### (II) Remuneration policy

The Company implements the concept of sound operation and high-quality development by integrating the philosophy of “compliance, integrity, professionalism and prudence” into its remuneration management, establishing a talent cultivation mechanism and incentive mechanism with a view to the long-term development, and creating value for the Company and society depending on the high-quality talents with integrity and competence, thus promoting the sustainable development of the Company and the industry.

The Company continues to improve its remuneration management mechanism. The Company’s remuneration policy delineates the boundary of compliance with laws and regulations, fully takes into account factors such as professional conduct, business integrity, compliance and risk control, performance of social responsibility and customer service level. The remuneration management adheres to the basic principles of combining incentives and constraints, balancing fairness and efficiency, reconciling efficiency and risk, aligning both remuneration and performance, to allocate more income to front-line workers and those who create value, make full use of the appraisal result, and scientifically determine the method and extent of linking appraisal to remuneration allocation so that remuneration may increase or decrease so as to boost the enthusiasm and creativity of the majority of cadres and employees and help the Company to enhance its ability to serve the real economy and national strategies.

Closely integrating remuneration management with risk control, the Company has established incentive and restraint mechanisms that match the risk level, business characteristics and duration, and will make improvements with reference with actual conditions. The Company continues to optimize mechanisms for deferred payment, withholding payment of compensation, recourse and recovery etc., to enhance the binding effect of remuneration management and reasonably control the pace of remuneration payment, so as to ensure the effective implementation of comprehensive risk management and compliance management. The Company continues to guide its employees to establish correct values and ensure that they are aware of the main principles of the remuneration system, the requirements on labor discipline and the regulations on remuneration confidentiality, as well as the potential impact of compliance risk factors and misconduct on remuneration.

Under the remuneration system of the Company, the basic salary of an employee is determined based on factors such as the job type, competence, experience and performance of the employee; the performance-based bonus is linked to the Company’s operating conditions, performance of the department in which the employee works, employee personal performance, compliance risk, continued service and other factors.

Statutory benefits in the welfare system include social insurance and housing provident fund, which are paid for employees in the principle of localization according to the law; corporate benefits include welfare annual leaves, supplementary commercial insurance, annual physical examination, enterprise annuity and other benefits.

### (III) Training plan

In 2023, the Company will unswervingly implement the Party’s organizational line in the new era, focus on the strategic needs and the actual situation of team building, and continuously improve the training and cultivation system. First, the Company will implement the “Forging the Soul” project by thoroughly studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, solidly promoting the learning of the guiding principles of the 20th National Congress of the Party, and effectively strengthening the teaching of ideals and beliefs and party spirit. Second, the Company will implement the “Navigation” project by carrying out the “Navigation Plan” training program for branch managers and “Elite Plan” training program for outstanding key personnel and other cadres, striving to build a high-quality cadre team. Third, the Company will implement the “Professionalism” project to strengthen the building of internal lecturer team by providing special trainings by category and theme, sending employees to participate in industry trainings, and improving the organic development of professional talent team. Fourth, the Company will implement the “Cohesion” project by organizing trainings for new employee such as the “Flying Eagle Plan” to motivate the cadres and employees to achieve personal development and work hard together.

## SECTION IV CORPORATE GOVERNANCE

### VII. Profit Distribution

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

According to the 2022 profit distribution proposal considered and approved at the 2022 annual general meeting of the Company convened on June 29, 2023, the total share capital of A Shares and H Shares of the Company in issue as of December 31, 2022 was 4,610,787,639 shares, a cash dividend of RMB2.10 per 10 shares (tax inclusive) was proposed to be distributed to all holders of A Shares and H Shares, with a total cash dividend amounting to RMB968,265,404.19. Cash dividend is denominated and declared in RMB and paid to holders of A Shares of the Company in RMB and to holders of H Shares of the Company in HK dollars. The actual distribution amount in HK dollars was calculated at the rate of average benchmark exchange rate of RMB against HK dollars published by the PBOC for one week (including the date of the annual general meeting) prior to the annual general meeting (i.e. RMB0.92075 = HK\$1.00). Accordingly, a cash dividend of HK\$2.280756 per 10 H Shares (tax inclusive) was distributed.

The Company published relevant announcements in relation to the 2022 profit distribution proposal on the websites of the SSE and the Hong Kong Stock Exchange, and the Company's 2022 profit distribution was completed in August 2023.

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

The Company had no profit distribution proposal or proposal for conversion of capital reserve fund into share capital for the first half of 2023.

### VIII. Investor Relations

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

In the first half of 2023, following the principles of compliance, equality, proactivity and integrity, the Company successfully held the 2022 annual results briefing for all investors through livestreaming platforms such as the SSE Roadshow Center, Roadshow China and East Money and conducted real-time communication with all investors regarding the Company's annual results, over 47,000 persons watched the briefing. The Company responded to the inquiries of approximately 30 persons in total from various institutions including securities firms and fund companies on-site and online in 10 events; the Company attended 11 strategy conferences held by securities firms where the Company communicated sufficiently with the investors and analysts on matters including the industry development trend, and the results of operations and business development strategies of the Company. The Company optimized the work mechanism on responding to investors' inquiries, effectively enhanced the protection of investors' interests, listened to over 100 phone calls from investors, and answered questions raised through "SSE E-Interaction" for 24 times.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### I. Particulars of Environmental Information

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

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

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

The Company actively practices environmental and social responsibility, and integrates green concepts throughout the development process. In terms of business development, the Company actively participates in promoting the green transformation of development model, serving the construction of a low-carbon and green economic system, and completed the issuance of the first "carbon neutral bond/rural revitalization" dual-label green medium-term note in Zhejiang Province in the first half of 2023. In terms of office operation, the Company focuses on paperless transformation, upgrades the electronic office system, improves the number and efficiency of online approval processes, and reduces paper use. The Company organizes inspections of water and electricity use, reports "everlasting lights" and "airconditioners left on in empty office" and other electricity waste behaviors and the completion of water and electricity bills in sequence, establishes awareness of water and electricity conservation. The Company actively implements waste classification, classifies waste according to Shanghai's relevant household waste classification standards, and collects and recycles waste based on category. The Company comprehensively promotes the "clear your plate" campaign, calls on employees to take food as needed, reduces the amount of kitchen waste generated, and advocates a green lifestyle.

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

During the Reporting Period, the Company actively implemented the green and low-carbon concept, created an atmosphere for energy conservation and carbon reduction, and strictly implemented the requirements in relation to energy conservation and carbon reduction through proactive measures such as total control, efficiency improvement, and comprehensive saving. In terms of green operation, the Company promoted the replacement of traditional lamps with LED low-power consumption lighting appliance, turned off power equipment in time after work, and effectively achieved energy saving and consumption reduction. In terms of green travel, the Company encouraged employees to use new energy vehicles, reduce carbon emissions from vehicle use, and gradually increase the proportion of employees purchasing new energy vehicles.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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

In order to implement the spirit of the 20th National Congress of the Party and General Secretary Xi Jinping's important statements on work related to "agriculture, rural areas and farmers", in accordance with the opinions of the State Council on comprehensively promoting the key work of rural revitalization in 2023, the Company promoted the work of rural revitalization and targeted assistance in an all-round way based on its actual work.

#### (I) Work in the first half of 2023

During the Reporting Period, to assist counties receiving targeted assistance in consolidating the results of poverty alleviation, in addition to donation for targeted assistance, the Company assigned outstanding cadres to hold temporary posts in Xintian County, Hunan Province, a county receiving targeted assistance, to support rural revitalization. According to the requirements of carrying out large-scale investigations and researches, the Company organized and conducted special researches in Xintian County, Hunan Province, a county receiving targeted assistance. In combination of the characteristics of areas and counties under research, the Company focused on key problems in consolidating the results of poverty alleviation, carried out on-site research on targeted assistance, concentrated on the conversion of research and study results and contributed the strength of Everbright to consolidating the results of poverty alleviation and comprehensively promoting rural revitalization and development. The Company vigorously expanded the breadth and depth of consumption assistance. It actively purchased and assisted in the sale of featured agricultural products from regions receiving targeted assistance through the "love purchase" organized by the labor union of the Company. It also assisted in solving the issue on the "last kilometer" in industrial development and gradually developed the assistance model of "boosting sales with channels, boosting industries with sales and boosting revitalization with industries". The Company purchased agricultural products with a total amount of RMB204,300 from poverty-stricken regions in the first half of 2023.

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

Firstly, the Company will continue to implement the requirements of industrial associations, strengthen the overall coordination and management of work on rural revitalization and promote relevant departments, branches and subsidiaries of the Company to continuously enhance the performance of duties in rural revitalization. It will strengthen the guidance on the work in Xintian, a county receiving targeted assistance, follow and promote the implementation of key projects, coordinate the support work with resources across the Company, pay attention to, follow and promote the implementation of key projects. It will strengthen the coordination and management of work on rural revitalization in all counties receiving targeted assistance, communicate with counties receiving targeted assistance under the "One Company Helps One County" pairing assistance program on their annual demand for assistance and promote the economic and social development of all counties.

Secondly, the Company will guide the implementation of the "insurance + futures" program throughout the year, including arranging and coordinating with grass-roots entities to follow up the assistance work in Xintian County, guiding and promoting the implementation of the "insurance + futures" program and other supporting and development projects benefiting more market entities and farmers in all counties receiving assistance. Meanwhile, on the basis of the traditional "insurance + futures" model, the Company will introduce the participation with securities and banks, continuously carry out model innovation, serve the real economy and facilitate the development of "agriculture, rural areas and farmers".



## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Thirdly, the Company will leverage on the advantages of its investment banking business and further boost the Company's financing efforts through issuance and listing, refinancing, issuance of securities and asset-backed securities, M&As and reorganization, issuance of mutual REITs on infrastructure and share issuance on the NEEQ. It will speed up in project reserve and conversion, raise funds for county enterprises, support the development of county industries enriching people, strengthen the establishment of business systems in counties and promote employment and entrepreneurship of farmers in nearby areas.

Fourthly, the Company will continue to assign outstanding cadres to hold temporary posts in Xintian County, Hunan Province, a county receiving targeted assistance, carefully implement the deployment of the Party committees of the Company on targeted assistance and rural revitalization, and support rural revitalization.

Fifthly, the Company will carry out consumption assistance in various forms, continuously promote the establishment of demonstration areas on consumption assistance and support the building of regional and public brands in counties. It will fully employ customer resources of the Company, branches, business departments and financial enterprises of Everbright Group. Through the "Shopping Wonderful (購精彩)" platform of the Group, mobile banking, the credit card "Sunshine Life (陽光惠生活)", self-owned sales windows and other channels, the Company will implement the requirements on the procurement of products from regions receiving assistance for internal canteens, the "love purchase" by labor unions at all levels and internal welfare activities.

Sixthly, the Company will follow the leadership of Party building in rural revitalization, deeply carry out the publicity and education on core socialist values, continue to organize publicity and education activities with the theme of listening to Party's instructions, being grateful to the Party and following the Party's leadership. It will advance paired joint building to achieve new results, expand the coverage and assist them in establishing and improving the rural governance system under the leadership of the Party branch and promote the modernization of rural governance capability in local areas.

Seventhly, the Company will continue to support the green development of agriculture and rural areas in regions receiving paired assistance, carry out ecological protection and environmental governance activities in rural areas, improve production and life service facilities in rural areas, consolidate the results in water safety in rural areas and serve the construction of beautiful countryside.

## SECTION VI SIGNIFICANT EVENTS

### I. Performance of Undertakings

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

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

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

There was no appropriation of funds on a non-recurring basis by the Company's controlling shareholders and other related parties during the Reporting Period.

### III. Guarantees in Violation of Regulations

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

### IV. Appointment and Dismissal of Accounting Firms

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

### V. Material Litigation and Arbitration Matters

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

## SECTION VI SIGNIFICANT EVENTS

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

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

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

On February 20, 2023, the Shanghai Regulatory Bureau of China Securities Regulatory Commission issued the Decision on Issuing a Warning Letter to Everbright Securities 《關於對光大證券採取出具警示函措施的決定》(Hu Zheng Jian Jue [2023] No. 37) to the Company, believed that the Company, as the lead underwriter of Beijing Yingding Education Technology Co., Ltd. (hereinafter referred to as Yingding Education), during the continuous supervision period, failed to diligently and conscientiously fulfill its prudential verification obligations, and failed to identify Yingding Education's inflation of its operating revenue through fictitious business.

On May 30, 2023, the Jiangsu Regulatory Bureau of China Securities Regulatory Commission issued the Decision on Issuing a Warning Letter to Everbright Securities Company Limited by the Jiangsu Regulatory Bureau 《江蘇證監局關於對光大證券股份有限公司採取出具警示函措施的決定》([2023] No. 71) to the Company, believed that the Company, as the sponsor in the IPO and listing of Suzhou Novosense Microelectronics Co., Ltd. (hereinafter referred to as Novosense) and Wuxi DK Electronic Materials Co., Ltd. (hereinafter referred to as DK), during the continuous supervision period, was involved in the following irregularities: Firstly, the On-site Inspection Report on the Continuous Supervision on Wuxi DK Electronic Materials Co., Ltd. in 2021 by Everbright Securities Company Limited issued by the Company on November 24, 2021 stated that the announcements disclosed by DK were consistent with the actual conditions, but the contents of the announcement on the participants of share incentives under the 2021 Restricted Share Incentive Plan (Draft) were inconsistent with the actual conditions. Secondly, the 2022 Half-year Tracking Report on the Continuous Supervision on Wuxi DK Electronic Materials Co., Ltd. by Everbright Securities Company Limited issued by the Company on August 23, 2022 stated that there were no problems in the establishment and implementation of internal systems of DK, but the Self-appraisal Report on Internal Control in 2022 of DK stated that there were defects in its internal control on financial reporting and relevant events mainly occurred in the first half of 2022. Thirdly, the 2022 Half-year Tracking Report on the Continuous Supervision on Suzhou Novosense Microelectronics Co., Ltd. by Everbright Securities Company Limited issued by the Company on August 26, 2022 stated that the internal control on subsidiaries by Novosense was sound and effectively implemented, which was inconsistent with the fact that there were defects in the compliance management of subsidiaries by Novosense. Fourthly, the Company failed to diligently and conscientiously fulfill its prudential verification obligations in the impairment testing on goodwill of Novosense and the inspection on the staff independence of DK and the inspection conclusions were not rigorous.

On June 1, 2023, the National Association of Financial Market Institutional Investors issued the Decision on Self-disciplinary Punishment in the Inter-bank Bond Market 《銀行間債券市場自律處分決定書》([2023] No. 32), and issued a serious warning to the Company. It believed that the Company, as the lead underwriter of two debt financing instruments of Siping Urban Development Investment Holding Co., Ltd. (四平城市發展投資控股有限公司) (hereinafter referred to as Siping Urban Investment), namely "20 Siping Urban Investment PPN001" and "20 Siping Urban Investment PPN002", was involved in the following violations of relevant self-disciplinary management rules of the inter-bank bond market: Firstly, it clearly knew and specifically participated in the operation of two investors receiving a large amount of financial assistance from Siping Urban Investment, and promoted the illicit issuance of the two debt financing instruments. Secondly, it provided untruthful, inaccurate and incomplete information and deliberately concealed the fact of irregularities in the self-disciplinary inquiry stage. Thirdly, it failed to follow the principle of impartiality in pricing of the issuance and the implementation of issuance procedures was not standard. Fourthly, the disclosure regarding underwriting method in the issuance plan was inaccurate.

## SECTION VI SIGNIFICANT EVENTS

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

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

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

### VIII. Material Related Party Transactions

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

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

##### *Exempt continuing connected transactions*

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

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

In addition, the Group shall set a maximum daily deposit balance limit on the deposits of the Group’s proprietary funds and client funds deposited at Everbright Bank. Reference is made to the announcements of the Company dated August 26, 2021 and September 2, 2021, the Company has applied to the Hong Kong Stock Exchange and the Hong Kong Stock Exchange has granted the Company a waiver from strict compliance with the maximum daily balance requirements set out in Rule 14A.53 of the Hong Kong Listing Rules. The waiver is valid until December 31, 2024.

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

###### *Property Leasing Framework Agreement*

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

Reference is made to the announcement of the Company dated August 26, 2021. The Company has entered into the property leasing framework agreement with Everbright Group on December 6, 2021 (the “2021 Everbright Group Property Leasing Framework Agreement”) for a term of three years commencing from January 1, 2022 to December 31, 2024.

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

In accordance with the 2021 Everbright Group Property Leasing Framework Agreement, the annual cap for the rental income from Everbright Group and its associates for the leased properties would be RMB8.0 million, RMB8.0 million and RMB9.2 million in 2022, 2023 and 2024, respectively; and the annual cap for the rental expenses to be paid/the total value of right-of-use assets for the properties rented from Everbright Group and its associates would be RMB118.0 million, RMB184.0 million and RMB207.0 million in 2022, 2023 and 2024, respectively. In the first half of 2023, the actual amount of rental income from the properties leased to Everbright Group and its associates was RMB1.83 million, and the rental expenses paid/the total value of right-of-use assets for the properties rented from Everbright Group and its associates was RMB62.95 million.

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

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

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

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

## SECTION VI SIGNIFICANT EVENTS

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

In accordance with the 2021 Everbright Group Non-financial Miscellaneous Services Framework Agreement, the annual cap for the income from providing non-financial miscellaneous services by the Group to Everbright Group and its associates would be RMB5.0 million, RMB5.0 million and RMB5.0 million in 2022, 2023 and 2024, respectively; and the annual cap for the expenses to be paid by the Group for non-financial miscellaneous services provided by Everbright Group and its associates would be RMB89.0 million, RMB104.0 million and RMB119.0 million in 2022, 2023 and 2024, respectively. In the first half of 2023, the actual amount of income received by the Group from provision of non-financial miscellaneous services to Everbright Group and its associates was RMB0 million, and the expenses paid for the non-financial miscellaneous services provided by Everbright Group and its associates were RMB29.35 million.

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

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

### *Financial Products and Services Framework Agreement*

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

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

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

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

## SECTION VI SIGNIFICANT EVENTS

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

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

In accordance with the 2021 Everbright Group Financial Products and Services Framework Agreement, the annual cap for cash inflow from the transactions of securities and financial products shall be RMB560,000 million, RMB670,000 million and RMB804,000 million in 2022, 2023 and 2024, respectively; and the annual cap for cash outflow from the transactions of securities and financial products shall be RMB560,000 million, RMB670,000 million and RMB804,000 million in 2022, 2023 and 2024, respectively. In the first half of 2023, the actual cash inflow from the transactions of securities and financial products was RMB47,736 million; and the actual cash outflow from for the transactions of securities and financial products was RMB44,272 million.

### **B. Securities and Financial Services**

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

## SECTION VI SIGNIFICANT EVENTS

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

In accordance with the 2021 Everbright Group Financial Products and Services Framework Agreement, the annual cap for the revenue gained by the Group for the securities and financial services provided to Everbright Group and its associates shall be RMB1,145 million, RMB1,374 million and RMB1,718 million in 2022, 2023 and 2024 respectively; and the annual cap for the expenses paid by the Group for the securities and financial services provided by Everbright Group and its associates shall be RMB849 million, RMB1,019 million and RMB1,274 million in 2022, 2023 and 2024, respectively. In the first half of 2023, the actual revenue gained by the Group for the securities and financial services provided to Everbright Group and its associates was RMB173.65 million, and the expenses paid by the Group for the securities and financial services provided by Everbright Group and its associates was RMB59.41 million.

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

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

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

### (II) Potential related party/connected transaction

The leases of the offices of the Company's Hong Kong subsidiary will expire in 2023 successively. In order to ensure the normal operation of ordinary work and business, China Everbright Securities International Company Limited, a wholly-owned subsidiary of the Company, intends to enter into a lease agreement with Everbright Centre Company Limited (光大中心有限公司) ("Everbright Centre"), a connected person of the Company, to rent offices from Everbright Centre. The lease arrangement will constitute a connected transaction of the Company under the Hong Kong Listing Rules once the lease agreement is executed. The details of such potential related party/connected transaction are set out in the announcement dated January 19, 2023 of the Company.



## SECTION VI SIGNIFICANT EVENTS

### IX. Significant Contracts and their Performance

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

Unit: 100 million Currency: RMB

<b>Guarantees provided by the Company (excluding guarantees for the subsidiaries)</b>	
Total amount of guarantees provided during the Reporting Period (excluding guarantees for subsidiaries)	–
Balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)	–
<b>Guarantees for subsidiaries by the Company</b>	
Total guarantees for subsidiaries during the Reporting Period	8.59
Balance of guarantees for subsidiaries as at the end of the Reporting Period (B)	63.98
<b>Total guarantees provided by the Company (including guarantees for subsidiaries)</b>	
Total guarantees (A+B)	63.98
Ratio of total guarantee to net assets of the Company (%)	9.68
Among which:	
Guarantees for shareholders, de facto controller and their related parties (C)	–
Debt guarantee provided directly or indirectly for companies with gearing ratio over 70% (D)	38.82
Amount of guarantees in excess of 50% of the net assets (E)	–
Total amount of the above three types of guarantees (C+D+E)	38.82
Outstanding guarantees subject to joint and several liabilities	–
Details of guarantees	<ol style="list-style-type: none"> <li>During the Reporting Period, the Company has provided the following guarantees: net capital guarantee for the wholly-owned subsidiary Everbright Asset Management, and guarantee for the offshore borrowings of the wholly-owned subsidiary EBSI. As of June 30, 2023, the balance of such guarantees was approximately RMB5.013 billion.</li> </ol> <p>The guarantees of the Company's controlling subsidiaries mainly include: the wholly-owned subsidiary EBSI and its subsidiaries provided loan guarantees, financing guarantees and business guarantees etc. for their subsidiaries, to facilitate the subsidiaries' business operation. As of June 30, 2023, the balance of such guarantees was approximately RMB1.384 billion.</p> <ol style="list-style-type: none"> <li>The guarantee amount incurred was the amount increased during the year, excluding the amount decreased during the year.</li> </ol>

## SECTION VI SIGNIFICANT EVENTS

### X. Description of Other Significant Events

#### 1. Accounting-related Information

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

Amendments to International Accounting Standards (IAS) 12 Deferred Tax Related to Assets and Liabilities arising from a Single Transaction narrowed the scope of the initial recognition exception in deferred tax so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's policy of determining net deferred tax assets and liabilities aligns with the amendments, the amendments did not have any significant impact on the financial position or performance of the Group. Apart from this, during Reporting Period, there was no change in accounting policies of the Company.

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

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

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

The Audit and Related Party Transaction Control Committee of the Board has reviewed and confirmed the Company's report on Review of Interim Financial Statements which is disclosed in accordance with the International Accounting Standards for the six months ended June 30, 2023, and has no objection against matters including the accounting policies and practices adopted by the Company.

#### 3. Corporate Governance

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

### XI. Other Significant Events and Subsequent Events

#### 1. Relevant information on branches

In order to further optimize the Company's branch network, the Company has closed down the securities brokerage branch at Daxing, Beijing, Haibin North Road, Weihai and Construction North Road, Yunfu (for details, please refer to the Company's announcements No. Lin 2023-006, No. Lin 2023-018 and No. Lin 2023-023 published on the website of the SSE, and announcements dated February 25, 2023, May 20, 2023 and June 17, 2023 published on the website of the Hong Kong Stock Exchange), and newly set up securities brokerage branch at Hubin East Road, Xiamen. The Company has performed procedures under the regulatory requirements, and as of the disclosure date, the Company had 244 securities brokerage branches.

## SECTION VI SIGNIFICANT EVENTS

### 2. Litigations that have been disclosed and subsequently progressed

On October 9, 2019, Everbright Leasing filed a lawsuit against Sanya Sente Property Development Co., Ltd. (三亞森特房地產開發有限公司), Sino Great Wall International Engineering Co., Ltd. (神州長城國際工程有限公司), Sino Great Wall Co., Ltd. (神州長城股份有限公司), and a natural person surnamed Chen over a contract dispute, involving an amount of approximately RMB15.34 million. For details, please refer to the Company's 2019 annual report. The case has now been withdrawn.

On May 10, 2022, Daxinganling Rural Commercial Bank Co., Ltd. filed a lawsuit against the Company (as a joint lead underwriter) on its disputes over relevant responsibilities for securities of China Huayang Economic and Trading Group Co. Ltd. (中國華陽經貿集團有限公司). The amount involved in the case was approximately RMB65.479 million. For details, please refer to the Company's 2022 interim report. At present, the case has been decided to be tried by the Beijing No. 1 Intermediate People's Court.

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

On June 23, June 24 and June 27, 2022, a person surnamed Xie, Chengdu Deshang Jinchangchuan Creator Equity Investment Fund Center (Limited Partnership) (成都德商金長川創客股權投資基金中心(有限合夥)) and Chongqing Chongbao Chuangrui Cultural Creativity Equity Investment Fund Partnership (Limited Partnership) (重慶重報創睿文化創意股權投資基金合夥企業(有限合夥)) filed lawsuits against, amongst others, the Company (as the principal broker) on their disputes over responsibilities related to securities of Beijing Yingding Education Technology Co., Ltd. (北京羸鼎教育科技股份有限公司). The amounts involved in the cases were approximately RMB20.0000 million, RMB14.9999 million and RMB10.0004 million, respectively. The above three cases have been accepted by the Beijing Financial Court. Later, the aforementioned three plaintiffs have changed their claims, and the amounts involved after the change were approximately RMB18.6000 million, RMB14.8746 million and RMB9.9875 million, respectively. For details, please refer to 2022 interim report and 2022 annual report of the Company. At present, the plaintiffs further changed their claims back to the original one, and the amounts involved in the aforementioned three cases after the change are approximately RMB20.0000 million, RMB14.9999 million and RMB10.0004 million, respectively.

On July 25, 2022, the Company filed a lawsuit against CMIG Leasing Holdings Limited (中民投租賃控股有限公司) in relation to other contract disputes. The amount involved in the case was approximately RMB70.4697 million. For details, please refer to the Company's 2022 interim report and 2022 annual report. The case was won in the first instance and the People's Court of Huangpu District of Shanghai ruled that the defendant should pay the remaining principal and interest totaling approximately RMB62.3993 million to the Company as well as the corresponding liquidated damages, etc. The ruling was upheld in the second instance after the defendant filed an appeal.

On November 24, 2022, the Company filed a lawsuit against Henan Huangchuan Huaying Poultry Group General Company (河南省潢川華英禽業集團總公司) due to a dispute over a margin financing and securities lending transaction, involving an amount of approximately RMB216 million. For details, please refer to 2022 annual report of the Company. At present, the Company won at the first instance, and the Shanghai Financial Court ruled that the defendant should pay approximately RMB164 million to the Company, including principal, interest and penalty interest.

On December 6, 2022, due to a dispute over convertible bonds, the Company's Hong Kong subsidiary China Everbright Securities Value Fund SPC, on behalf of its segregated portfolio China Everbright Securities Value Fund SP1, filed a winding-up petition with the High Court of Hong Kong against Simplicity & Vogue Retailing (HK) Co., Limited (簡尚零售(香港)有限公司) (hereinafter referred to as Simplicity & Vogue (HK)). The amount involved in the case was approximately US\$30,442,398 plus interest. For details, please refer to the Company's 2022 annual report. At present, the Court has issued a winding-up order against Simplicity & Vogue (HK) and Simplicity & Vogue (HK) has applied for appeal.

## SECTION VI SIGNIFICANT EVENTS

On March 21, 2023, Everbright Capital filed a lawsuit against the persons surnamed Zheng, Cui and Liang, and Qingdao Hanlun Industry Co., Ltd. (青島漢倫實業有限公司), due to equity transfer disputes, involving an amount of approximately RMB114.0287 million. For details, please refer to the Company's 2022 annual report. At present, they reached a settlement.

The Company filed fourteen lawsuits with the People's Court of Jing'an District of Shanghai and Shanghai Financial Court in relation to disputes over default on margin financing and securities lending transactions, and the total amount involved in the above fourteen cases was approximately RMB435 million. For details, please refer to the Company's 2020 annual report, 2021 interim report, 2022 interim report and 2022 annual report. Among them, the Company received favourable second-instance judgments against the persons surnamed Xu, Shi and Jing, upholding the original decisions. These judgments are currently in the enforcement stage. However, the People's Court of Jing'an District of Shanghai dismissed other thirteen claims as a defendant surnamed Jing was involved in a criminal proceeding and the Company has filed appeals.

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

On March 13, 2023, a person surnamed Tan filed a lawsuit against five parties, including the Company's securities brokerage branch at Liyuan Road, Xinxing, Yunfu and a person surnamed Zhang, due to a dispute over a wealth management entrustment contract, involving an amount of approximately RMB10.00 million. At present, the case has been accepted by the People's Court of Xinxing County, Guangdong Province.

On April 11, 2023, the Company filed a lawsuit against Tunghsu Group Co., Ltd. (東旭集團有限公司) due to a dispute over a bond transaction, involving an amount of approximately RMB127.3730 million. The case has been accepted by the Shijiazhuang Intermediate People's Court.

On June 5, 2023, the Company filed a lawsuit against persons including a person surnamed Ma, and relevant intermediaries on a dispute over fraudulent issuance of bonds and misrepresentation by Kangmei Pharmaceutical Co., Ltd. (康美藥業股份有限公司), involving an amount of approximately RMB93.0474 million. At present, the case has been accepted by the Guangzhou Intermediate People's Court.

On June 16, 2023, a person surnamed Shen filed a lawsuit against Everbright Securities Investment Services (HK) Limited for alleged misrepresentation in the sale of bonds. The case involves an amount of approximately HK\$13.531 million and corresponding interest. At present, the case has been accepted by the High Court of Hong Kong.

On July 27, 2023, Everbright Fortune filed a lawsuit against persons surnamed Zhang 1, surnamed Zhang 2 and Guangzhou Createview Education Technology Co., limited (廣州創顯科教股份有限公司) over an investment contract dispute, involving an amount of approximately RMB29.1489 million. At present, the case has been accepted by the People's Court of Panyu District, Guangzhou.

On August 7, 2023, Guanghang No. 2 (Tianjin) Leasing Co., Ltd. (光航二號(天津)租賃有限公司) filed a lawsuit against Shaanxi Jingong General Aviation Co., Ltd. (陝西精功通用航空有限公司) due to a dispute over a financial leasing contract, involving an amount of approximately RMB12.8935 million. At present, the case has been accepted by the People's Court of Tianjin Pilot Free Trade Zone.

## SECTION VI SIGNIFICANT EVENTS

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

Everbright Jinhui Asset Management (Shanghai) Co., Ltd., a subsidiary of the Everbright Capital, serves as the executive partner of Jinxin Investment Consultancy Partnership (Limited Partnership) (上海浸鑫投資諮詢合夥企業(有限合夥)) (hereinafter referred to as Jinxin Fund). The MPS project invested by Jinxin Fund failed to exit as originally planned due to risks. China Merchants Bank and Huarui Bank, the interested parties of two senior-tranche partners of Jinxin Fund, filed lawsuits against Everbright Capital, alleging contract disputes related to the Shortfall Makeup Letter. Currently, Everbright Capital has received the Paper of Civil Ruling on the application for retrial of the above two cases respectively. The Shanghai High People's Court dismissed the re-trial application, and the above cases are in the process of enforcement at present and there is uncertainty concerning the results of the enforcement. Huarui Bank filed an arbitration against Everbright Jinhui on the same matter. Jiaxing Zhaoyuanyongjin Equity Investment Fund Partnership (Limited Partnership) (嘉興招源涌津股權投資基金合夥企業(有限合夥)) applied for arbitration against Everbright Jinhui due to the dispute over private equity investment contract. Shenzhen Hengxiang Equity Investment Fund LLP (Limited Partnership) (深圳恒祥股權投資基金企業(有限合夥)) applied for arbitration against Everbright Jinhui, Baofeng (Tianjin) Investment Management Co., Ltd. (暴風(天津)投資管理有限公司) and Shanghai Qunchang Financial Service Company Limited (上海群暢金融服務有限公司) due to the dispute over private equity investment contract. The above-mentioned arbitrations have received the arbitral awards, which were final. Among others, Shenzhen Hengxiang Equity Investment Fund LLP (limited partnership) filed an application with Shanghai No. 2 Intermediate People's Court for addition of Everbright Capital as the enforcement target and the application has now been withdrawn.

Jiaxing Zhaoyuanyongjin Equity Investment Fund Partnership (Limited Partnership) filed a lawsuit on the grounds of tort liability and demanded that Everbright Capital compensate for the loss of investment principal of RMB600 million, the corresponding interest and other expenses. Shanghai Financial Court ruled that Everbright Capital shall compensate the investment principal of RMB180 million to Zhaoyuanyongjin at the first instance and Zhaoyuanyongjin's remaining claims were not supported. Everbright Capital filed an appeal. Currently, Everbright Capital has received the Paper of Civil Judgment of the second instance from the Shanghai High People's Court, which revoked the first instance judgment and ruled that Everbright Capital shall compensate the investment principal of approximately RMB135 million to Zhaoyuanyongjin and dismissed Zhaoyuanyongjin's remaining claims. Guizhou Guian Capital Operation Co., Ltd. (貴州貴安資本運營有限公司) (formerly known as Guizhou Guian Financial Investment Co., Ltd. (貴州貴安金融投資有限公司)) filed a lawsuit on the grounds of tort liability and demanded that Everbright Capital compensate for the loss of investment principal of RMB95 million, the corresponding interest and other expenses. Currently, Everbright Capital has received the Paper of Civil Judgment of the first instance from the Shanghai Financial Court, which ruled that Everbright Capital shall compensate the investment principal of approximately RMB24.8 million to Guian Capital and Guian Capital's remaining claims were not supported. Shanghai Dongxing Investment Holdings Co., Ltd. (上海東興投資控股發展有限公司) demanded that Everbright Capital and Everbright Jinhui compensate for the loss of investment principal of RMB170 million, the corresponding interest and other expenses on the basis of other contractual disputes. Everbright Capital has received the Paper of Civil Judgment of the first instance from the Shanghai Financial Court, ruling to reject all the litigation claims of Shanghai Dongxing Investment Holdings Co., Ltd., the plaintiff, and the first instance judgment has come into effect.

## SECTION VI SIGNIFICANT EVENTS

In the case of Everbright Jinhui and Shanghai Jinxin against Baofeng Group and Feng Xin on an equity transfer dispute, the Supreme People's Court revoked the first instance judgment in the second instance and remanded the case to the Beijing Higher People's Court for retrial. Currently, the Notice of Acceptance of Case from the Beijing Higher People's Court has been received and the filing for retrial has been completed. JINXIN INC. (Cayman Jinxin), a transaction party on overseas projects of Jinxin Fund, filed lawsuits to the high court of England and Wales against RICCARDO SILVA, ANDREA RADRIZZANI and other individuals and institutes, who were the original seller shareholders of MPS. The amount involved was approximately US\$661,375,034.

Due to litigations in relation to MPS, the bank accounts and assets of Everbright Capital and its subsidiaries have been frozen by the court, of which a share of assets of RMB1 billion in Kunming Purchase in Lieu of Construction Investment Partnership (Limited Partnership) (昆明以購代建投資合夥企業(有限合夥)) beneficially held by Everbright Development have been frozen. Everbright Development has raised objection to enforcement as a non-party to the case at Shanghai Financial Court, and Shanghai Financial Court dismissed the claims of Everbright Development. Everbright Development has filed an appeal to the Shanghai High People's Court but the appeal was dismissed. Currently, it has filed a re-trial application to the Supreme People's Court of the People's Republic of China and the Supreme People's Court has conducted filing and examination on the re-trial application of Everbright Development, but there is uncertainty concerning the results of the examination. Everbright Capital received ruling for enforcement from the Shanghai Financial Court, which ruled that 35% of the equity interest in Everbright Fortune Financial Leasing Co., Ltd. and shares of Tansun Technology Co., Ltd. (天陽宏業科技股份有限公司) held by Everbright Capital, the person subject to enforcement, shall be sold at current price.

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

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### I. Changes in Share Capital

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

As of June 30, 2023, the number of the Company's shares in issue amounted to 4,610,787,639, including 3,906,698,839 A Shares and 704,088,800 H Shares.

### II. Particulars about Shareholders

#### (I) Total number of shareholders:

As of the end of the Reporting Period, the total number of shareholders of ordinary shares was 196,911.

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

Unit: Shares

Name of shareholders (Full name)	Shareholding of top ten shareholders				Pledged, marked or frozen shares		Nature of shareholders
	Changes during the Reporting Period	Number of shares held as of the end of the period	Percentage (%)	Number of shares held with selling restrictions	Status of shares	Number of shares	
China Everbright Group Ltd.	0	1,159,456,183	25.15	-	Nil	-	State-owned legal person
China Everbright Limited	0	956,017,000	20.73	-	Nil	-	Foreign legal person
HKSCC Nominees Limited	1,400	703,690,900	15.26	-	Unknown	-	Unknown
China Securities Finance Corporation Limited	0	130,090,372	2.82	-	Nil	-	Others
Hong Kong Securities Clearing Company Limited	(490,917)	52,569,333	1.14	-	Nil	-	Others
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	6,742,609	42,728,239	0.93	-	Nil	-	Others
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	1,669,622	29,111,160	0.63	-	Nil	-	Others
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Asset Management Plan	0	24,431,977	0.53	-	Nil	-	Others
E Fund – Agricultural Bank of China – E Fund CSI Financial Asset Management Plan	0	23,174,586	0.50	-	Nil	-	Others
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	0	22,716,500	0.49	-	Nil	-	Others



## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

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

Name of shareholders	Shareholding of top ten shareholders without selling restrictions		
	Number of tradable shares held without selling restrictions	Type and number of shares	
		Type	Number
China Everbright Group Ltd.	1,159,456,183	RMB ordinary shares	1,159,456,183
China Everbright Limited	956,017,000	RMB ordinary shares	956,017,000
HKSCC Nominees Limited	703,690,900	Overseas listed foreign shares	703,690,900
China Securities Finance Corporation Limited	130,090,372	RMB ordinary shares	130,090,372
Hong Kong Securities Clearing Company Limited	52,569,333	RMB ordinary shares	52,569,333
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	42,728,239	RMB ordinary shares	42,728,239



## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### Shareholding of top ten shareholders without selling restrictions

Name of shareholders	Number of tradable shares held without selling restrictions	Type and number of shares	
		Type	Number
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	29,111,160	RMB ordinary shares	29,111,160
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse CSI Financial Asset Management Plan	24,431,977	RMB ordinary shares	24,431,977
E Fund – Agricultural Bank of China – E Fund CSI Financial Asset Management Plan	23,174,586	RMB ordinary shares	23,174,586
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Zhong'ou Asset – Agricultural Bank of China – Zhong'ou CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
China AMC – Agricultural Bank of China – China AMC CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
China Southern Asset Management – Agricultural Bank of China – China Southern CSI Financial Asset Management Plan	22,716,500	RMB ordinary shares	22,716,500
Description of the connected relationships or action in concert between the above shareholders	China Everbright Limited is a controlling subsidiary of China Everbright Holdings Company Limited, a wholly-owned subsidiary of China Everbright Group Ltd. Save for the above, the Company is unaware of any connected relationships or action in concert between the above shareholders.		

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Note 1: As of the end of the Reporting Period, the total number of shareholders of ordinary shares was 196,911, of which 196,751 were holders of A Shares and 160 were registered holders of H Shares.

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

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

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

### III. Directors, Supervisors and Senior Management of the Company

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

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

As of June 30, 2023, so far as the Directors, having made reasonable enquiries, are aware, the following parties (other than the Directors, Supervisors or chief executive of the Company) had an interest or short position in the shares or underlying shares, which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to section 336 of the SFO:

No.	Name of substantial shareholders <sup>7</sup>	Type of share	Nature of interests	Number of corresponding shares of the Company held (share)	Percentage of total issued shares of the Company <sup>6</sup> (%)	Percentage of total issued A Shares/ H Shares of the Company <sup>6</sup> (%)	Long position/ short position
1.	Central Huijin Investment Ltd. (中央匯金投資有限責任公司)	A Share	Interests in controlled corporation <sup>1</sup>	2,115,473,183	45.88	54.15	Long Position
2.	China Everbright Group Ltd. (中國光大集團股份公司)	A Share	Beneficial owner	1,159,456,183	25.15	29.68	Long Position
		A Share	Interests in controlled corporation <sup>2</sup>	956,017,000	20.73	24.47	Long Position
				2,115,473,183	45.88	54.15	Long Position

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

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

### Notes:

1. Central Huijin Investment Ltd. held a 63.16% interest in China Everbright Group Ltd. Accordingly, Central Huijin Investment Ltd. is deemed to be interested in China Everbright Group Ltd.'s interest in the Company under the SFO.
2. Honorich Holdings Limited and Everbright Investment and Management Limited (光大投資管理有限公司) held 49.386% and 0.358% of the total issued share capital in China Everbright Limited, respectively; Datten Investments Limited held 100% of the total issued share capital in Honorich Holdings Limited; China Everbright Holdings Company Limited held 100% of the total issued share capital in Datten Investments Limited and Everbright Investment and Management Limited; China Everbright Group Ltd. held 100% of the total issued share capital in China Everbright Holdings Company Limited. Accordingly, each of the China Everbright Group Ltd., China Everbright Holdings Company Limited, Datten Investments Limited and Honorich Holdings Limited is deemed to be interested in China Everbright Limited's interests in the Company under the SFO.

## SECTION VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

3. China State Construction Engineering Corporation Limited held 100% of the total issued share capital in CSCEC Capital (Hong Kong) Limited; China State Construction Engineering Corporation held 56.26% of the total issued share capital in China State Construction Engineering Corporation Limited. Accordingly, China State Construction Engineering Corporation Limited and China State Construction Engineering Corporation are deemed to be interested in CSCEC Capital (Hong Kong) Limited's interests in the Company under the SFO.
4. China State Shipbuilding Corporation Limited held 100% of the total issued share capital in China Shipbuilding Industry Corporation; China Shipbuilding Industry Corporation held 100% of the total issued share capital in China Shipbuilding Capital Limited. Accordingly, China State Shipbuilding Corporation Limited and China Shipbuilding Industry Corporation are deemed to be interested in China Shipbuilding Capital Limited's interests in the Company under the SFO.
5. Guangdong Hengjian Investment Holding Co., Ltd. held 100% of the total issued share capital in Hengjian International Investment Holding (Hong Kong) Limited. Accordingly, Guangdong Hengjian Investment Holding Co., Ltd. is deemed to be interested in Hengjian International Investment Holding (Hong Kong) Limited's interest in the Company under the SFO.
6. As of June 30, 2023, the total issued shares of the Company were 4,610,787,639, of which 3,906,698,839 were A Shares and 704,088,800 were H Shares.
7. Under Part XV of the SFO, disclosure of interest forms shall be submitted by shareholders of the Company upon satisfaction of certain conditions. If there are changes in the shareholders' shareholdings in the Company, shareholders are not required to inform the Company and the Hong Kong Stock Exchange, except where certain conditions have been satisfied. Therefore, there could be a difference between the substantial shareholders' latest shareholdings in the Company and the information on their shareholdings submitted to the Hong Kong Stock Exchange. Information set out in the above table is based on the disclosure of interest forms submitted by the relevant shareholders.

Save as disclosed above, as of June 30, 2023, the Company was not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register pursuant to Section 336 of the SFO.

### V. Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As of June 30, 2023, according to the information obtained by the Company and to the knowledge of the Directors, none of the Directors, Supervisors or chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which are taken or deemed to be held under such provisions of the SFO), or which would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Hong Kong Listing Rules to be notified to the Company and the Hong Kong Stock Exchange or which would be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein. At no time was the Company, its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements during the Reporting Period to enable the directors of the Company, including their spouses and children under 18 years of age, to acquire any interests by means of the acquisition of shares in, or debentures of, the Company or any other body corporates.

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

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

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

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

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

## SECTION IX RELEVANT INFORMATION ON BONDS

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

#### (I) Corporate bonds

##### 1. Overview of corporate bonds

Unit: 100 million Currency: RMB

Bond name	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds	Interest rate (%)	Principal and interest payment method	Places of transaction	Arrangements for investors' appropriateness (if any)	Trading mechanism	Any risk of termination of listing and trading or not
20Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	20 EVERBRIGHT SECURITIES Y1	175000	August 13, 2020	August 17, 2020	August 17, 2025	20	4.4	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
20G5 EBS Public Offering Corporate Bonds (Third Tranche)	20 EVERBRIGHT SECURITIES G5	175062	August 26, 2020	August 28, 2020	August 28, 2023	48	3.7	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
20G7 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 2)	20 EVERBRIGHT SECURITIES G7	175584	December 23, 2020	December 25, 2020	December 25, 2023	17	3.6	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	21 EVERBRIGHT SECURITIES G1	175631	January 12, 2021	January 14, 2021	January 14, 2024	53	3.57	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	21 EVERBRIGHT SECURITIES Y1	188104	May 11, 2021	May 13, 2021	May 13, 2026	30	4.19	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G2	188195	June 3, 2021	June 7, 2021	June 7, 2024	20	3.3	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G3	188196	June 3, 2021	June 7, 2021	June 7, 2026	10	3.67	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G4 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G4	188382	July 14, 2021	July 16, 2021	July 16, 2024	13	3.12	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G5 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G5	188383	July 14, 2021	July 16, 2021	July 16, 2026	17	3.45	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No

## SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds	Interest rate (%)	Principal and interest payment method	Places of transaction	Arrangements for investors' appropriateness (if any)	Trading mechanism	Any risk of termination of listing and trading or not
21G6 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G6	188558	August 9, 2021	August 11, 2021	August 11, 2024	30	3.12	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G8 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G8	188762	September 14, 2021	September 16, 2021	September 16, 2024	30	3.1	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
21G9 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G9	188763	September 14, 2021	September 16, 2021	September 16, 2026	10	3.5	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
2110 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES 10	188884	December 21, 2021	December 23, 2021	December 23, 2024	20	3.02	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
2111 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche) (Type 2)	21 EVERBRIGHT SECURITIES 11	188886	December 21, 2021	December 23, 2021	December 23, 2026	10	3.35	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22Y1 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (First Tranche)	22 EVERBRIGHT SECURITIES Y1	185407	February 17, 2022	February 21, 2022	February 21, 2027	20	3.73	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22Y2 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES Y2	185445	March 10, 2022	March 14, 2022	March 14, 2027	10	4.08	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22Y3 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Third Tranche)	22 EVERBRIGHT SECURITIES Y3	185600	March 22, 2022	March 24, 2022	March 24, 2027	15	4.03	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche) (Type 1)	22 EVERBRIGHT SECURITIES G1	185821	June 10, 2022	June 14, 2022	June 14, 2025	25	2.9	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
22G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche) (Type 2)	22 EVERBRIGHT SECURITIES G2	185888	June 10, 2022	June 14, 2022	June 14, 2027	5	3.25	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No



## SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Issue date	Value date	Maturity date	Balance of bonds	Interest rate (%)	Principal and interest payment method	Places of transaction	Arrangements for investors' appropriateness (if any)	Trading mechanism	Any risk of termination of listing and trading or not
22G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES G3	137693	August 18, 2022	August 22, 2022	August 22, 2025	20	2.56	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
23G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	23 EVERBRIGHT SECURITIES G1	138955	February 21, 2023	February 23, 2023	February 28, 2024	20	2.8	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
23G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche)	23 EVERBRIGHT SECURITIES G2	115109	March 21, 2023	March 23, 2023	March 27, 2024	30	2.75	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
23S1 EBS Public Offering Short-term Corporate Bonds targeted at Professional Investors (First Tranche)	23 EVERBRIGHT SECURITIES S1	115473	June 6, 2023	June 8, 2023	June 7, 2024	15	2.4	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No
23G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche)	23 EVERBRIGHT SECURITIES G3	115774	August 8, 2023	August 10, 2023	August 10, 2026	30	2.77	Payment of interest on a yearly basis	Fixed-income products platform of the Shanghai Stock Exchange	Targeted at professional investors	Trading by bidding, quotation, enquiry and agreement	No

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

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

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

## SECTION IX RELEVANT INFORMATION ON BONDS

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

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

In the first half of 2023, the operating revenue of the investment trading business was RMB441.15 million, representing a year-on-year increase of 551%, mainly because the Company continued to improve its investment strategy and risk control system, achieving an increase in the operating revenue of both equity investment and fixed income investment businesses as compared with the same period of the last year.

In the first half of 2023, the operating revenue of the corporate financing business amounted to RMB677.29 million, representing a year-on-year decrease of 30%, mainly due to higher operating revenue as a result of major IPO projects completed in the same period of the last year on the one hand, and tightening supervision on the review of certain bond issuances on the other hand.

In the first half of 2023, the operating revenue of the institutional customer business amounted to RMB808.80 million, representing a year-on-year increase of 54%, mainly because the Company continued to provide customers with risk management, wealth management and asset allocation tools through derivatives for the financial innovation business, maintaining steady growth in revenue.

In the first half of 2023, the operating revenue of the equity investment business amounted to RMB649.22 million, representing a year-on-year increase of 2524%, mainly attributable to the fair value fluctuation of investment projects of subsidiaries as a result of the changes in the market in the first half of the year; the operating expenses of the equity investment business amounted to RMB-0.1057 million, representing a year-on-year decrease of 100%, mainly because subsidiaries strengthened the post-investment management on existing investment projects, achieving the reversal of part of credit impairment losses.

## SECTION IX RELEVANT INFORMATION ON BONDS

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

The total amount of interest-bearing liabilities of the Company within the scope of consolidated statement at the beginning of the Reporting Period was RMB100.385 billion, and the total amount of interest-bearing liabilities of the Company within the scope of consolidated statement at the end of the Reporting Period was RMB103.509 billion, representing a year-on-year increase of 3%. For interest-bearing liabilities of the Company within the scope of consolidated statement at the end of the Reporting Period, the balance of corporate credit bonds was RMB43.798 billion, representing 42% of the balance of interest-bearing liabilities, among which, the amount of corporate credit bonds expired or sold back within one year was RMB24.438 billion; the balance of bank loans was RMB5.096 billion, representing 5% of the balance of interest-bearing liabilities; the amount of loans from non-bank financial institutions was RMB0.341 billion, representing 0.3% of the balance of interest-bearing liabilities; the balance of other interest-bearing debts was RMB54.274 billion, representing 52% of the balance of interest-bearing liabilities.

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

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

*Unit: 100 million Currency: RMB*

Type of interest-bearing liabilities	Overdue	Maturity date			Total	Percentage to the interest-bearing liabilities
		Within 6 months (inclusive)	6 months (exclusive) to 1 year (inclusive)	Over 1 year (exclusive)		
Credit bonds	-	105.08	139.30	193.60	437.98	42%
Bank loans	-	10.02	30.38	10.56	50.96	5%
Loans from non-bank financial institutions	-	3.41	-	-	3.41	0%
Other interest-bearing liabilities	-	489.74	50.63	2.37	542.74	52%
Total	-	608.25	220.31	206.53	1,035.09	

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

*Unit: 100 million Currency: RMB*

Type of interest-bearing liabilities	Overdue	Maturity date			Total	Percentage to the interest-bearing liabilities
		Within 6 months (inclusive)	6 months (exclusive) to 1 year (inclusive)	Over 1 year (exclusive)		
Credit bonds	-	105.08	139.30	193.60	437.98	46%
Bank loans	-	-	-	-	-	-
Loans from non-bank financial institutions	-	3.41	-	-	3.41	0%
Other interest-bearing liabilities	-	465.53	50.63	2.37	518.53	54%
Total	-	574.02	189.93	195.97	959.92	

## SECTION IX RELEVANT INFORMATION ON BONDS

- (4) Information on the lead underwriters and trust managers of corporate bonds existing as of the date of approval of the regular report:

Bond name	Abbreviation	Code	Latest sell-back date after August 31, 2022	Lead underwriter	Trust manager
20Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	20 EVERBRIGHT SECURITIES Y1	175000		CITIC Securities Co., Ltd.	CITIC Securities Co., Ltd.
20G5 EBS Public Offering Corporate Bonds (Third Tranche)	20 EVERBRIGHT SECURITIES G5	175062		- Industrial Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
20G7 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 2)	20 EVERBRIGHT SECURITIES G7	175584		- CSC Financial Co., Ltd. and China Galaxy Securities Co., Ltd.	China Galaxy Securities Co., Ltd.
21G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	21 EVERBRIGHT SECURITIES G1	175631		- CSC Financial Co., Ltd. and China Galaxy Securities Co., Ltd.	China Galaxy Securities Co., Ltd.
21Y1 EBS Public Offering Perpetual Subordinated Bonds (First Tranche)	21 EVERBRIGHT SECURITIES Y1	188104		- CITIC Securities Co., Ltd.	CITIC Securities Co., Ltd.
21G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G2	188195		- CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
21G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G3	188196		- CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
21G4 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G4	188382		- CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
21G5 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G5	188383		- CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
21G6 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fourth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G6	188558		- CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
21G8 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES G8	188762		- CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
21G9 EBS Public Offering Corporate Bonds targeted at Professional Investors (Fifth Tranche) (Type 2)	21 EVERBRIGHT SECURITIES G9	188763		- CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.

## SECTION IX RELEVANT INFORMATION ON BONDS

Bond name	Abbreviation	Code	Latest sell-back date after August 31, 2022	Lead underwriter	Trust manager
2110 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche) (Type 1)	21 EVERBRIGHT SECURITIES 10	188884	-	CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
2111 EBS Public Offering Corporate Bonds targeted at Professional Investors (Sixth Tranche) (Type 2)	21 EVERBRIGHT SECURITIES 11	188886	-	CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
22Y1 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (First Tranche)	22 EVERBRIGHT SECURITIES Y1	185407	-	CITIC Securities Co., Ltd. and Essence Securities Co., Ltd.	CITIC Securities Co., Ltd.
22Y2 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES Y2	185445	-	CITIC Securities Co., Ltd. and Essence Securities Co., Ltd.	CITIC Securities Co., Ltd.
22Y3 EBS Public Offering Perpetual Subordinated Bonds targeted at Professional Investors (Third Tranche)	22 EVERBRIGHT SECURITIES Y3	185600	-	CITIC Securities Co., Ltd. and Essence Securities Co., Ltd.	CITIC Securities Co., Ltd.
22G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche) (Type 1)	22 EVERBRIGHT SECURITIES G1	185821	-	CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
22G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche) (Type 2)	22 EVERBRIGHT SECURITIES G2	185888	-	CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
22G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche)	22 EVERBRIGHT SECURITIES G3	137693	-	CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
23G1 EBS Public Offering Corporate Bonds targeted at Professional Investors (First Tranche)	23 EVERBRIGHT SECURITIES G1	138955	-	CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
23G2 EBS Public Offering Corporate Bonds targeted at Professional Investors (Second Tranche)	23 EVERBRIGHT SECURITIES G2	115109	-	CSC Financial Co., Ltd., China Galaxy Securities Co., Ltd. and China Merchants Securities Co., Ltd.	China Merchants Securities Co., Ltd.
23S1 EBS Public Offering Short-term Corporate Bonds targeted at Professional Investors (First Tranche)	23 EVERBRIGHT SECURITIES S1	115473	-	Industrial Securities Co., Ltd.	Industrial Securities Co., Ltd.
23G3 EBS Public Offering Corporate Bonds targeted at Professional Investors (Third Tranche)	23 EVERBRIGHT SECURITIES G3	115774	-	Industrial Securities Co., Ltd., China Merchants Securities Co., Ltd. and Orient Securities Investment Banking Co., Ltd.	Industrial Securities Co., Ltd.

## SECTION IX RELEVANT INFORMATION ON BONDS

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

Unit: 100 million Currency: RMB

Bond code	138955	115109	115473	115774
Bond abbreviation	23 EVERBRIGHT SECURITIES G1	23 EVERBRIGHT SECURITIES G2	23 EVERBRIGHT SECURITIES S1	23 EVERBRIGHT SECURITIES G3
Total amounts of proceeds	20	30	15	30
Utilized proceeds during the Reporting Period	20	30	15	30
Closing balance of proceeds	0	0	0	0
The operating condition of the special account for the proceeds during the Reporting Period	As at the date of this report, the special proceeds account of the Company was under normal operation and the drawdown and utilization of the proceeds were in line with the purposes of the proceeds as stated in the prospectuses			
Specified use of proceeds (please present in the full text)	After deducting issuance expenses, it is intended to be used for replenishing the liquidity required in the ordinary production and operation of the Company			
Whether to adjust or modify the use of proceeds				No
Procedures performed and information disclosure of adjustment to or modification of the use of proceeds (if any adjustment or modification occurred)				Nil
Whether there was non-compliance utilization of proceeds during the Reporting Period				No
Non-compliance utilization of proceeds during the Reporting Period (if any)				Nil
Whether the rectification has been completed if the use of proceeds was not in compliance with the requirements and the status of rectification (if any)				N/A
Whether the use of proceeds was in line with the debt administrative provisions of the local government during the Reporting Period				N/A
The circumstances of non-compliance of the use of proceeds with the debt administrative provisions of the local government during the Reporting Period and the rectification (if any)				N/A
The actual use of proceeds as of the end of the Reporting Period	Payment of inter-bank borrowings			
Whether the use of proceeds is in compliance with that specified in the prospectus during the Reporting Period				Yes
Whether the use of proceeds covers the funds used for project construction, status of the project process and operating efficiency (if any)				N/A

## SECTION IX RELEVANT INFORMATION ON BONDS

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

Unit: 100 million Currency: RMB

Bond code	175000	188104	185407	185445	185600
Bond abbreviation	20 EVERBRIGHT SECURITIES Y1	21 EVERBRIGHT SECURITIES Y1	22 EVERBRIGHT SECURITIES Y1	22 EVERBRIGHT SECURITIES Y2	22 EVERBRIGHT SECURITIES Y3
Balance of bond	20	30	20	10	15
Renewal			N/A		
Interest step-up			N/A		
Interest deferral			N/A		
Enforcement of interest payment	The ordinary share profit distribution plan (the Company's announcement No. Lin 2023-025 published on the website of the SSE, and announcement published on the website of the Hong Kong Stock Exchange dated May 31, 2023) considered and approved at the 2022 annual general meeting by the Company triggered the enforcement of interest payment events, the Company has recognized abovementioned interest payables of perpetual bonds in the dividend payable as at June 30, 2023.				
Whether they are still included in equity and corresponding accounting treatment or not	Yes				

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

Unit: 100 million Currency: RMB

Bond name	Code	Issue date	Maturity date	Issue amount	Interest rate (%)
The 2nd batch of short-term financing bills of Year 2022 of Everbright Securities Company Limited	072210173.IB	October 19, 2022	February 17, 2023	15	1.89
The 3rd batch of short-term financing bills of Year 2022 of Everbright Securities Company Limited	072210194.IB	December 2, 2022	March 3, 2023	20	2.34

## (II) Key accounting information and financial indicators

Unit: Ten Thousand Yuan Currency: RMB

Main indicator	As of the end of the Reporting Period	As of the end of last year	Increase/decrease for the end of Reporting Period over the end of last year (%)	Reason for the change
Current ratio	2.28	2.36	(3.39)	
Quick ratio	1.63	1.72	(5.23)	
Gearing ratio (%)	66.48	65.80	Increased by 0.68 percentage point	

## SECTION IX RELEVANT INFORMATION ON BONDS

	During the Reporting Period (January to June)	During the same period of last year	Increase/decrease for the Reporting Period over the same period of last year (%)	Reason for the change
Net profit after deducting non-recurring profit or loss	233,680.08	201,036.21	16.24	
Balance of cash and cash equivalents	5,724,113.56	7,560,296.17	(24.29)	
EBITDA to total debts ratio	0.04	0.05	(20.00)	
Interest coverage ratio	5.02	4.21	19.24	
Cash interest coverage ratio	9.18	15.42	(40.47)	Decrease in net cash flow from operating activities
EBITDA interest coverage ratio	5.49	4.56	20.39	
Loan payment ratio (%)	N/A	N/A	N/A	
Interest payment ratio (%)	100.00	100.00	-	

### Notes:

- EBITDA to total debts ratio refers to EBITDA of interest-bearing debts/interest-bearing debts, excluding the effect of accrued liabilities;
- Interest coverage ratio refers to EBIT of bonds payable/interest expense of bonds payable;
- Cash interest coverage ratio refers to [net cash flow from operating activities + cash interest expenses + income tax paid in cash]/cash interest expenses, the effect of client funds has been excluded from the net cash flow from operating activities;
- EBITDA interest coverage ratio refers to EBITDA of bonds payable/interest expense of bonds payable;
- The Company settled all kinds of debt interests as expected.
- The above financial indicators were calculated based on the PRC Accounting Standards for Business Enterprises.



## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

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

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

Date	Issuing Authority	Document Number	Title
June 2, 2023	Shanghai Stock Exchange	Shang Zheng Han [2023] No. 1580	Notice on Approving Everbright Securities Company Limited to Carry out Business as the Lead Market Maker of E Fund STAR 50ETF Options
June 2, 2023	Shanghai Stock Exchange	Shang Zheng Han [2023] No. 1563	Notice on Approving Everbright Securities Company Limited to Carry out Business as the Lead Market Maker of China AMC STAR 50ETF Options
June 21, 2023	Securities and Funds Institutions Regulatory Department of China Securities Regulatory Commission	Ji Gou Bu Han [2023] No. 802	Letter on Matters Concerning the Proposal by Everbright Securities Company Limited to Increase the Capital of Its Hong Kong Subsidiary

#### (II) Other regulatory letters received during and subsequent to the Reporting Period

Date	Issuing Authority	Document Number	Matter
May 19, 2023	National Association of Financial Market Institutional Investors	[2023] No. 6	As the Company underwrote, as the lead underwriter, the debt financing instruments issued by Guangxi Liuzhou Investment Holding Group Co., Ltd. (廣西柳州市投資控股集團有限公司) and acted as the convener of the meeting of relevant debt holders. During the existence of debt financing instruments, the issuer wrote off substantial land assets and triggered the convening of the meeting of holders. As the convener of the meeting of holders, the Company failed to convene the meeting of holders in a timely manner. The National Association of Financial Market Institutional Investors decided to issue a written warning to the Company
July 12, 2023	CSRC Guangdong Office	[2023] No. 78	Decision on Issuing Warning Letter to Guangdong Branch of Everbright Securities Company Limited
July 12, 2023	CSRC Guangdong Office	[2023] No. 79	Decision on Ordering Securities Brokerage Branch at Liyuan Road, Xinxing, Yunfu of Everbright Securities Company Limited to Increase Internal Compliance Inspection Measures

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

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

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

Approving Authority	Business Qualification
People's Bank of China	<p>Qualification for proprietary trading business (Reply on the Establishment of Everbright Securities Limited, Yin Fu [1996] No. 81)</p> <p>Investment consultancy and financial advisory businesses (Reply on the Establishment of Everbright Securities Limited, Yin Fu [1996] No. 81)</p> <p>Underwriting of commercial papers (Notice of the People's Bank of China on Engaging in Underwriting of Commercial Papers by Everbright Securities Limited and Haitong Securities Co., Ltd., Yin Fa [2005] No.173)</p> <p>Proprietary trading and leasing of gold (Notice on Delivery of Filing Materials, Yin Shi Huang Jin Bei [2015] No. 31)</p> <p>Member of the national inter-bank market (inter-bank lending and trading of bonds, spot bonds transactions and bond repurchase businesses) (Notice on Approving the Admission of Some Securities Companies into the National Inter-bank Market, Yin Ban Fa [1999] No.147)</p>
CSRC and its branch offices	<p>Qualification for proxy sales of financial products (Hu Zheng Jian Ji Gou Zi [2012] No. 547)</p> <p>Qualification for proxy sales of open-ended securities investment funds (Zheng Jian Ji Jin Zi [2004] No. 49)</p> <p>Qualification for intermediary introduction for futures (Hu Zheng Jian Ji Gou Zi [2010] No. 121); Qualification for intermediary introduction for futures (Zheng Jian Xu Ke [2008] No. 482)</p> <p>Sponsor underwriting and merger and acquisition businesses</p> <p>Agency for spot precious metal (including gold) contracts and proprietary trading of spot gold contracts (Letter of No Objection on Carrying Out the Businesses of Agency for Precious Metals (including Gold) Spot Contract and Proprietary Trading of Spot Gold Contract by Everbright Securities Company Limited, Ji Gou Bu Han [2015] No. 280)</p> <p>Qualification for equity securities returns swap business (Letter of No Objection on Engaging in Equity Securities Returns Swap Business by Everbright Securities Company Limited, Ji Gou Bu Bu Han [2013] No. 30)</p> <p>Market making for stock index options (Reply on Opinions of Everbright Securities Company Limited in Market Making for Stock Options Tracing Equity Indices, Ji Gou Bu Han [2019] No. 3065)</p>

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

<b>Approving Authority</b>	<b>Business Qualification</b>
	Market making for stock options (Reply on Approving the Qualification of Everbright Securities Company Limited in Market Making for Stock Options, Zheng Jian Xu Ke [2015] No. 164)
	Qualification for margin financing and securities lending businesses (Zheng Jian Xu Ke [2010] No. 314)
	Securities transactions under repurchase agreements (pilot), (Ji Gou Bu Bu Han [2012] No. 459)
	Qualification for entrusted investment management (Reply on Approving the Qualification of Everbright Securities Limited in Entrusted Investment Management, Zheng Jian Ji Gou Zi [2002] No. 127)
	Carrying out of direct investment business (pilot) (Letter of No Objection on Carrying Out Direct Investment Business by Everbright Securities Company Limited, Ji Gou Bu Bu Han [2008] No. 446)
	Notice on supporting the carrying out of credit derivatives by securities companies and serving private enterprises in bond financing (Hu Zheng Jian Ji Gou Zi [2019] No. 41)
	Letter of No Objection on Carrying Out Client Securities Capital Consumption Payment Services Business (Pilot) by Everbright Securities Company Limited, CSRC Ji Gou Bu Bu Han [2012] No. 560)
	Qualification for securities investment funds custodian business (Zheng Jian Xu Ke [2020] No. 1242)
	Qualification for fund investment consultancy business (Zheng Jian Ji Gou Bu Han [2021] No. 1683)
Securities Association of China	Qualification for nominated advisers and brokers engaged in agency share transfer business (Notice on Granting Qualification for Nominated Advisers and Brokers Engaged in Agency Share Transfer Business, Zhong Zheng Xie Fa [2003] No. 94)
	Qualification for stock quotation and transfer business (Letter on Granting Qualification for Quotation and Transfer Business to Everbright Securities Company Limited, Zhong Zheng Xie Han [2006] No. 3)
	Become a secondary dealer for over-the-counter options business to carry out related over-the-counter options business (Letter on Unifying the Filing of Secondary Dealers for Over-the-counter Options Businesses, Zhong Zheng Xie Han [2018] No. 657)

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

Approving Authority	Business Qualification
Shanghai Stock Exchange	Lead Market Maker of CSI 300ETF options of Shanghai Stock Exchange (Notice on Everbright Securities Company Limited in carrying out business as the Lead Market Maker of CSI 300ETF Options, Shang Zheng Han [2019] No. 2301)
	Lead market maker for SSE 50ETF options (Qualification for Lead Market Maker of SSE 50ETF Options, Shang Zheng Han [2016] No. 152)
	Qualification for participant of stock options transactions of Shanghai Stock Exchange (stock options brokerage, transaction authority for proprietary trading business) (Notice on Everbright Securities Company Limited Becoming a Participant of Stock Options Transactions of Shanghai Stock Exchange, Shang Zheng Han [2015] No. 63)
	Qualifications for A-share trading unit transactions under Southbound Trading (Shang Zheng Han [2014] No. 650)
	Authority for securities transactions under repurchase agreements (Shang Zheng Hui Zi [2012] No. 176)
	Authority for collateralized stock repurchase transactions (Shang Zheng Hui Zi [2013] No. 67)
	Lead market maker of CSI 500ETF options of Shanghai Stock Exchange (Notice on Everbright Securities Company Limited in Carrying out Business as the Lead Market Maker of CSI 500ETF Options, Shang Zheng Han [2022] No. 1623)
	Lead Market Maker of STAR 50ETF options of Shanghai Stock Exchange (Notice on Approving Everbright Securities Company Limited to carry out business as the Lead Market Maker of E Fund STAR 50ETF Options, Shang Zheng Han [2023] No. 1580)
	Lead Market Maker of STAR 50ETF options of Shanghai Stock Exchange (Notice on Approving Everbright Securities Company Limited to carry out business as the Lead Market Maker of China AMC STAR 50ETF Options, Shang Zheng Han [2023] No. 1563)

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

<b>Approving Authority</b>	<b>Business Qualification</b>
Shenzhen Stock Exchange	Lead Market Maker of CSI 300ETF options of Shenzhen Stock Exchange (Notice on approving CITIC Securities and other option agencies to become Market Maker of CSI 300ETF Options on Shenzhen Stock Exchange, Shen Zheng Hui [2019] No. 483)
	Authority for securities transactions under repurchase agreements (Shen Zheng Hui [2013] No. 15)
	Authority for collateralized stock repurchase transactions (Shen Zheng Hui [2013] No. 58)
	Financing for exercise of options under share options incentive schemes of listed companies (pilot) (Shen Zheng Han [2014] No. 320)
	Authority for transactions under Southbound Trading of Shenzhen-Hong Kong Connect (Shen Zheng Hui [2016] No. 330)
	Dealer Authority for option transactions on Shenzhen Stock Exchange (Shen Zheng Hui [2019] No. 470)
	Lead market maker of CSI 500ETF options of Shenzhen Stock Exchange (Notice on approving CITIC Securities Co., Ltd. and other option agencies to become Market Maker of GEM ETF options and CSI 500ETF Options on Shenzhen Stock Exchange, Shen Zheng Hui [2022] No. 313)
	Lead market maker of GEM ETF options of Shenzhen Stock Exchange (Notice on approving CITIC Securities Co., Ltd. and other option agencies to become Market Maker of GEM ETF options and CSI 500ETF Options on Shenzhen Stock Exchange, Shen Zheng Hui [2022] No. 313)
	Lead market maker of SZSE 100ETF options of Shenzhen Stock Exchange (Notice on approving CITIC Securities Co., Ltd. and other option agencies to become Market Maker of SZSE 100ETF Options on Shenzhen Stock Exchange, Shen Zheng Hui [2022] No. 421)
	SZSE ETF liquidity service provider (Shenzhen Stock Exchange)

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

Approving Authority	Business Qualification
Other Institutions	Market Maker of CSI 300ETF options of China Financial Futures Exchange (Notice on announcing the name list of Market Maker of CSI 300ETF Options)
	Market making for National Equities Exchange and Quotations (Gu Zhuan Xi Tong Han [2014] No. 772)
	Filing as outsourcing services institution for private funds (Asset Management Association of China, Filing Number: A00037)
	Qualification for commercial paper transactions of Shanghai Commercial Paper Exchange (Piao Jiao Suo [2017] No. 9)
	Qualification for interbank gold bilateral transactions (Reply on Approving the Carrying Out of Interbank Gold Bilateral Transactions by Everbright Securities Company Limited, Shang Jin Jiao Fa [2017] No. 68)
	Interest rate swaps
	Pooled settlement of and quotation for credit default swaps (Notice on Approval of Becoming a Member of the Group for Pooled Settlement of and Quotation for Credit Default Swaps)
	Margin refinancing (pilot) (Zhong Zheng Jin Han [2012] No. 124)
	Refinancing (pilot) (Zhong Zheng Jin Han [2012] No. 115)
	Securities lending refinancing (pilot) (Zhong Zheng Jin Han [2013] No. 45)
	Adjusting the credit limit of refinancing (Zhong Zheng Jin Han [2014] No. 278, Zhong Zheng Jin Han [2016] No. 28)
	Trial qualification for Agreed Reporting Refinancing Business on Sci-Tech Innovation Board (Zhong Zheng Jin)
	Securities business foreign exchange operation license (foreign currency securities underwriting, foreign currency securities brokerage and foreign currency lending) (Notice of Approving Everbright Securities Company Limited changing the Company name set out in Securities Business Foreign Exchange Operation License) (Shanghai Hui Fu [2005] No.72)
	Lead Underwriter for Debt Financing Instruments of Non-financial Enterprises (Announcement of National Association of Financial Market Institutional Investors, [2012] No. 19)
	Qualifications for Independently Conducting Lead Underwriting Business for Debt Financing Instruments of Non-financial Enterprises (Zhong Shi Xie Fa [2020] No. 170)

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

Approving Authority	Business Qualification
	Special membership qualification of Shanghai Gold Exchange: No. T009 (April 3, 2015)
	Lead market maker of CSI 1000ETF options of China Financial Futures Exchange (Notice on announcing the name list of Lead Market Maker of CSI 1000ETF Options)
	Lead market maker of SSE 50ETF options of China Financial Futures Exchange (Notice on announcing the name list of Lead Market Maker of SSE 50ETF Options)
China Securities Registration and Settlement Co., Ltd.	Qualification for account opening agency
	Qualification for class A clearing participant (Zhong Guo Jie Suan Han Zi [2008] No. 12)
	Qualification for participation in multilateral net amount guarantee settlement (Zhong Guo Jie Suan Fa Zi [2014] No. 28)
	Qualification for digital certificate service agency
	Qualification for securities pledge registration agency
	Qualification for settlement of options (Zhong Guo Jie Suan Han Zi [2015] No. 28)
	Qualification for remote account opening for special institutions and products
Interbank Market Clearing House Co., Ltd.	Qualification for clearing of bond netting transactions of Shanghai Clearing House (Qing Suan Suo Hui Yuan Zhun Zi [2015] No. 049)
	Qualification for the central clearing business of standard bond forward transactions of Shanghai Clearing House (Qing Suan Suo Hui Yuan Zhun Zi [2015] No. 115)
	Notice on Matters regarding Participation in the Centralized Clearing Business of Credit Default Swap (2018 Bian Han No. 355)
	Key dealer of credit risk mitigation tool, December 21, 2018 <a href="https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/hxjymd/202112/t20211207_93313.html">https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/hxjymd/202112/t20211207_93313.html</a>
	Creator of credit risk mitigation warrant, December 21, 2018 <a href="https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/zcmt/202112/t20211207_93315.html">https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/zcmt/202112/t20211207_93315.html</a>
	Creator of credit-linked notes, December 21, 2018 <a href="https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/csjpgmd/202112/t20211207_93316.html">https://www.nafmii.org.cn/hyfw/hyflmd/crmjysba/csjpgmd/202112/t20211207_93316.html</a>
	Beijing Stock Exchange

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

### (II) Business qualifications of controlling subsidiaries

Name of Controlling Subsidiary	Business Qualification
Everbright Asset Management	<p>License for Carrying out Securities and Futures Business in the People's Republic of China (serial number: 000000047217)</p> <p>License for qualified domestic institutional investor to carry out overseas securities investment and management business (Reply on Approving the Establishment of a Securities Management Subsidiary of Everbright Securities Company Limited) (Zheng Jian Xu Ke [2011] No. 1886)</p> <p>Entrusted insurance fund management <a href="http://www.gov.cn/gzdt/2012-10/12/content_2242366.htm">http://www.gov.cn/gzdt/2012-10/12/content_2242366.htm</a></p>
Everbright Futures and its subsidiaries	<p>Commodity futures brokerage (CSRC)</p> <p>Financial futures brokerage (Zheng Jian Qi Huo Zi [2007] No. 297)</p> <p>Qualification for IB business (Hu Zheng Jian Qi Huo Zi [2010] No. 74)</p> <p>Futures investment consultancy (Zheng Jian Xu Ke [2011] No. 1770)</p> <p>Asset management (Zheng Jian Xu Ke [2012] No. 1499)</p> <p>Sales of publicly offered securities investment funds (Hu Zheng Jian Xu Ke [2017] No. 10)</p> <p>Qualification for the comprehensive settlement of financial futures (Zheng Jian Qi Huo Zi [2007] No. 298)</p> <p>Stock options (Shang Zheng Han [2015] No. 168 and Shen Zheng Han [2019] No. 721)</p> <p>Third-party risk management service (Zhong Qi Xie Han Zi [2014] No. 364)</p> <p>Business qualifications of Everbright Photon: warehouse receipt service and pricing service (business name is now changed to over-the-counter derivatives business), basis transaction (business name is now changed to basis trade) (China Futures Association Han Zi [2014] No. 364); market making (China Futures Association Bei Zi [2018] No. 56)</p>
Everbright Capital	Private funds (Public Notice of the Securities Association of China on the List of Regulated Platforms including Securities Companies and Their Private Equity Funds Subsidiaries (4th Batch))
Everbright Development	Private funds (Public Notice of the Securities Association of China on the List of Regulated Platforms including Securities Companies and Their Private Equity Funds Subsidiaries (4th Batch))



## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

Name of Controlling Subsidiary	Business Qualification
Everbright Fortune	Member as alternative investment subsidiary (4th Batch of Members as Private Investment Fund Subsidiaries and Alternative Investment Subsidiaries of Securities Association of China)
Everbright Pramerica	<p>License for Carrying out Securities and Futures Business in the People's Republic of China (serial number: 000000029148)</p> <p>Separate account business (Reply on Approving the Carrying out of Asset Management for Specific Clients by Everbright Pramerica Fund Management Co., Ltd., Zheng Jian Xu Ke [2008] No. 1007)</p> <p>Qualified domestic institutional investor (Reply on Approving the Carrying out of Overseas Securities Investment Management by Everbright Pramerica Fund Management Co., Ltd. as a Qualified Domestic Institutional Investor, Zheng Jian Xu Ke [2008] No. 1044)</p> <p>Entrusted insurance fund management</p>
EBSI	License for Carrying out Securities and Futures Business in the People's Republic of China – Domestic securities investment (serial number: 000000029442)

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

EBSI	Everbright Securities Investment Services (HK) Limited	Type 1 regulated activity – Dealing in securities	(SFC AAC153)
		Type 4 regulated activity – Advising on securities	
		Type 9 regulated activity – Asset management	
		Exchange Participant	The Stock Exchange Participant ID 01086
		China Connect Exchange Participant	
		Options Trading Exchange Participant	The Stock Exchange HKATS Code SHK
		Direct Clearing Participant	SE0CH DCASS Code CSHK
		China Connect Clearing Participant	HKSCC Participant ID B01086
		Direct Clearing Participant	
		Financial intermediary company under the regulation of the Monetary Authority of Macao	Monetary Authority of Macao
	License for Carrying out Securities and Futures Business in the People's Republic of China – Foreign stock brokerage and lead-underwriting of foreign stocks (serial number: 000000054654)	(China Securities Regulatory Commission)	
	CES Nominees (HK) Limited	Associated entity	(SFC AAS942)
		Trust and corporate service provider	(The Hong Kong Companies Registry License Number TC002563)
	CES Commodities (HK) Limited	Type 2 regulated activity – Dealing in futures contracts	(SFC AAF237)
		General Clearing Participant	HKCC DCASS Code CSHK
		Futures dealer	HKFE HKATS Code SHK
CES Forex (HK) Limited	Type 3 regulated activity – Leveraged foreign exchange trading	(SFC ACI995)	
Everbright Securities Digital Finance (HK) Limited	Type 1 regulated activity – Dealing in securities	(SFC AAC483)	
Everbright Securities Global (HK) Limited	Type 1 regulated activity – Dealing in securities	(SFC AAI430)	
	Type 6 regulated activity – Advising on corporate finance		

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

EBSI	Bright Fund Management Limited	Type 1 regulated activity – Dealing in securities	(SFC AAI432)
		Type 4 regulated activity – Advising on securities	
		Type 9 regulated activity – Asset management	
	China Everbright Securities (HK) Limited	Type 1 regulated activity – Dealing in securities	(SFC AAW536)
		Type 4 regulated activity – Advising on securities	
		Type 6 regulated activity – Advising on corporate finance	
		Type 9 regulated activity – Asset management	
	China Everbright Forex & Futures (HK) Limited	Type 2 regulated activity – Dealing in futures contracts	(SFC AEX690)
		Type 3 regulated activity – Leveraged foreign exchange trading	
		Clearing participant	HKCC DCASS Code CCEV
		Futures dealer	HKFE HKATS Code CEV
	China Everbright Research Limited	Type 4 regulated activity – Advising on securities	(SFC AEH589)
	China Everbright Capital Limited	Type 1 regulated activity – Dealing in securities	(SFC ACE409)
		Type 4 regulated activity – Advising on securities	
		Type 6 regulated activity – Advising on corporate finance	
China Everbright Securities Asset Management Limited	Type 1 regulated activity – Dealing in securities	(SFC AYE648)	
	Type 4 regulated activity – Advising on securities		
	Type 9 regulated activity – Asset management		
	License for Carrying out Securities and Futures Business in the People’s Republic of China – Domestic securities investment (serial number: 000000051832)	(China Securities Regulatory Commission)	
CES Wealth Management (HK) Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance)	(Hong Kong Insurance Authority FB1134)	
	Mandatory Provident Fund intermediary	(Hong Kong Mandatory Provident Fund Schemes Authority IC000854)	

## SECTION X INFORMATION DISCLOSURE OF SECURITIES FIRMS

EBSI	CES Insurance Consultants (HK) Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance)	(Hong Kong Insurance Authority FB1019)
		Insurance brokerage business under the regulation of the Monetary Authority of Macao	(Monetary Authority of Macao 02/CRE)
		Mandatory Provident Fund intermediary	(Hong Kong Mandatory Provident Fund Schemes Authority IC000203)
	China Everbright Wealth Management Limited	Insurance brokerage business – General insurance and long-term insurance (including investment-linked long-term insurance)	(Hong Kong Insurance Authority FB1153)
	CES Insurance Agency (HK) Limited	Insurance agency business	(Hong Kong Insurance Authority FA2265)
	Bright Bullion Company Limited	Member of the Chinese Gold and Silver Exchange Society of Hong Kong	(The Chinese Gold and Silver Exchange Society of Hong Kong, membership number: 044)
	Sun Hing Bullion Company Limited	Member of the Chinese Gold and Silver Exchange Society of Hong Kong	(The Chinese Gold and Silver Exchange Society of Hong Kong, membership number: 040)
Shun Loong Bullion Limited	Member of the Chinese Gold and Silver Exchange Society of Hong Kong	(The Chinese Gold and Silver Exchange Society of Hong Kong, membership number: 068)	
Everbright Securities (UK) Company Limited	Dealing in securities; advising on securities; studying China's macro policies, industry policies and A shares (through Everbright Securities, its subsidiary in Shanghai) and global depositary receipt cross-border conversion institution in UK for the Shanghai-London Stock Connect program	(Registration Number of English corporate: 07106467, a member of London Stock Exchange and registered in UK Financial Conduct Authority – Ref. NO.: 524544 Chinese Depositary Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and London Stock Exchange – Shang Zheng Han [2019] No. 2141)	

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

Unaudited Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023



Ernst & Young  
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## INDEPENDENT REVIEW REPORT

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

### **Introduction**

We have reviewed the interim financial information set out on pages 2 to 72, which comprises the condensed consolidated statement of financial position of Everbright Securities Company Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of Review**

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

### **Conclusion**

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

Certified Public Accountants

Hong Kong  
24 August 2023

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

	Notes	Six months ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
<b>Revenue</b>			
Fee and commission income	4	3,348,340	3,783,931
Interest income	5	2,542,081	2,875,807
Net investment gains	6	2,153,332	579,646
<b>Total revenue</b>		<b>8,043,753</b>	<b>7,239,384</b>
Other income and gains	7	461,256	272,276
<b>Total revenue and other income</b>		<b>8,505,009</b>	<b>7,511,660</b>
<b>Expenses</b>			
Fee and commission expenses	8	(735,095)	(565,728)
Interest expenses	9	(1,655,289)	(1,638,209)
Staff costs	10	(2,083,015)	(1,813,999)
Depreciation and amortisation expenses	11	(332,899)	(298,679)
Tax and surcharges		(29,866)	(36,963)
Other operating expenses	12	(873,028)	(613,022)
Provision for contingent liabilities	51	(63,105)	-
Impairment losses	13	5	(165,812)
Credit loss expense	14	(27,074)	269,514
<b>Total expenses</b>		<b>(5,799,366)</b>	<b>(4,862,898)</b>
<b>Operating profit</b>		<b>2,705,643</b>	<b>2,648,762</b>
Share of profits of associates and joint ventures		66,059	65,904
<b>Profit before income tax</b>		<b>2,771,702</b>	<b>2,714,666</b>
Income tax expense	15	(353,749)	(571,949)
<b>Profit for the period</b>		<b>2,417,953</b>	<b>2,142,717</b>
Attributable to:			
Shareholders of the Company		2,391,952	2,107,524
Non-controlling interests		26,001	35,193
<b>Total</b>		<b>2,417,953</b>	<b>2,142,717</b>
Basic and diluted earnings per share (in RMB per share)	17	0.48	0.42

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<u>2,417,953</u>	<u>2,142,717</u>
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss:		
Debt investments at fair value through other comprehensive income		
-Net changes in fair value	135,046	9,299
-Provision for ECL allowance	6,977	446
-Reclassification to profit or loss	(21,339)	(753)
Share of other comprehensive income of associates	949	1,930
Exchange differences on translation of financial statements in foreign currencies	2,953	18,721
Income tax impact	(29,484)	(2,248)
	<u>95,102</u>	<u>27,395</u>
Total items that may be reclassified subsequently to profit or loss		
Items that will not be reclassified subsequently to profit or loss:		
Equity investments designated at fair value through other comprehensive income		
-Net changes in fair value	324,107	22,995
-Income tax impact	(81,026)	(5,749)
	<u>243,081</u>	<u>17,246</u>
Total items that will not be reclassified subsequently to profit or loss		
<b>Total other comprehensive income for the period, net of tax</b>	<u>338,183</u>	<u>44,641</u>
<b>Total comprehensive income for the period</b>	<u>2,756,136</u>	<u>2,187,358</u>
Attributable to:		
Shareholders of the Company	2,730,135	2,152,165
Non-controlling interests	26,001	35,193
	<u>2,756,136</u>	<u>2,187,358</u>
<b>Total</b>	<u>2,756,136</u>	<u>2,187,358</u>

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



EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

	<u>Notes</u>	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
<b>Non-current assets</b>			
Property and equipment	18	837,282	823,147
Right-of-use assets	19	815,212	542,666
Investment properties		11,791	12,151
Goodwill	20	861,244	834,718
Other intangible assets	21	230,318	215,492
Investments in associates and joint ventures	23	1,078,964	1,062,535
Financial assets measured at amortised cost	24	3,168,601	3,485,729
Equity investments designated at fair value through other comprehensive income	25	2,674,035	2,485,330
Debt investments at fair value through other comprehensive income	26	14,685,815	14,310,552
Financial assets held under resale agreements	35	24,063	37,314
Refundable deposits	27	9,674,339	9,701,252
Deferred tax assets	28	2,406,413	2,480,145
Finance lease receivables	29	6,469	8,269
Receivables arising from sale-and-leaseback arrangements	30	615,010	674,741
Other non-current assets	31	362,580	389,274
<b>Total non-current assets</b>		<u>37,452,136</u>	<u>37,063,315</u>
<b>Current assets</b>			
Accounts receivable	32	995,069	1,450,422
Finance lease receivables	29	210,098	218,689
Receivables arising from sale-and-leaseback arrangements	30	802,784	981,066
Other receivables and prepayments	33	2,483,421	2,660,847
Margin accounts receivable	34	37,388,550	36,814,356
Debt investments at fair value through other comprehensive income	26	10,291,525	7,439,924
Financial assets held under resale agreements	35	4,518,230	1,366,820
Financial assets measured at amortised cost	24	218,469	103,643
Financial assets at fair value through profit or loss	36	95,800,347	92,067,675
Derivative financial assets	37	844,808	1,107,395
Clearing settlement funds	38	741,948	1,188,681
Cash held on behalf of brokerage clients	39	57,864,202	61,922,141
Cash and bank balances	40	12,407,742	13,969,508
<b>Total current assets</b>		<u>224,567,193</u>	<u>221,291,167</u>
<b>Total assets</b>		<u>262,019,329</u>	<u>258,354,482</u>

continued/...

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

	<u>Notes</u>	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
<b>Current liabilities</b>			
Loans and borrowings	42	4,041,932	3,273,317
Short-term debt instruments	43	6,979,391	8,575,315
Placements from other financial institutions	44	9,601,224	13,704,055
Financial liabilities at fair value through profit or loss	45	446,855	97,458
Accounts payable to brokerage clients	46	65,023,154	69,297,987
Employee benefits payable	47	2,365,979	1,818,516
Other payables and accruals	48	17,557,341	15,166,850
Current tax liabilities	28	122,167	115,397
Financial assets sold under repurchase agreements	49	39,536,264	31,249,189
Derivative financial liabilities	37	645,549	703,189
Lease liabilities due within one year	19	354,645	283,243
Contract liabilities		33,224	44,636
Long-term bonds due within one year	50	23,378,753	15,349,694
<b>Total current liabilities</b>		<u>170,086,478</u>	<u>159,678,846</u>
<b>Net current assets</b>		<u>54,480,715</u>	<u>61,612,321</u>
<b>Total assets less current liabilities</b>		<u>91,932,851</u>	<u>98,675,636</u>
<b>Non-current liabilities</b>			
Loans and borrowings	42	1,054,728	1,966,887
Long-term bonds	50	18,916,714	26,266,790
Deferred tax liabilities	28	17,521	22,873
Provision	51	5,259,452	5,284,293
Lease liabilities	19	469,573	278,157
Other non-current liabilities	52	32,104	72,197
<b>Total non-current liabilities</b>		<u>25,750,092</u>	<u>33,891,197</u>
<b>Net assets</b>		<u>66,182,759</u>	<u>64,784,439</u>

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
 30 June 2023

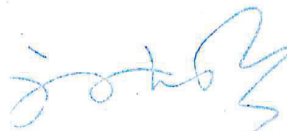
(All amounts expressed in RMB thousands unless otherwise specified)

	<u>Notes</u>	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
<b>Equity</b>			
Share capital	53	4,610,788	4,610,788
Other equity instruments	54	9,498,943	9,498,943
Reserves	55	37,959,472	37,608,439
Retained profits	55	13,307,950	12,286,664
Total equity attributable to shareholders of the Company		65,377,153	64,004,834
Non-controlling interests		805,606	779,605
<b>Total equity</b>		<u>66,182,759</u>	<u>64,784,439</u>

Approved and authorised for issue by the board of directors on 24 August 2023.



Director



Director

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

	Note	Attributable to shareholders of the Company										
		Share capital	Other equity instruments	Capital reserve	Surplus reserves	General reserve	Fair value reserve	Translation reserve	Retained profits	Total	Non-controlling interests	Total equity
1 January 2023 (Audited)		4,610,788	9,498,943	24,198,686	4,042,363	9,780,181	(78,737)	(334,054)	12,286,664	64,004,834	779,605	64,784,439
Profit for the period		-	-	-	-	-	-	-	2,391,952	2,391,952	26,001	2,417,953
Other comprehensive income		-	-	-	-	-	335,230	2,953	-	338,183	-	338,183
Total comprehensive income		-	-	-	-	-	335,230	2,953	2,391,952	2,730,135	26,001	2,756,136
Appropriation to general reserve		-	-	-	-	17,216	-	-	(17,216)	-	-	-
Dividends approved in respect of the previous year	16	-	-	-	-	-	-	-	(968,266)	(968,266)	-	(968,266)
Distribution to other equity instrument holders	16	-	-	-	-	-	-	-	(389,550)	(389,550)	-	(389,550)
Other comprehensive income that has been reclassified to retained profits		-	-	-	-	-	(4,366)	-	4,366	-	-	-
30 June 2023 (Unaudited)		4,610,788	9,498,943	24,198,686	4,042,363	9,797,397	252,127	(331,101)	13,307,950	65,377,153	805,606	66,182,759

continued/...

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)  
For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

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

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities:</b>		
Profit before income tax	2,771,702	2,714,666
Adjustments for:		
Interest expenses	917,879	989,000
Share of profits of associates and joint ventures	(66,059)	(65,904)
Depreciation and amortisation expenses	334,950	300,370
Impairment losses	(5)	165,812
Credit loss expense	27,074	(269,514)
Gains on disposal of property and equipment and other intangible assets	(715)	(502)
Provision for contingent liabilities	63,105	-
Foreign exchange losses/(gains)	1,814	(9,113)
Interest income and net realised gains from disposal of debt investments at fair value through other comprehensive income and financial assets measured at amortised cost	(452,877)	(306,206)
Dividend income from equity investments designated at fair value through other comprehensive income	(2,146)	(636)
Unrealised fair value changes of financial instruments at fair value through profit or loss	(1,220,279)	134,929
Unrealised fair value changes of derivative financial instruments	201,611	130,806
Operating cash flows before movements in working capital	<u>2,576,054</u>	<u>3,783,708</u>

continued/...

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)  
For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities:</b>		
<b>(continued)</b>		
<i>Changes in operating assets</i>		
Decrease/(increase) in refundable deposits	26,913	(1,070,891)
(Increase)/decrease in margin accounts receivable	(569,022)	8,344,843
Decrease in finance lease receivables	2,920	300,686
Decrease in receivable arising from sale-and-leaseback arrangements	246,078	355,741
Decrease/(increase) in accounts receivable, other receivables and prepayments	1,339,594	(910,477)
(Increase)/decrease in financial assets held under resale agreements	(3,121,275)	6,611,037
Increase in financial instruments at fair value through profit or loss	(2,162,995)	(13,281,839)
Decrease in derivative financial instruments	3,335	279,360
Increase in restricted bank deposits	(52,926)	(40,356)
Decrease/(increase) in cash held on behalf of brokerage clients	6,916,124	(4,374,377)
Decrease in other investments	1,469,167	3,190,888
<i>Changes in operating liabilities</i>		
(Decrease)/increase in accounts payable to brokerage clients	(4,414,198)	4,298,020
(Decrease)/increase in other payables and accruals	(215,730)	10,865
Increase in employee benefits payable	547,463	400,329
Increase in financial assets sold under repurchase agreements	8,287,075	2,490,879
(Decrease)/increase in placements from other financial institutions	(4,102,831)	948,021
Cash from operations	6,775,746	11,336,437
Income taxes paid	(389,110)	(993,146)
Interest paid for operating activities	(729,933)	(655,827)
Net cash flows from operating activities	5,656,703	9,687,464

continued/...

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)  
For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

	Note	Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
<b>Cash flows from investing activities:</b>			
Proceeds from disposal of financial assets at fair value through other comprehensive income and other investments		6,921,554	3,847,157
Dividends and interest received from financial assets at fair value through other comprehensive income and other investments		374,389	328,864
Proceeds from disposal of property and equipment, other intangible assets and other non-current assets		766	13,406
Proceeds from disposal of subsidiaries, associates and joint ventures		9,887	14,543
Dividends received from subsidiaries, associates and joint ventures		33,790	27,750
Purchases of financial assets at fair value through other comprehensive income and other investments		(12,419,129)	(3,391,168)
Purchases of property and equipment, other intangible assets and other non-current assets		(218,779)	(75,823)
Net cash flows (used in)/from investing activities		(5,297,522)	764,729
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of perpetual bonds		-	4,499,886
Proceeds from issuance of long-term bonds		5,000,000	3,000,000
Proceeds from issuance of short-term debt instruments		8,893,895	15,859,419
Proceeds from loans and borrowings		3,180,349	5,589,756
Long-term bonds repaid		(4,500,000)	(3,000,000)
Short-term debt instruments repaid		(10,485,691)	(20,973,230)
Loans and borrowings repaid		(3,323,894)	(6,483,073)
Lease payments paid		(179,788)	(146,432)
Interest paid		(726,979)	(740,645)
Dividends paid		(302,255)	(174,821)
Net cash flows used in financing activities		(2,444,363)	(2,569,140)
Net (decrease)/increase in cash and cash equivalents		(2,085,182)	7,883,053
Cash and cash equivalents at the beginning of the period		14,807,334	12,302,952
Effect of foreign exchange rate changes		27,369	54,251
Cash and cash equivalents at the end of the period	41	12,749,521	20,240,256

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



EVERBRIGHT SECURITIES COMPANY LIMITED  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

1. GENERAL INFORMATION

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

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

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

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

As at 30 June 2023, the Company’s registered capital was RMB4,610,787,639 and the Company had a total of 4,610,787,639 issued shares of RMB1.00 each.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as well as all applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022.

(All amounts expressed in RMB thousands unless otherwise specified)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principal accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's policy of determining net deferred tax aligns with the amendments, the amendments did not have any significant impact on the financial position or performance of the Group.

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

3. USE OF JUDGEMENTS AND ESTIMATES

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

The significant judgements made by management in applying the Group's accounting policies and key sources of uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2022.

EVERBRIGHT SECURITIES COMPANY LIMITED  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

4. FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Income arising from		
- Securities brokerage and investment advisory business	1,751,288	2,037,646
- Underwriting and sponsorship business	615,837	799,624
- Asset management business	475,580	658,433
- Futures brokerage business	464,642	235,770
- Financial advisory business	11,175	21,213
- Others	29,818	31,245
	<hr/>	<hr/>
Total	3,348,340	3,783,931
	<hr/>	<hr/>

5. INTEREST INCOME

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Interest income arising from		
- Margin financing and securities lending	1,136,721	1,344,192
- Deposits in financial institutions	921,258	1,056,156
- Debt investments at fair value through other comprehensive income	369,310	213,284
- Financial assets measured at amortised cost	56,168	91,461
- Receivable arising from sale-and-leaseback arrangements	36,087	39,278
- Financial assets held under resale agreements	12,397	11,188
- Securities-backed lending and stock repurchases	4,056	109,251
- Finance lease	393	6,647
- Others	5,691	4,350
	<hr/>	<hr/>
Total	2,542,081	2,875,807
	<hr/>	<hr/>

EVERBRIGHT SECURITIES COMPANY LIMITED  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

6. NET INVESTMENT GAINS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Net realised gains/(losses) from		
- Financial instruments at fair value through profit or loss	2,409,673	(228,611)
- Derivative financial instruments	(2,235,230)	27,857
- Debt investments at fair value through other comprehensive income	21,339	753
- Financial assets measured at amortised cost	6,060	708
Dividend and interest income from		
- Financial instruments at fair value through profit or loss	1,071,047	895,205
- Equity investments designated at fair value through other comprehensive income	2,146	636
Unrealised fair value changes of		
- Financial instruments at fair value through profit or loss	1,220,279	(134,929)
- Derivative financial instruments	(341,982)	18,027
Total	<u>2,153,332</u>	<u>579,646</u>

7. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Income from bulk commodity trading	250,241	72,075
Government grants	166,793	143,225
Exchange gains	(1,814)	9,113
Rental income	6,306	2,913
Income from agent business	6,254	6,548
Others	33,476	38,402
Total	<u>461,256</u>	<u>272,276</u>

8. FEE AND COMMISSION EXPENSES

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Expenses arising from		
- Securities brokerage and investment advisory business	450,993	545,661
- Underwriting and sponsorship business	12,439	12,366
- Futures brokerage business	271,207	7,233
- Asset management business	410	468
- Financial advisory business	46	-
Total	<u>735,095</u>	<u>565,728</u>

EVERBRIGHT SECURITIES COMPANY LIMITED  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
 For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

9. INTEREST EXPENSES

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Interest expenses for		
- Long-term bonds	705,692	845,796
- Financial assets sold under repurchase agreements	406,795	208,431
- Placements from other financial institutions	171,222	260,865
- Loans and borrowings	139,065	85,131
- Guarantees for derivatives	89,238	88,374
- Short-term debt instruments	61,444	44,281
- Accounts payable to brokerage clients	53,866	72,741
- Lease liabilities	11,679	13,791
- Others	16,288	18,799
Total	1,655,289	1,638,209

10. STAFF COSTS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Salaries, bonuses and allowances	1,607,813	1,411,216
Contributions to pension schemes	214,124	198,344
Other social welfare	261,078	204,439
Total	2,083,015	1,813,999

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

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

11. DEPRECIATION AND AMORTISATION EXPENSES

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Amortisation of right-of-use assets	158,951	150,655
Amortisation of other intangible assets	70,137	62,775
Depreciation of property and equipment	88,219	70,716
Amortisation of leasehold improvements and long-term deferred expenses	15,592	14,533
Total	<u>332,899</u>	<u>298,679</u>

12. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Cost of bulk commodity trading	249,257	71,631
IT expenses	176,921	113,626
Fund and asset management plan distribution and custodian expenses	86,622	103,992
Stock exchange management fees	49,665	47,918
Promotion and entertainment expenses	48,776	57,425
Rental expenses and utilities	41,553	41,762
Business travel expenses	26,559	13,688
Postal and communication expenses	26,438	16,707
Labour outsourcing expenses	23,332	14,755
Consulting and professional services	21,714	20,852
Securities/futures investor protection funds	20,756	21,054
Auditors' remuneration	3,281	3,189
Others	98,154	86,423
Total	<u>873,028</u>	<u>613,022</u>

13. IMPAIRMENT LOSSES

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Provision for/(reversal of) impairment losses against		
- Inventories	(5)	-
- Goodwill	-	165,812
Total	<u>(5)</u>	<u>165,812</u>

EVERBRIGHT SECURITIES COMPANY LIMITED  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

14. CREDIT LOSS EXPENSE

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Provision for/(reversal of) credit losses against		
- Financial assets held under resale agreements	(16,884)	(288,511)
- Margin accounts receivable	(12,373)	16,319
- Other receivables and prepayments	898	4,549
- Financial assets measured at amortised cost	(975)	(2,896)
- Other non-current assets	53,876	2,486
- Finance lease receivables	7,471	(2,312)
- Accounts receivable	(1,102)	2,166
- Receivable arising from sale-and-leaseback arrangements	(8,065)	(1,761)
- Debt investments at fair value through other comprehensive income	4,228	446
Total	27,074	(269,514)

15. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Current tax		
- Mainland China income tax	385,612	625,676
- Hong Kong profits tax	10,304	7,859
Subtotal	395,916	633,535
Adjustment in respect of prior years		
- Mainland China income tax	(1,492)	25,314
- Hong Kong profits tax	-	(10)
Subtotal	(1,492)	25,304
Deferred tax		
- Origination and reversal of temporary differences	(40,675)	(86,890)
Total	353,749	571,949

According to the PRC Corporate Income Tax ("CIT") Law that took effect on 1 January 2008, the Company and the Company's subsidiaries in Mainland China are subject to CIT at the statutory tax rate of 25%.

For the Company's subsidiaries in Hong Kong, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year.

EVERBRIGHT SECURITIES COMPANY LIMITED  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

16. DIVIDENDS

	Notes	Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
Distribution to ordinary shares	(1)	968,266	1,051,259
Distribution to other equity instrument holders	(2)	389,550	389,550
Total		<u>1,357,816</u>	<u>1,440,809</u>

(1) Pursuant to the resolution of the meeting of shareholders held on 30 June 2023, the Company distributed cash dividends of RMB2.10 for every 10 shares (tax included) amounting to RMB968,266 thousand in total on 18 August 2023 for the year ended 31 December 2022.

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

(2) The dividend distributions by the Company triggered the mandatory interest payment event for perpetual subordinated bonds. For the period ended 30 June 2023, the Company has recognised the dividend payable to other equity instrument holders of RMB389,550 thousand (for the period ended 30 June 2022: RMB389,550 thousand), of which RMB88,000 thousand has been distributed on 17 August 2023.

17. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to shareholders of the Company by the weighted average number of ordinary shares in issue. There has been no change in the number of ordinary shares during the period ended 30 June 2023.

	Note	Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
Earnings			
Profit attributable to shareholders of the Company		2,391,952	2,107,524
Less: Profit attributable to other equity instrument holders of the Company	(1)	<u>193,174</u>	<u>161,122</u>
Profit attributable to ordinary shareholders of the Company		<u>2,198,778</u>	<u>1,946,402</u>
Weighted average number of ordinary shares in issue (thousands)		<u>4,610,788</u>	<u>4,610,788</u>
Basic and diluted earnings per share attributable to equity shareholders (in RMB per share)		<u>0.48</u>	<u>0.42</u>

(1) For the purpose of calculating the basic earnings per ordinary share in respect of the period ended 30 June 2023, RMB193,174 thousand (for the period ended 30 June 2022: RMB161,122 thousand) attributable to perpetual subordinated bonds were deducted from profits attributable to shareholders of the Company.



EVERBRIGHT SECURITIES COMPANY LIMITED  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
 For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

18. PROPERTY AND EQUIPMENT

Cost	Buildings	Electric equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
31 December 2021 (Audited)	914,993	706,742	299,257	109,557	859	2,031,408
Additions	-	131,320	19,157	-	473	150,950
Transfers during the year	(28,782)	-	-	-	(1,174)	(29,956)
Disposals and others	-	(68,750)	14,727	(3,385)	-	(57,408)
31 December 2022 (Audited)	886,211	769,312	333,141	106,172	158	2,094,994
Additions	-	89,399	14,131	371	-	103,901
Transfers during the period	-	-	-	-	(158)	(158)
Disposals and others	(35)	(9,032)	(9,731)	(1,476)	-	(20,274)
30 June 2023 (Unaudited)	886,176	849,679	337,541	105,067	-	2,178,463
Accumulated depreciation						
31 December 2021 (Audited)	(365,021)	(563,235)	(237,452)	(28,806)	-	(1,194,514)
Charge for the year	(22,507)	(94,382)	(30,503)	(4,100)	-	(151,492)
Transfers during the year	16,271	-	-	-	-	16,271
Disposals and others	-	69,177	(14,614)	3,325	-	57,888
31 December 2022 (Audited)	(371,257)	(588,440)	(282,569)	(29,581)	-	(1,271,847)
Charge for the period	(12,759)	(62,257)	(14,639)	(256)	-	(89,911)
Disposals and others	7	9,265	9,829	1,476	-	20,577
30 June 2023 (Unaudited)	(384,009)	(641,432)	(287,379)	(28,361)	-	(1,341,181)
Carrying amount						
30 June 2023 (Unaudited)	502,167	208,247	50,162	76,706	-	837,282
31 December 2022 (Audited)	514,954	180,872	50,572	76,591	158	823,147

As at 30 June 2023 and 31 December 2022, included in buildings were items with carrying amounts of RMB1,020 thousand and RMB1,055 thousand, respectively, for which the Group has yet to obtain the relevant land or building certificates.

EVERBRIGHT SECURITIES COMPANY LIMITED  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the six months ended 30 June 2023

(All amounts expressed in RMB thousands unless otherwise specified)

19. LEASES

(i) Right-of-use assets

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

	<u>Buildings</u>	<u>Others</u>	<u>Total</u>
<b>Cost</b>			
As at 31 December 2021 (Audited)	1,389,979	8,431	1,398,410
Additions	155,902	267	156,169
Disposals and others	<u>(193,047)</u>	<u>(1,338)</u>	<u>(194,385)</u>
As at 31 December 2022 (Audited)	1,352,834	7,360	1,360,194
Additions	437,197	202	437,399
Disposals and others	<u>(59,288)</u>	<u>(227)</u>	<u>(59,515)</u>
As at 30 June 2023 (Unaudited)	<u>1,730,743</u>	<u>7,335</u>	<u>1,738,078</u>
<b>Accumulated depreciation</b>			
As at 31 December 2021 (Audited)	(698,521)	(2,988)	(701,509)
Charge for the year	(307,202)	(1,494)	(308,696)
Disposals and others	<u>191,713</u>	<u>964</u>	<u>192,677</u>
As at 31 December 2022 (Audited)	(814,010)	(3,518)	(817,528)
Charge for the period	(158,227)	(724)	(158,951)
Disposals and others	<u>53,386</u>	<u>227</u>	<u>53,613</u>
As at 30 June 2023 (Unaudited)	<u>(918,851)</u>	<u>(4,015)</u>	<u>(922,866)</u>
<b>Net carrying amount</b>			
As at 30 June 2023 (Unaudited)	<u>811,892</u>	<u>3,320</u>	<u>815,212</u>
As at 31 December 2022 (Audited)	<u>538,824</u>	<u>3,842</u>	<u>542,666</u>

(ii) Lease liabilities

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
Carrying amount at the beginning of the period/year	561,400	710,892
New leases	437,969	161,166
Accretion of interest recognised during the period/year	11,679	27,335
Payments	(179,788)	(326,290)
Others	<u>(7,042)</u>	<u>(11,703)</u>
Carrying amount at the end of the period/year	<u>824,218</u>	<u>561,400</u>
<b>Analysed into:</b>		
Current portion	<u>354,645</u>	<u>283,243</u>
Non-current portion	<u>469,573</u>	<u>278,157</u>

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19. LEASES (continued)

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Amortisation of right-of-use assets	158,951	150,655
Interest on lease liabilities	11,679	13,791
Expense relating to short-term leases	4,100	5,068
Expense relating to leases of low-value assets	26	4,384
Total	<u>174,756</u>	<u>173,898</u>

20. GOODWILL

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
Cost	1,504,201	1,504,201
Effect of exchange rate changes for cost	242,144	188,056
Less: Provision for impairment losses	(818,993)	(818,993)
Effect of exchange rate changes for impairment provision	(66,108)	(38,546)
Carrying amount	<u>861,244</u>	<u>834,718</u>

21. OTHER INTANGIBLE ASSETS

	Customer relationship	Software and others	Total
Cost			
As at 31 December 2021 (Audited)	863,362	1,086,463	1,949,825
Additions	-	96,036	96,036
Disposals and others	-	9,145	9,145
As at 31 December 2022 (Audited)	863,362	1,191,644	2,055,006
Additions	-	83,804	83,804
Disposals and others	-	11,121	11,121
As at 30 June 2023 (Unaudited)	<u>863,362</u>	<u>1,286,569</u>	<u>2,149,931</u>
Accumulated amortisation			
As at 31 December 2021 (Audited)	(863,362)	(829,050)	(1,692,412)
Charge for the year	-	(127,629)	(127,629)
Disposals and others	-	(19,473)	(19,473)
As at 31 December 2022 (Audited)	(863,362)	(976,152)	(1,839,514)
Charge for the period	-	(70,137)	(70,137)
Disposals and others	-	(9,962)	(9,962)
As at 30 June 2023 (Unaudited)	<u>(863,362)</u>	<u>(1,056,251)</u>	<u>(1,919,613)</u>
Carrying amount			
As at 30 June 2023 (Unaudited)	-	230,318	230,318
As at 31 December 2022 (Audited)	-	215,492	215,492

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22. INVESTMENTS IN STRUCTURED ENTITIES

(a) Interests in structured entities consolidated by the Group

The Group has consolidated certain structured entities, mainly investments in funds and asset management products. For those structured entities where the Group is involved as a manager or as an investor, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of those structured entities that is of such significance that it indicates that the Group is a principal.

As at 30 June 2023 and 31 December 2022, the net assets of the consolidated structured entities were RMB15,955,411 thousand and RMB10,533,584 thousand respectively, and the carrying amounts of interests held by the Group in the consolidated structured entities were RMB15,689,833 thousand and RMB10,310,791 thousand respectively.

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

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

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

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

Financial assets at fair value through profit or loss	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
Funds	28,660,178	29,741,703
Asset management products	461,321	370,457
Wealth management products	4,913,484	6,211,633
Others	<u>50,340</u>	<u>191,873</u>
Total	<u>34,085,323</u>	<u>36,515,666</u>

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22. INTERESTS IN STRUCTURED ENTITIES (continued)

(c) Structured entities sponsored by the Group and not consolidated by the Group

The types of structured entities sponsored by the Group and not consolidated by the Group but in which the Group holds an interest include funds, asset management products and other products.

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
Financial assets at fair value through profit or loss		
Funds	992,820	417,563
Asset management products	674,935	1,603,916
Others	-	289,267
Total	<u>1,667,755</u>	<u>2,310,746</u>

As at 30 June 2023 and 31 December 2022, the net assets of these unconsolidated structured entities in which the Group acted as an asset manager but did not have any interests amounted to RMB304,537,630 thousand and RMB347,171,401 thousand, respectively.

During the six months ended 30 June 2023 and 2022, the Group recognised the income amounting to RMB361,282 thousand and RMB658,433 thousand, respectively, from these unconsolidated structured entities in which the Group acted as an asset manager but did not have any interests. As at 30 June 2023 and 31 December 2022, the corresponding remuneration receivables totalled RMB98,630 thousand and RMB107,593 thousand, respectively.

23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	<u>30 June 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
Share of net assets		
- Associates	836,873	812,135
- Joint ventures	242,091	250,400
Total	<u>1,078,964</u>	<u>1,062,535</u>

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23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following list contains particulars of material associates and joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available:

Name of associates and joint ventures	Place of incorporation	Registered capital (RMB)	Equity interest held		Principal activities
			30 June 2023	31 December 2022	
<u>Associates</u>					
Dacheng Fund Management Co., Ltd.* 大成基金管理有限公司	Shenzhen	RMB 200,000,000	25.00%	25.00%	Fund management
Everbright Yunfu Internet Co., Ltd.* 光大雲付互聯網股份有限公司	Shanghai	RMB 200,000,000	40.00%	40.00%	Financial data processing
Everbright Eascreate Internet Co., Ltd.* 光大易創網路科技股份有限公司	Shanghai	RMB 100,000,000	40.00%	40.00%	Financial data processing
CRECG & EB Private Equity Fund Management (Shanghai) Co., Limited* 中鐵光大股權投資基金管理(上海)有限公司	Shanghai	RMB 50,000,000	30.00%	30.00%	Investment management
Tianjin Zhongchen Guangli Investment Management Co., Ltd.* 天津中城光麗投資管理有限公司	Tianjin	RMB 20,000,000	30.00%	30.00%	Investment management
Gui'an Everbright Securities Investment Management Co., Ltd.* <sup>(4)</sup> 貴安新區光證投資管理有限公司	Guiyang	RMB 10,000,000	-	30.00%	Investment management
Zhongnengjian Fund Management Co., Ltd.* 中能建基金管理有限公司	Beijing	RMB 50,000,000	30.00%	30.00%	Investment management

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23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following list contains particulars of material associates and joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available (continued):

Name of associates and joint ventures	Place of incorporation	Registered capital (RMB)	Equity interest held		Principal activities
			30 June 2023	31 December 2022	
<u>Joint ventures</u>					
Hangzhou Everbright Tunlan Investment LLP <sup>(3)</sup> 杭州光大瞰瀾投資合夥企業(有限合夥)	Hangzhou	RMB 106,000,000	47.17%	47.17%	Investment management
Everbright Ivy (Shanghai) Investment Center (Limited Partnership) <sup>(3)</sup> 光大常春藤(上海)投資中心(有限合夥)	Shanghai	RMB 185,000,000	27.03%	27.03%	Fund management
Shanghai Everbright Sports & Culture Equity Fund (Limited Partnership) <sup>*</sup> 上海光大體育文化投資合夥企業(有限合夥)	Shanghai	RMB 163,944,800	24.76%	24.76%	Fund management
Everbright securities Forex (HK) Limited <sup>(1)</sup> 光證外匯(香港)有限公司	Hong Kong	HKD 75,166,707	51.00%	51.00%	Foreign exchange dealing
Jiaxing Everbright Meiyin No. 1 Investment LLP <sup>(3)</sup> 嘉興光大美銀壹號投資合夥企業(有限合夥)	Jiaxing	RMB 100,000,000	25.00%	25.00%	Investment management
Jiaxing Everbright BoPu Investment LLP (Limited Partnership) <sup>(3)</sup> 嘉興光大礪璞投資合夥企業(有限合夥)	Jiaxing	RMB 100,000,000	24.90%	24.90%	Investment management
EBS Fund Management Co., Ltd. <sup>(1)</sup> 上海光大光證股權投資基金管理有限公司	Shanghai	RMB 20,000,000	75.50%	75.50%	Investment management
Everbright Ivy Investment Management (Shanghai) Co., Ltd. <sup>(1)</sup> 光大常春藤投資管理(上海)有限公司	Shanghai	RMB 10,000,000	51.00%	51.00%	Investment management
Everbright LeadBank Assets Management (Shanghai) Co., Ltd. <sup>(1)</sup> 光大利得資產管理(上海)有限公司	Shanghai	RMB 10,000,000	95.00%	95.00%	Investment management
Jiaxing Everbright Meiyin Investment Management Co., Ltd. <sup>(1)</sup> 嘉興光大美銀投資管理有限公司	Jiaxing	RMB 2,000,000	51.00%	51.00%	Investment management
Beijing BCID-EBS Cultural & Innovation No.2 Investment Fund (Limited Partnership) <sup>(1)(3)</sup> 北京文資光大文創貳號投資基金管理中心(有限合夥)	Beijing	RMB 97,550,000	99.90%	99.90%	Fund management

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23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The following list contains particulars of material associates and joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available (continued):

Name of associates and joint ventures	Place of incorporation	Registered capital (RMB)	Equity interest held		Principal activities
			30 June 2023	31 December 2022	
Joint ventures (continued)					
Shanghai JinXin Investment Consultancy LLP (Limited Partnership)("Jinxin Fund")*(2)/(3) 上海浸鑫投資諮詢合夥企業(有限合夥)	Shanghai	RMB 5,203,000,000	1.15%	1.15%	Fund management
Jingning Everbright Zhetong No. 1 Investment Fund L.P. *(2) 景寧光大滬通壹號投資管理合夥企業(有限合夥)	Lishui	RMB 65,600,000	15.24%	15.24%	Fund management
Jingning-Everbright ECO Investment Fund L.P. *(2) 景寧光大生態壹號投資管理中心(有限合夥)	Lishui	RMB 20,000,000	9.01%	9.01%	Fund management
Shanghai Everbright Fortune Jingtian Investment Center (Limited Partnership)* <sup>(2)</sup> 上海光大富尊環閣投資中心(有限合夥)	Shanghai	RMB 52,350,000	0.20%	0.20%	Investment management
Gansu Duzhe Everbright Private Equity Fund Management Co., Ltd* <sup>(1)</sup> 甘肅讀者光大私募基金管理有限公司	Lanzhou	RMB 5,000,000	51.00%	51.00%	Fund management
Shanghai Jingjun Enterprise Management L.P. (Limited Partnership) * 上海景隼企業管理合夥企業(有限合夥)	Shanghai	RMB 10,000,000	40.00%	40.00%	Investment management
Beijing Everbright 360 Investment Management Center* <sup>(2)</sup> 北京光大三六零投資管理中心(有限合夥)	Beijing	RMB 680,800,000	0.07%	0.07%	Investment management
Hohhot Haotian Construction Co., Ltd. * <sup>(2)</sup> 呼和浩特市昕天環建設有限公司	Hohhot	RMB 100,000,000	1.00%	1.00%	Investment management

All of the above associates and joint ventures are accounted for using equity method in the financial statements.



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23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

- (1) The Group's shareholding of these investees is higher than 50%, however these investees are jointly controlled by the Group and other investors as a result of the relevant arrangements stipulated in the articles of association and other corporate governance documents.
- (2) The Group's shareholding of these investees is lower than 20%, however these investees are jointly controlled by the Group and other investors as a result of the relevant arrangements stipulated in the articles of association and other corporate governance documents.
- (3) As at 30 June 2023, the Group's shareholding of these investees has been restricted by the judicial department. Please refer to note 51(b) for details.
- (4) As at 30 June 2023, the Group's shareholding in this investee has been disposed of.
- \* The English translation of the names is for reference only. The official names of these entities are in Chinese.

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

Dacheng Fund Management Co., Ltd.

	30 June 2023	31 December 2022
Gross amounts of the associate:		
Assets	5,517,262	5,313,359
Liabilities	(2,248,209)	(2,159,225)
Net assets	3,269,053	3,154,134
	Six months ended 30 June	
	2023	2022
Revenue	1,050,719	962,403
Profit for the period	284,744	271,313
Other comprehensive income	3,796	7,719
Total comprehensive income	288,540	279,032
Dividend declared this period from the associate	40,000	32,000
Dividend received this period from the associate	32,000	27,750
	30 June 2023	31 December 2022
Reconciled to the Group's interest in the associate:		
Net assets	3,269,053	3,154,134
The Group's effective interest	25%	25%
The Group's share of net assets of the associate	817,263	788,534
Carrying amount in the consolidated financial statements	817,263	788,534

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23. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

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

	Six months ended 30 June	
	2023	2022
Aggregate amounts of the Group's share of those associates and joint ventures' net profits	(1,722)	(1,924)
Total comprehensive income	(1,722)	(1,924)
	30 June 2023	31 December 2022
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	261,701	274,001

24. FINANCIAL ASSETS MEASURED AT AMORTISED COST

Non-current	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Debt securities	3,220,110	3,537,929
Others	167,219	167,951
Less: Allowance for ECLs	(218,728)	(220,151)
Total	3,168,601	3,485,729
Analysed as:		
Listed outside Hong Kong	-	19,981
Unlisted	3,168,601	3,465,748
Total	3,168,601	3,485,729
Current	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Debt securities	218,562	103,673
Less: Allowance for ECLs	(93)	(30)
Total	218,469	103,643
Analysed as:		
Listed outside Hong Kong	-	387
Unlisted	218,469	103,256
Total	218,469	103,643

As at 30 June 2023, the financial assets measured at amortised cost which were pledged as collateral amounted to RMB2,806,907 thousand. (as at 31 December 2022: RMB1,810,627 thousand).

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24. FINANCIAL ASSETS MEASURED AT AMORTISED COST (continued)

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

	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
At the beginning of the period/year	220,181	228,585
Charge for the period/year	267	1,628
Reversal for the period/year	(1,242)	(7,981)
Amounts written off	(385)	(2,403)
Others	-	352
	<u>218,821</u>	<u>220,181</u>

(b) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2023 (Unaudited)	<u>1,758</u>	<u>-</u>	<u>217,063</u>	<u>218,821</u>
31 December 2022 (Audited)	<u>2,387</u>	<u>-</u>	<u>217,794</u>	<u>220,181</u>

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

	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
Non-current		
Equity securities	2,313,051	2,148,586
Others	<u>360,984</u>	<u>336,744</u>
Total	<u>2,674,035</u>	<u>2,485,330</u>
Analysed as:		
Listed outside Hong Kong	2,290,618	2,102,785
Unlisted	<u>383,417</u>	<u>382,545</u>
Total	<u>2,674,035</u>	<u>2,485,330</u>

For the six months ended 30 June 2023, the Group disposed of some of the equity investments designated at fair value through other comprehensive income as a result of an adjustment in its investment strategy. The accumulated net realised gains on the equity instruments disposed of were RMB5,821 thousand (for the six months ended 30 June 2022: nil).

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26. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Debt securities	14,685,815	14,310,552
Total	14,685,815	14,310,552
Analysed as:		
Listed outside Hong Kong	512,580	843,747
Unlisted	14,173,235	13,466,805
Total	14,685,815	14,310,552
Current	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Debt securities	10,291,525	7,439,924
Total	10,291,525	7,439,924
Analysed as:		
Listed outside Hong Kong	154,697	195,805
Unlisted	10,136,828	7,244,119
Total	10,291,525	7,439,924

As at 30 June 2023, the debt investments at fair value through other comprehensive income which were pledged as collateral amounted to RMB20,718,088 thousand (31 December 2022: RMB15,050,127 thousand).

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period/year	59,708	56,042
Charge for the period/year	8,073	5,638
Reversal for the period/year	(3,845)	(464)
Amounts written off	(3,134)	(1,508)
At the end of the period/year	60,802	59,708

(b) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2023 (Unaudited)	10,602	200	50,000	60,802
31 December 2022 (Audited)	9,204	504	50,000	59,708

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27. REFUNDABLE DEPOSITS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Deposits with stock exchanges and clearing houses		
- China Securities Depository and Clearing Corporation Limited	519,000	1,217,791
- Shanghai Clearing House	46,224	46,020
- The Stock Exchange of Hong Kong Limited	13,880	12,940
- Hong Kong Securities Clearing Company Limited	22,224	20,447
Subtotal	601,328	1,297,198
Deposits with futures and commodity exchanges		
- China Financial Futures Exchange	2,276,681	2,295,304
- Dalian Commodity Exchange	2,116,090	2,007,481
- Shanghai Futures Exchange	2,321,041	2,217,004
- Zhengzhou Commodity Exchange	2,039,595	1,603,915
- Shanghai International Energy Exchange	229,402	163,238
- Hong Kong Futures Exchange	12,247	8,039
- Shanghai Gold Exchange	23,303	55,284
Subtotal	9,018,359	8,350,265
Deposits with other institutions		
- China Securities Finance Corporation Limited ("CSFC")	52,649	50,886
- Other institutions	2,003	2,903
Subtotal	54,652	53,789
Total	9,674,339	9,701,252

28. INCOME TAX

(a) Current taxation

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current tax liabilities	122,167	115,397
	30 June 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period/year	115,397	764,321
Provision for the period/year	394,425	882,785
Increase through the disposal of equity investments designated at fair value through other comprehensive income	1,455	-
Tax paid	(389,110)	(1,531,709)
At the end of the period/year	122,167	115,397

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28. INCOME TAX (continued)

(b) Deferred tax assets/(liabilities) recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the period are as follows:

Deferred tax arising from:	Allowance for ECLs/ impairment losses	Employee benefits payable	Changes in fair value of financial instruments	Others	Total
As at 31 December 2021 (Audited)	1,805,763	427,053	(99,507)	4,657	2,137,966
Recognised in profit or loss	(67,012)	16,401	187,050	133,066	269,505
Recognised in reserves	-	-	49,801	-	49,801
As at 31 December 2022 (Audited)	1,738,751	443,454	137,344	137,723	2,457,272
Recognised in profit or loss	5,955	132,474	(108,013)	10,259	40,675
Recognised in reserves	-	-	(110,510)	-	(110,510)
Transferred out	-	-	1,455	-	1,455
As at 30 June 2023 (Unaudited)	1,744,706	575,928	(79,724)	147,982	2,388,892

(c) Reconciliation to the statement of financial position

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Net deferred tax assets recognised in the consolidated statement of financial position	2,406,413	2,480,145
Net deferred tax liabilities recognised in the consolidated statement of financial position	(17,521)	(22,873)
Total	2,388,892	2,457,272

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28. INCOME TAX (continued)

(d) Recognised in other comprehensive income

	Six months ended 30 June 2023 (Unaudited)		
	Before tax	Tax benefit	Net of tax
Debt investments at fair value through other comprehensive income			
- Net changes in fair value	135,046	(33,762)	101,284
- Provision for ECL allowance	6,977	(1,057)	5,920
- Reclassified to profit or loss	(21,339)	5,335	(16,004)
Equity investments designated at fair value through other comprehensive income			
- Net changes in fair value	324,107	(81,026)	243,081
Share of other comprehensive income of associates	949	-	949
Exchange differences on translation of financial statements in foreign currencies	2,953	-	2,953
<b>Total</b>	<b>448,693</b>	<b>(110,510)</b>	<b>338,183</b>

	Six months ended 30 June 2022 (Unaudited)		
	Before tax	Tax benefit	Net of tax
Debt investments at fair value through other comprehensive income			
- Net changes in fair value	9,299	(2,325)	6,974
- Provision for ECL allowance	446	(112)	334
- Reclassified to profit or loss	(753)	189	(564)
Equity investments designated at fair value through other comprehensive income			
- Net changes in fair value	22,995	(5,749)	17,246
Share of other comprehensive income of associates	1,930	-	1,930
Exchange differences on translation of financial statements in foreign currencies	18,721	-	18,721
<b>Total</b>	<b>52,638</b>	<b>(7,997)</b>	<b>44,641</b>

(e) Deferred tax assets not recognised

As at 30 June 2023 and 31 December 2022, the Group has not recognised deferred tax assets in respect of cumulative tax losses, provision for contingent liabilities, allowance for ECLs, changes in fair value of financial instruments and employee benefits payable with timing differences amounting to RMB4,238,582 thousand and RMB4,680,139 thousand, respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The expiration period of tax losses shall be in accordance with the local current tax legislation.

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29. FINANCE LEASE RECEIVABLES

(a) Analysed by nature:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Minimum lease payments to be received	340,150	343,789
Less: Unrealised finance income	(38,632)	(39,351)
Balance of finance lease receivables	301,518	304,438
Less: Allowance for ECLs	(84,951)	(77,480)
Finance lease receivables, net	<u>216,567</u>	<u>226,958</u>
Analysis for presentation purposes:		
Current assets	210,098	218,689
Non-current assets	<u>6,469</u>	<u>8,269</u>

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

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Gross lease receivables	Net lease receivables	Gross lease receivables	Net lease receivables
Within 1 year	332,245	294,968	333,452	296,018
1 to 2 years	4,865	3,943	4,865	3,807
2 to 3 years	3,040	2,607	4,865	4,084
Over 3 years	-	-	607	529
Total	<u>340,150</u>	<u>301,518</u>	<u>343,789</u>	<u>304,438</u>
Unrealised finance income	<u>(38,632)</u>	-	<u>(39,351)</u>	-
Balance of finance lease receivables	301,518	301,518	304,438	304,438
Allowance for ECLs	<u>(84,951)</u>	<u>(84,951)</u>	<u>(77,480)</u>	<u>(77,480)</u>
Finance lease receivables, net	<u>216,567</u>	<u>216,567</u>	<u>226,958</u>	<u>226,958</u>



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29. FINANCE LEASE RECEIVABLES (continued)

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

	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
At the beginning of the period/year	77,480	84,256
Charge for the period/year	7,539	10,952
Reversal of impairment	(68)	(17,728)
	<u>84,951</u>	<u>77,480</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2023 (Unaudited)	<u>149</u>	<u>4,355</u>	<u>80,447</u>	<u>84,951</u>
31 December 2022 (Audited)	<u>218</u>	<u>2,552</u>	<u>74,710</u>	<u>77,480</u>

30. RECEIVABLE ARISING FROM SALE-AND-LEASEBACK ARRANGEMENTS

(a) Analysed by nature:

	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
Minimum lease payments to be received	1,543,859	1,805,585
Less: Unrealised finance income	(96,068)	(111,716)
Balance of receivables arising from sale-and-leaseback arrangements	1,447,791	1,693,869
Less: Allowance for ECLs	(29,997)	(38,062)
Receivables arising from sale-and-leaseback arrangements, net	<u>1,417,794</u>	<u>1,655,807</u>
Analysis for presentation purposes:		
Current assets	<u>802,784</u>	<u>981,066</u>
Non-current assets	<u>615,010</u>	<u>674,741</u>

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

(a) Analysed by nature: (continued)

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

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Gross lease receivables	Net lease receivables	Gross lease receivables	Net lease receivables
Within 1 year	896,181	829,184	1,094,062	1,014,953
1 to 2 years	438,047	414,465	499,553	473,946
2 to 3 years	209,631	204,142	211,970	204,970
Total	<u>1,543,859</u>	<u>1,447,791</u>	<u>1,805,585</u>	<u>1,693,869</u>
Unrealised finance income	(96,068)	-	(111,716)	-
Balance of receivables arising from sale-and-leaseback arrangements	1,447,791	1,447,791	1,693,869	1,693,869
Allowance for ECLs	(29,997)	(29,997)	(38,062)	(38,062)
Receivables arising from sale-and-leaseback arrangements, net	<u>1,417,794</u>	<u>1,417,794</u>	<u>1,655,807</u>	<u>1,655,807</u>

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period/year	38,062	34,140
Charge for the period/year	6,215	7,417
Reversal of impairment	(14,280)	(3,495)
At the end of the period/year	<u>29,997</u>	<u>38,062</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2023 (Unaudited)	<u>2,386</u>	<u>8,169</u>	<u>19,442</u>	<u>29,997</u>
31 December 2022 (Audited)	<u>4,247</u>	<u>2,606</u>	<u>31,209</u>	<u>38,062</u>

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31. OTHER NON-CURRENT ASSETS

Analysed by nature:

	<u>30 June 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
Other receivables	445,455	399,219
Bulk commodity trading inventories	86,214	86,214
Deposits	60,173	55,559
Long-term deferred expenses	53,400	53,710
Less: Allowance for ECLs	(252,676)	(175,442)
Provision for impairment losses	(29,986)	(29,986)
Total	<u>362,580</u>	<u>389,274</u>

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	53,710	62,058
Additions	15,124	20,306
Transfer in from property and equipment	158	-
Amortisation	(15,592)	(28,654)
Balance at the end of the period/year	<u>53,400</u>	<u>53,710</u>

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
At the beginning of the period/year	175,442	151,578
Charge for the period/year	53,876	28,676
Reversal of impairment	-	(4,812)
Transfer-in from other receivables and prepayments	24,157	-
Transfer out to accounts receivable	(799)	-
At the end of the period/year	<u>252,676</u>	<u>175,442</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2023 (Unaudited)	<u>-</u>	<u>-</u>	<u>252,676</u>	<u>252,676</u>
31 December 2022 (Audited)	<u>-</u>	<u>-</u>	<u>175,442</u>	<u>175,442</u>

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32. ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Accounts receivable of		
- Settlement	402,143	733,417
- Brokers and dealers	357,833	458,316
- Fees and commissions	285,357	304,500
- Others	34,567	39,132
Less: Allowance for ECLs	<u>(84,831)</u>	<u>(84,943)</u>
Total	<u>995,069</u>	<u>1,450,422</u>

(b) Analysed by ageing:

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within 1 year	982,410	1,432,989
1 to 2 years	10,594	11,028
2 to 3 years	955	2,155
Over 3 years	<u>1,110</u>	<u>4,250</u>
Total	<u>995,069</u>	<u>1,450,422</u>

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period/year	84,943	83,592
Charge for the period/year	311	3,422
Reversal of impairment	(1,413)	-
Amounts written off	-	(2,500)
Transfer-in from other non-current assets	799	-
Others	<u>191</u>	<u>429</u>
At the end of the period/year	<u>84,831</u>	<u>84,943</u>

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
30 June 2023 (Unaudited)	<u>479</u>	<u>-</u>	<u>-</u>	<u>84,352</u>	<u>84,831</u>
31 December 2022 (Audited)	<u>161</u>	<u>-</u>	<u>-</u>	<u>84,782</u>	<u>84,943</u>

(e) Accounts receivable that were not impaired

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

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33. OTHER RECEIVABLES AND PREPAYMENTS

(a) Analysed by nature:

	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
Other receivables <sup>(1)</sup>	2,774,192	2,887,071
Dividend receivables	299,034	280,518
Interest receivable	44,920	45,991
Deferred expenses	22,251	20,112
Prepaid tax	19,031	113,926
Factoring receivables	4,800	4,800
Bulk commodity trading inventories	-	637
Others	4,893	16,147
Less: Allowance for ECLs	(685,700)	(708,350)
Provision for Impairment losses	-	(5)
Total	<u>2,483,421</u>	<u>2,660,847</u>

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

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

	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
At the beginning of the period/year	708,350	668,089
Charge for the period/year	28,385	40,034
Reversal of impairment	(27,487)	(6)
Transfer out to other non-current assets	(24,157)	-
Others	609	233
At the end of the period/year	<u>685,700</u>	<u>708,350</u>

(c) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2023 (Unaudited)	<u>1,056</u>	<u>-</u>	<u>684,644</u>	<u>685,700</u>
31 December 2022 (Audited)	<u>351</u>	<u>-</u>	<u>707,999</u>	<u>708,350</u>

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34. MARGIN ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
Individuals	34,512,317	34,112,582
Institutions	3,477,346	3,308,059
Less: Allowance for ECLs	<u>(601,113)</u>	<u>(606,285)</u>
Total	<u>37,388,550</u>	<u>36,814,356</u>

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

	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
At the beginning of the period/year	606,285	613,883
Charge for the period/year	1,893	34,501
Reversal of impairment	(14,266)	(41,435)
Amounts written off	-	(7,639)
Others	<u>7,201</u>	<u>6,975</u>
At the end of the period/year	<u>601,113</u>	<u>606,285</u>

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

	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
Fair value of collateral:		
- Equity securities	110,189,336	101,634,035
- Cash	4,056,931	4,079,342
- Mutual funds	1,760,977	1,779,125
- Debt securities	764,132	751,487
- Others	<u>570,578</u>	<u>482,439</u>
Total	<u>117,341,954</u>	<u>108,726,428</u>

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2023 (Unaudited)	<u>22,876</u>	<u>680</u>	<u>577,557</u>	<u>601,113</u>
31 December 2022 (Audited)	<u>27,398</u>	<u>1,257</u>	<u>577,630</u>	<u>606,285</u>

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35. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by collateral type:

Non-Current	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
Equity securities	862,338	894,973
Debt securities	184,300	184,300
Less: Allowance for ECLs	(1,022,575)	(1,041,959)
Total	24,063	37,314

Current	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
Equity securities	130,691	171,368
Debt securities	4,390,882	1,196,295
Less: Allowance for ECLs	(3,343)	(843)
Total	4,518,230	1,366,820

(b) Analysed by market:

Non-Current	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
Stock exchanges	1,046,638	1,079,273
Less: Allowance for ECLs	(1,022,575)	(1,041,959)
Total	24,063	37,314

Current	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
Stock exchanges	130,691	209,265
Inter-bank market	4,390,882	1,158,398
Less: Allowance for ECLs	(3,343)	(843)
Total	4,518,230	1,366,820

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35. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (continued)

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
At the beginning of the period/year	1,042,802	1,390,462
Charge for the period/year	3,053	2,482
Reversal for the period/year	(19,937)	(296,827)
Amounts written off	-	(53,315)
	<u>1,025,918</u>	<u>1,042,802</u>

(d) Analysed by stage of ECLs:

	Stage 1	Stage 2	Stage 3	Total
30 June 2023 (Unaudited)	<u>3,343</u>	<u>-</u>	<u>1,022,575</u>	<u>1,025,918</u>
31 December 2022 (Audited)	<u>829</u>	<u>14</u>	<u>1,041,959</u>	<u>1,042,802</u>



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36. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Current	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Funds	29,652,998	30,159,266
Debt securities	19,269,472	22,371,941
Wealth management products	4,913,484	6,211,633
Equity securities	22,172,136	23,319,852
Asset management products	1,136,256	1,974,372
Perpetual bonds	18,450,485	7,794,200
Others	205,516	236,411
Total	95,800,347	92,067,675
Analysed as:		
- Listed outside Hong Kong	30,747,749	30,662,663
- Listed inside Hong Kong	22,723	30,203
- Unlisted	65,029,875	61,374,809
Total	95,800,347	92,067,675

As at 30 June 2023 and 31 December 2022, the Group has entered into securities lending arrangements with clients that resulted in the transfer of financial assets at fair value through profit or loss with a total fair value of RMB51,122 thousand and RMB112,314 thousand to external clients, respectively. These have not resulted in the derecognition of the financial assets in accordance with the accounting policy. The fair value of collateral for the securities lending business is analysed in note 34(c) together with the fair value of collateral of the margin financing business.

As at 30 June 2023 and 31 December 2022, financial assets at fair value through profit or loss of the Group included RMB20,518,136 thousand and RMB22,386,822 thousand, respectively, which are pledged, restricted or frozen, of which the equity securities in the financial assets at fair value through profit or loss with lock-up periods held by the Group amounted to RMB616,642 thousand and RMB1,866,133 thousand, respectively.



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38. CLEARING SETTLEMENT FUNDS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Deposits with		
- China Securities Depository and Clearing Corporation Limited	727,563	865,324
- Others	14,385	323,357
Total	<u>741,948</u>	<u>1,188,681</u>

39. CASH HELD ON BEHALF OF BROKERAGE CLIENTS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of the brokerage business. The Group has classified its brokerage clients' monies as cash held on behalf of brokerage clients under the current asset section of the consolidated statement of financial position, and recognised the corresponding accounts payable to the respective brokerage clients on the grounds that it is liable for any loss or misappropriation of its brokerage clients' monies.

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

40. CASH AND BANK BALANCES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cash on hand	94	99
Bank balances	12,407,648	13,969,409
Total	<u>12,407,742</u>	<u>13,969,508</u>

Bank balances comprise time and demand deposits which bear interest at the prevailing market rates. As at 30 June 2023 and 31 December 2022, the Group's bank balances of RMB391,775 thousand and RMB338,850 thousand, respectively, were restricted.

41. CASH AND CASH EQUIVALENTS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cash on hand	94	99
Bank balances	12,407,648	13,969,409
Clearing settlement funds	741,948	1,188,681
Less: Restricted bank deposits	(391,775)	(338,850)
Interest receivable	(8,394)	(12,005)
Total	<u>12,749,521</u>	<u>14,807,334</u>

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42. LOANS AND BORROWINGS

30 June 2023  
 (Unaudited)

	Currency	Nominal interest rate	Year of maturity	Carrying amount
Unsecured bank loans				
- Current	HKD	Hibor+1.10% - Hibor+1.90%	2023-2024	3,574,121
- Non-current	HKD	Hibor+1.20% - Hibor+1.85%	2024-2025	691,485
Secured bank loans				
- Current	RMB	2.99%-5.40%	2023-2024	467,811
- Non-current	RMB	2.85%-5.20%	2024-2026	<u>363,243</u>
Total				<u>5,096,660</u>

31 December 2022  
 (Audited)

	Currency	Nominal interest rate	Year of maturity	Carrying amount
Unsecured bank loans				
- Current	HKD	Hibor+1.10% - Hibor+1.90%	2023	2,825,064
- Non-current	HKD	Hibor+1.50% - Hibor+1.85%	2024	1,668,359
Secured bank loans				
- Current	RMB	3.20%-5.40%	2023	448,253
- Non-current	RMB	3.20%-5.20%	2024-2025	<u>298,528</u>
Total				<u>5,240,204</u>

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43. SHORT-TERM DEBT INSTRUMENTS

(Unaudited)	Nominal interest rate	Book value as at 1 January 2023	Increase	Decrease	Book value as at 30 June 2023
Short-term financing bills payable and structured notes	0.00% -6.00%	<u>8,575,315</u>	<u>8,950,665</u>	<u>(10,546,589)</u>	<u>6,979,391</u>

(Audited)	Nominal interest rate	Book value as at 1 January 2022	Increase	Decrease	Book value as at 31 December 2022
Short-term financing bills payable and structured notes	0.00% -6.00%	<u>7,244,956</u>	<u>31,202,814</u>	<u>(29,872,455)</u>	<u>8,575,315</u>

During the six months ended 30 June 2023, the Group has issued 89 tranches of structured notes, and repaid 40 tranches of structured notes. The balance bears interest at the fixed interest rates ranging from 0.00% to 6.00% per annum plus a floating rate, and was repayable within 1 year.

In 2022, the Group issued 166 tranches of structured notes, and repaid 179 tranches of structured notes during the year. The balance bears interest at the fixed interest rates ranging from 0.00% to 6.00% per annum plus a floating rate, and was repayable within 1 year.

44. PLACEMENTS FROM OTHER FINANCIAL INSTITUTIONS

	Notes	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Interbank lending	(1)	9,260,430	13,704,055
Placements from CSFC	(2)	340,794	-
Total		<u>9,601,224</u>	<u>13,704,055</u>

(1) As at 30 June 2023, the interbank lending was unsecured and bore interest at rates ranging from 0.40% to 2.63% per annum, with maturity ranging from 1 day to 365 days. As at 31 December 2022, the interbank lending was unsecured and bore interest at rates ranging from 1.00% to 3.70% per annum, with maturity ranging from 2 days to 319 days.

(2) As at 30 June 2023, placements from CSFC were repayable within one year, and bore interest at rates ranging from 2.16% to 2.64% per annum. As at 31 December 2022, there were no placements from CSFC.

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45. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
At fair value through profit or loss			
- Interests in structured entities held by third parties	(1)	25,635	2,988
Designated as fair value through profit or loss			
- Interests in structured entities held by third parties	(1)	421,220	94,470
Total		446,855	97,458
Analysis for presentation purposes:			
- Current		446,855	97,458
Total		446,855	97,458

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

46. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Clients' deposits for other brokerage business	59,116,705	62,928,604
Clients' deposits for margin financing and securities lending	5,906,449	6,369,383
Total	65,023,154	69,297,987

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

The majority of the balances of accounts payable are repayable on demand except where certain accounts payable to brokerage clients represent monies received from clients for their margin financing activities under the normal course of business, such as margin financing and securities lending. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional information in view of the nature of these businesses.

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47. EMPLOYEE BENEFITS PAYABLE

	Salaries, bonuses and allowances	Contributions to pension schemes	Other social welfare	Total
Current				
31 December 2021 (Audited)	1,812,762	4,014	4,738	1,821,514
Accrued for the year	3,163,490	407,278	463,310	4,034,078
Payments made	<u>(3,181,460)</u>	<u>(406,755)</u>	<u>(448,861)</u>	<u>(4,037,076)</u>
31 December 2022 (Audited)	1,794,792	4,537	19,187	1,818,516
Accrued for the period	1,607,813	214,124	261,078	2,083,015
Payments made	<u>(1,048,835)</u>	<u>(214,895)</u>	<u>(271,822)</u>	<u>(1,535,552)</u>
30 June 2023 (Unaudited)	<u>2,353,770</u>	<u>3,766</u>	<u>8,443</u>	<u>2,365,979</u>
Non-current				
31 December 2021 (Audited)	1,244	-	-	1,244
Payments made	<u>(1,244)</u>	<u>-</u>	<u>-</u>	<u>(1,244)</u>
31 December 2022 (Audited) and 30 June 2023 (Unaudited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

48. OTHER PAYABLES AND ACCRUALS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Deposits of derivative business	14,651,122	13,134,127
Dividends payable	1,357,815	302,255
Settlement payables	507,006	620,703
Distribution expenses payable	158,546	164,679
Risk reserve for futures brokerage business	151,682	141,755
Other tax payables	95,903	138,803
Accrued expenses	85,885	58,672
Funds for party organisation work	65,130	65,130
Payables to custodians	52,137	41,342
Bond underwriting fees	34,591	25,103
Commission payables	34,140	44,487
Deposits of bulk commodity trading	30,779	30,929
Payables to the securities and futures investor protection fund	22,129	24,310
Project operation deposits	21,000	21,668
Deposits of financial leasing business	14,338	1,500
Interest payable	14,331	49,343
Construction cost payable	12,692	20,424
Payables on behalf of the staff	9,169	8,864
Temporary receipt	8,939	13,422
Subscription amount payable	-	42,000
Others <sup>(1)</sup>	230,007	217,334
Total	<u>17,557,341</u>	<u>15,166,850</u>

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

EVERBRIGHT SECURITIES COMPANY LIMITED  
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
 For the six months ended 30 June 2023

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49. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by collateral type:

Current	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
Debt securities	<u>39,536,264</u>	<u>31,249,189</u>
Total	<u>39,536,264</u>	<u>31,249,189</u>

(b) Analysed by market:

Current	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
Interbank market	37,579,733	28,208,980
Stock exchanges	<u>1,956,531</u>	<u>3,040,209</u>
Total	<u>39,536,264</u>	<u>31,249,189</u>



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50. LONG-TERM BONDS

As at 30 June 2023 (Unaudited)

Name	Issue date	Maturity date	Issue in original currency	Coupon rate	Book value as at 31 December 2022 (Audited)	Increase	Decrease	Book value as at 30 June 2023 (Unaudited)
20 EVERBRIGHTF1 <sup>(1)</sup>	09/03/2020	09/03/2023	2,991,509	3.19%	3,077,159	18,541	(3,095,700)	-
20 EVERBRIGHTG1 <sup>(2)</sup>	22/06/2020	22/06/2023	1,493,868	3.10%	1,523,442	23,058	(1,546,500)	-
20 EVERBRIGHTG3 <sup>(3)</sup>	14/07/2020	14/07/2023	3,687,830	3.60%	3,760,247	68,064	-	3,828,311
20 EVERBRIGHTG5 <sup>(4)</sup>	28/08/2020	28/08/2023	4,784,340	3.70%	4,857,891	90,659	-	4,948,550
20 EVERBRIGHTG7 <sup>(5)</sup>	25/12/2020	25/12/2023	1,696,792	3.60%	1,700,125	30,879	-	1,731,004
21 EVERBRIGHTG1 <sup>(6)</sup>	14/01/2021	14/01/2024	5,280,000	3.57%	5,475,567	97,133	(189,210)	5,383,490
21 EVERBRIGHTG2 <sup>(7)</sup>	07/06/2021	07/06/2024	1,992,925	3.30%	2,034,228	33,904	(66,000)	2,002,132
21 EVERBRIGHTG3 <sup>(8)</sup>	07/06/2021	07/06/2026	995,283	3.67%	1,017,677	18,667	(36,700)	999,644
21 EVERBRIGHTG4 <sup>(9)</sup>	16/07/2021	16/07/2024	1,295,755	3.12%	1,316,603	20,814	-	1,337,417
21 EVERBRIGHTG5 <sup>(10)</sup>	16/07/2021	16/07/2026	1,691,981	3.45%	1,721,482	29,879	-	1,751,361
21 EVERBRIGHTG6 <sup>(11)</sup>	11/08/2021	11/08/2024	2,987,264	3.12%	3,029,838	48,519	-	3,078,357
21 EVERBRIGHTG8 <sup>(12)</sup>	16/09/2021	16/09/2024	3,000,000	3.10%	3,025,652	46,585	-	3,072,237
21 EVERBRIGHTG9 <sup>(13)</sup>	16/09/2021	16/09/2026	1,000,000	3.50%	1,008,649	17,824	-	1,026,473
21 EVERBRIGHT10 <sup>(14)</sup>	23/12/2021	23/12/2024	2,000,000	3.02%	2,000,557	30,185	-	2,030,742
21 EVERBRIGHT11 <sup>(15)</sup>	23/12/2021	23/12/2026	1,000,000	3.35%	999,701	16,753	-	1,016,454
22 EVERBRIGHTG1 <sup>(16)</sup>	14/06/2022	13/06/2025	2,500,000	2.90%	2,540,201	34,692	(72,500)	2,502,393
22 EVERBRIGHTG2 <sup>(17)</sup>	14/06/2022	13/06/2027	500,000	3.25%	508,949	8,058	(16,250)	500,757
22 EVERBRIGHTG3 <sup>(18)</sup>	22/08/2022	22/08/2025	2,000,000	2.56%	2,018,516	25,390	-	2,043,906
23 EVERBRIGHTG1 <sup>(19)</sup>	23/02/2023	28/02/2024	2,000,000	2.80%	-	2,019,637	-	2,019,637
23 EVERBRIGHTG2 <sup>(20)</sup>	23/03/2023	27/03/2024	3,000,000	2.75%	-	3,022,602	-	3,022,602
<b>Total</b>					<b>41,616,484</b>	<b>5,701,843</b>	<b>(5,022,860)</b>	<b>42,295,467</b>

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50. LONG-TERM BONDS (continued)

	<u>30 June 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
Long-term bonds due within one year	23,378,753	15,349,694
Long-term bonds due after one year	<u>18,916,714</u>	<u>26,266,790</u>
Total	<u>42,295,467</u>	<u>41,616,484</u>

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

- (1) 3-year corporate bond amounting to RMB3 billion on 9 March 2020, which was redeemed on 9 March 2023
- (2) 3-year corporate bond amounting to RMB1.5 billion on 22 June 2020, which was redeemed on 22 June 2023
- (3) 3-year corporate bond amounting to RMB3.7 billion on 14 July 2020
- (4) 3-year corporate bond amounting to RMB4.8 billion on 28 August 2020
- (5) 3-year corporate bond amounting to RMB1.7 billion on 25 December 2020
- (6) 3-year corporate bond amounting to RMB5.3 billion on 14 January 2021
- (7) 3-year corporate bond amounting to RMB2 billion on 7 June 2021
- (8) 5-year corporate bond amounting to RMB1 billion on 7 June 2021
- (9) 3-year corporate bond amounting to RMB1.3 billion on 16 July 2021
- (10) 5-year corporate bond amounting to RMB1.7 billion on 16 July 2021
- (11) 3-year corporate bond amounting to RMB3 billion on 11 August 2021
- (12) 3-year corporate bond amounting to RMB3 billion on 16 September 2021
- (13) 5-year corporate bond amounting to RMB1 billion on 16 September 2021
- (14) 3-year corporate bond amounting to RMB2 billion on 23 December 2021
- (15) 5-year corporate bond amounting to RMB1 billion on 23 December 2021
- (16) 3-year corporate bond amounting to RMB2.5 billion on 14 June 2022
- (17) 5-year corporate bond amounting to RMB0.5 billion on 14 June 2022
- (18) 3-year corporate bond amounting to RMB2 billion on 22 August 2022
- (19) 370-day corporate bond amounting to RMB2 billion on 23 February 2023
- (20) 370-day corporate bond amounting to RMB3 billion on 23 March 2023

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51. PROVISION FOR CONTINGENT LIABILITIES

(a) Provision

	<u>30 June 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
Litigation and arbitration	<u>5,259,452</u>	<u>5,284,293</u>

(b) Provision for contingent liabilities

	<u>30 June 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
At the beginning of the period/year	5,284,293	5,284,293
Additional provision	63,105	-
Amounts utilised during the period/year	<u>(87,946)</u>	<u>-</u>
At the end of the period/year	<u>5,259,452</u>	<u>5,284,293</u>

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

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51. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

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

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

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

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51. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

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

In September 2020, Jiaxing Zhaoyuan Yongjin Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Zhaoyuan Yongjin"), one of the mid-tranche limited partners of Jinxin Fund, initiated a civil lawsuit as plaintiff against Everbright Capital, regarding tort liability dispute, requesting Everbright Capital to compensate for the loss of investment principal of RMB600 million and the corresponding expected income. In October 2021, Everbright Capital received the first instance civil judgement ([2020] Hu 74 Min Chu No. 2467) from the Shanghai Financial Court that Everbright Capital shall compensate Zhaoyuan Yongjin for 30% of the investment principal, which is RMB180 million; Zhaoyuan Yongjin's remaining claims are not supported. Everbright Capital has appealed the verdict of the case. In July 2023, Everbright Capital received the final judgement of the second instance ([2021] Hu Min Zhong No. 1254) from the Shanghai Higher People's Court that the first instance civil judgement was revoked and Everbright Capital was sentenced to compensate Zhaoyuan Yongjin with approximately RMB135 million of investment capital, and the remaining litigation requests of Zhaoyuan Yongjin have been rejected.

In May 2021, Guizhou Guian Financial Investment Co., Ltd. (hereinafter referred to as "Guian Financial"), the stakeholder of another mid-tranche limited partners of Jinxin Fund, initiated civil lawsuits as plaintiff against Everbright Capital, regarding tort liability dispute, requesting Everbright Capital to compensate for the loss of their investment principal of RMB95 million, together with the corresponding expected income. In July 2023, Everbright Capital received the first instance civil judgement ([2021] Hu 74 Min Chu No. 1374) from the Shanghai Financial Court that Everbright Capital shall compensate Guian Financial for 30% of the investment principal, which is approximately RMB25 million; Guian Financial's remaining claims were not supported.

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

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

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51. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

In March 2022, Everbright Capital received the enforcement ruling (one of [2021] Hu 74 Zhi No. 466) from the Shanghai Financial Court, ruling that 35% of Everbright Fortune Financial Leasing Co., Ltd. and 6,858,868 shares of Tianyang Hongye Technology Co., Ltd held by Everbright Capital were adjudicated as price. In May 2023, 6,858,868 shares of Tianyang Hongye Technology Co., Ltd has been compulsorily executed. And there are still uncertainties in the enforcement results of 35% of Everbright Fortune Financial Leasing Co., Ltd., and the impact on the Group needs to be assessed according to the relevant enforcement results.

In March 2022, for the Kunming Purchase on behalf of Construction Investment Partnership (Limited Partnership) that was frozen by the judicial system, Everbright Development Investment Co., Ltd. (hereinafter referred to as "Everbright Development") has filed a lawsuit against the execution objection of an outsider with the Shanghai Financial Court. In November 2022, Everbright Development received the first instance civil judgement from the Shanghai Financial Court that rejected the request of the plaintiff. In December 2022, Everbright Development has submitted a petition of appeal to the Shanghai Financial Court and appealed to the Shanghai Higher People's Court. In May 2023, Everbright Development received the paper of civil judgement of second instance ([2023] Hu Min Zhong No. 49) from the Shanghai Higher People's Court that rejected the request of Everbright Development, and the original verdict was upheld. In July 2023, Everbright Development has filed a retrial application with the Supreme People's Court of the People's Republic of China regarding the judgement result, and the Supreme People's Court of the People's Republic of China has filed a case for review, and there is still uncertainty about the final review result.

Based on the assessment of the latest developments in relevant litigation and arbitration, combined with the information currently obtained, and taking into the account the requirements of the relevant laws and regulations, the Group made a provision for contingent liabilities amounting to RMB5.26 billion as of 30 June 2023 (31 December 2022: RMB5.28 billion) in accordance with the relevant provisions of the IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

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

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

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

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51. PROVISION FOR CONTINGENT LIABILITIES (continued)

(b) Provision for contingent liabilities (continued)

Please refer to the Group's announcements of No. Lin 2019-008, No. Lin 2019-012, No. Lin 2019-016, No. Lin 2019-037, No. Lin 2019-051, No. Lin 2020-015, No. Lin 2020-049, No. Lin 2020-051, No. Lin 2020-080, No. Lin 2020-094, No. Lin 2021-006, No. Lin 2021-031, No. Lin 2021-037, No. Lin 2021-045, No. Lin 2021-062, No. Lin 2022-002, No. Lin 2022-005, No. Lin 2022-007, No. Lin 2022-009, No. Lin 2022-032, No. Lin 2022-052, No. Lin 2022-054, No. Lin 2023-019, No. Lin 2023-034 and No. Lin 2023-036 for more details.

52. OTHER NON-CURRENT LIABILITIES

	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
Deposits of financial leasing business	16,008	49,371
Others	16,096	22,826
Total	<u>32,104</u>	<u>72,197</u>

53. SHARE CAPITAL

All shares issued by the Company are in form of fully paid ordinary shares. The par value per share is RMB1. The Company's number of shares issued and their nominal value are as follows:

	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
Registered, issued and fully paid (at RMB1 per share)	<u>4,610,788</u>	<u>4,610,788</u>

54. OTHER EQUITY INSTRUMENTS

	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
Perpetual subordinated bonds	<u>9,498,943</u>	<u>9,498,943</u>

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

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

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54. OTHER EQUITY INSTRUMENTS (continued)

The Company has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the Company may choose to defer the interest payment to the next payment date for the current period as well as all interest and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Mandatory interest payment events are limited to dividend distributions to ordinary shareholders and reductions of registered capital.

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

55. RESERVES AND RETAINED PROFITS

(a) Capital reserve

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

(b) Surplus reserve

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

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

(c) General reserve

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

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

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

(d) Fair value reserve

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

(e) Translation reserve

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



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55. RESERVES AND RETAINED PROFITS (continued)

(f) Retained profits

The movements in retained profits are set out below:

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
At the beginning of the period/year	12,286,664	11,637,280
Profit for the period/year	2,391,952	3,189,073
Appropriation to surplus reserve	-	(293,798)
Appropriation to general reserve	(17,216)	(805,082)
Dividends approved in respect of the previous year	(968,266)	(1,051,259)
Distribution to other equity instrument holders	(389,550)	(389,550)
Others	4,366	-
	<u>13,307,950</u>	<u>12,286,664</u>
At the end of the period/year	13,307,950	12,286,664

56. TRANSFERRED FINANCIAL ASSETS

In the normal course of business, the Group enters into certain transactions in which it transfers recognised financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognises all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise these assets.

(a) Repurchase agreements

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements. The Group transfers the contractual rights to receive the cash flows of these securities, but has an obligation to repurchase them at the agreed date and price. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, they are recognised as financial assets sold under repurchase agreements.

(b) Securities lending

Transferred financial assets that do not qualify for derecognition include securities lent to customers for securities lending business, for which the customers provide the Group with collateral that could fully cover the credit risk exposure of the securities lent. The customers have an obligation to return the securities according to the contracts. The Group has determined that it retains substantially all the risks and rewards of these securities and, therefore, has not derecognised such assets.

The following tables provide a summary of the carrying amounts related to transferred financial assets that are not derecognised in their entirety and the associated liabilities:

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56. TRANSFERRED FINANCIAL ASSETS (continued)

30 June 2023	<u>Repurchase agreements</u>	<u>Securities lending</u>
Carrying amount of transferred assets	-	51,122
Carrying amount of related liabilities	-	N/A
31 December 2022	<u>Repurchase agreements</u>	<u>Securities lending</u>
Carrying amount of transferred assets	803,578	112,314
Carrying amount of related liabilities	769,846	N/A

57. COMMITMENTS

Capital commitments

	<u>30 June 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
Contracted but not provided for	331,246	300,429

58. CONTINGENCIES

As at 30 June 2023, for the Group's pending litigations for MPS, please refer to note 51(b) for details.

As at 30 June 2023 and 31 December 2022, the Group's other contingent liabilities due to pending litigation amounted to RMB253,352 thousand and RMB184,920 thousand, respectively.

59. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Relationship of related parties

(i) Major shareholders

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
China Everbright Group Company	25.15%	25.15%
China Everbright Limited	20.73%	20.73%

(ii) Associates and joint ventures of the Company

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

(iii) Other related parties

Other related parties include subsidiaries of major shareholders, non-controlling shareholders of major subsidiaries of the Company and individuals which include members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals.

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59. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Related party transactions and balances

(i) Transactions between the Group and major shareholders:

	<u>30 June 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
Balances at the end of the period/year:		
Other payables and accruals	115	92
	<u>Six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)
Transactions during the period:		
Fee and commission income	23,520	27,607
Fee and commission expenses	196	468

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
	(Unaudited)	(Audited)
Balances at the end of the period/year:		
Right-of-use assets	277,347	35,788
Financial assets at fair value through profit or loss	2,447,410	2,463,238
Accounts receivable	11,298	13,203
Other receivables and prepayments	124,555	202,042
Cash and bank balances	9,888,059	11,750,659
Loans and borrowings	1,184,020	1,124,141
Placements from other financial institutions	-	1,500,925
Other payables and accruals	51,691	61,936
Financial assets sold under repurchase agreements	-	200,956
Lease liabilities	273,127	30,229
	<u>Six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)
Transactions during the period:		
Fee and commission income	50,742	51,145
Interest income	119,171	72,485
Net realised gains	26,356	3,004
Other income and gains	2,077	252
Fee and commission expenses	22,113	11,915
Interest expenses	40,022	23,559
Other operating expenses	47,346	31,459
Transaction amount for placements from other financial institutions, loans and borrowings	29,099,129	103,456,686
Transaction amount for financial assets sold under repurchase agreements	3,397,395	19,520,527

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59. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(c) Key management personnel's remuneration

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Short-term employee benefits		
- Fees, salaries, allowances and bonuses	12,298	15,216
Post-employment benefits		
- Contributions to pension schemes	1,129	1,264
Total	<u>13,427</u>	<u>16,480</u>

60. SEGMENT REPORTING

Management allocated resources and assessed the segment performance based on the operating segments. Accordingly, the reporting period's segment reporting has been presented in accordance with the approach adopted by management in the financial statements.

- Wealth management business segment: The Company provides brokerage and investment consulting services to retail clients to earn fee and commission, holds cash on behalf of clients to earn interest income, and sells financial products developed by the Company and other financial institutions to earn commission fee; and earns interest income from margin financing and securities lending, collateralised stock repurchase transactions, securities transactions under repurchase agreements and stock option exercise with respect to share incentive schemes of listed companies;
- Corporate financing business segment: The Company provides one-stop direct financing services to corporate customers and government customers, such as equity financing, debt financing, merger and acquisition financing, NEEQ and structural financing, asset securitisation and financial advisory service, to earn fee and commission, and also earns income from financial leasing business carried out by Everbright Leasing;
- Institutional customer business segment: The Company earns fee and commission by providing integrated services such as investments research and prime brokerage services to institutional clients;
- Investment trading business segment: On the premise of value investment and steady operation, the Company engages in various investments in and trading of stocks, bonds and derivatives to earn investment income;
- Asset management business segment: The Company provides institutional and individual clients with various securities asset management services and fund asset management services to earn management and advisory fees;
- Equity investment business segment: The Company generates income from private equity investment, alternative investment and PPP businesses; and
- Others mainly includes other businesses in addition to the above, including the operation of headquarters and investment holding platforms, and the management of general working capital.

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60. SEGMENT REPORTING (continued)

(a) Business segments

For the six months ended 30 June 2023 (Unaudited)

	Wealth management	Corporate finance	Institutional customers	Investment trading	Asset management	Equity investment	Others	Segment total
Fee and commission income								
- External	1,947,509	627,064	301,612	-	471,757	398	-	3,348,340
- Inter-segment	43,512	-	(92)	(17,627)	24,920	(6,236)	(965)	43,512
Interest income								
- External	1,847,821	38,422	30,435	261,661	28,629	2,976	332,137	2,542,081
- Inter-segment	6,103	-	-	-	-	11	15,431	21,545
Net investment gains								
- External	35,797	45,651	527,551	507,417	3,511	648,603	384,802	2,153,332
- Inter-segment	-	-	-	-	-	-	-	-
Total revenue	3,831,127	711,137	859,598	769,078	503,897	651,977	716,939	8,043,753
- External	49,615	-	(92)	(17,627)	24,920	(6,225)	14,466	65,057
Other income and gains								
- External	315,888	711	791	-	126,099	491	17,276	461,256
- Inter-segment	1,181	-	-	-	-	-	398	1,579
Segment revenue and other income	4,147,015	711,848	860,389	769,078	629,996	652,468	734,215	8,505,009
- External	50,796	-	(92)	(17,627)	24,920	(6,225)	14,864	66,636
Segment expenses								
- External	(2,778,751)	(293,491)	(226,421)	(333,351)	(340,101)	(104,518)	(1,722,733)	(5,799,366)
- Inter-segment	(9,544)	(3,298)	-	-	(40,096)	(12,940)	(383)	(66,261)
Segment operating profit/(loss)	1,368,264	418,357	633,968	435,727	289,895	547,950	(988,518)	2,705,643
- External	41,252	(3,298)	(92)	(17,627)	(15,176)	(19,165)	14,481	375
Share of profits of associates and joint ventures								
- External	1,132	(3,327)	-	-	67,781	(2,854)	3,327	66,059
- Inter-segment	-	3,327	-	-	-	2,426	-	5,753
Profit/(loss) before income tax	1,369,396	415,030	633,968	435,727	357,676	545,096	(985,191)	2,771,702
- External	41,252	29	(92)	(17,627)	(15,176)	(16,739)	14,481	6,128
- Inter-segment	(835,666)	(19,209)	(50,117)	(310,305)	(3,722)	(22,310)	(413,960)	(1,655,289)
Interest expenses	5	-	-	-	-	-	-	5
Impairment losses								
Credit loss expense	58,395	525	-	(4,210)	1,413	29,965	(113,162)	(27,074)
Depreciation and amortisation expenses	(118,591)	(21,433)	(13,300)	(1,138)	(30,742)	(2,807)	(144,888)	(332,899)

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60. SEGMENT REPORTING (continued)

(a) Business segments (continued)

For the six months ended 30 June 2022 (Unaudited)

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

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60. SEGMENT REPORTING (continued)

(b) Geographical segments

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

Segment revenue:

	Six months ended 30 June 2023 (Unaudited)			Six months ended 30 June 2022 (Unaudited)		
	Mainland China	Outside Mainland China	Total	Mainland China	Outside Mainland China	Total
Revenue from external customers	7,543,769	499,984	8,043,753	6,822,263	417,121	7,239,384
Other income and gains	455,134	6,122	461,256	259,493	12,783	272,276
<b>Total</b>	<b>7,998,903</b>	<b>506,106</b>	<b>8,505,009</b>	<b>7,081,756</b>	<b>429,904</b>	<b>7,511,660</b>

Specified non-current assets:

	30 June 2023 (Unaudited)			31 December 2022 (Audited)		
	Mainland China	Outside Mainland China	Total	Mainland China	Outside Mainland China	Total
Property and equipment	823,600	13,682	837,282	803,394	19,753	823,147
Right-of-use assets	548,122	267,090	815,212	492,690	49,976	542,666
Investment Properties	11,791	-	11,791	12,151	-	12,151
Goodwill	9,380	851,864	861,244	9,380	825,338	834,718
Other intangible assets	186,011	44,307	230,318	169,518	45,974	215,492
Investments in associates and joint ventures	1,042,414	36,550	1,078,964	1,018,329	44,206	1,062,535
Long-term deferred expenses	53,400	-	53,400	53,710	-	53,710

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61. FAIR VALUE INFORMATION

(a) Fair value of financial instruments

The following table lists the information about the fair value of the Group's assets and liabilities that are continuously and non-continuously measured at fair value and their fair value measurement levels at the end of the reporting date. The level of fair value measurement results depends on the lowest level of input value that is significant to the fair value measurement as a whole. The three levels of input values are defined as follows:

- (a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
- (b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- (c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

(b) Fair value hierarchy

	30 June 2023 (Unaudited)			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Funds	23,820,468	3,462,858	2,369,672	29,652,998
– Debt securities	5,811,192	13,458,280	-	19,269,472
– Wealth management products	3,038,549	466,485	1,408,450	4,913,484
– Equity securities	21,409,279	42,767	720,090	22,172,136
– Others	191,030	19,467,562	133,665	19,792,257
Debt investments at fair value through other comprehensive income				
– Debt securities	7,049,110	17,928,230	-	24,977,340
Equity investments designated at fair value through other comprehensive income				
– Equity securities	2,180,298	5,320	127,433	2,313,051
– Others	-	-	360,984	360,984
Derivative financial assets	35,183	315,458	494,167	844,808
<b>Total</b>	<b>63,535,109</b>	<b>55,146,960</b>	<b>5,614,461</b>	<b>124,296,530</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	25,635	421,220	-	446,855
Derivative financial liabilities	89,926	226,202	329,421	645,549
<b>Total</b>	<b>115,561</b>	<b>647,422</b>	<b>329,421</b>	<b>1,092,404</b>



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61. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

	31 December 2022 (Audited)			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Funds	25,477,298	2,389,826	2,292,142	30,159,266
– Debt securities	6,790,405	15,581,536	-	22,371,941
– Wealth management product	3,876,152	109,435	2,226,046	6,211,633
– Equity securities	21,305,017	33,626	1,981,209	23,319,852
– Others	195,658	9,676,740	132,585	10,004,983
Debt investments at fair value through other comprehensive income				
– Debt securities	6,843,644	14,906,832	-	21,750,476
Equity investments designated at fair value through other comprehensive income				
– Equity securities	2,017,517	-	131,069	2,148,586
– Others	-	-	336,744	336,744
Derivative financial assets	19,989	731,913	355,493	1,107,395
<b>Total</b>	<b>66,525,680</b>	<b>43,429,908</b>	<b>7,455,288</b>	<b>117,410,876</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	10	97,448	-	97,458
Derivative financial liabilities	75,977	459,524	167,688	703,189
<b>Total</b>	<b>75,987</b>	<b>556,972</b>	<b>167,688</b>	<b>800,647</b>

For the period ended 30 June 2023, financial assets of Level 3 of RMB77,192 thousand were transferred from Level 1 and Level 2; financial assets of Level 1 of RMB1,861,749 thousand were transferred from Level 3; and financial assets of Level 2 of RMB5,319 thousand were transferred from Level 3. There were no significant transfers between other Levels.

For the year ended 31 December 2022, financial assets of Level 3 of RMB8,868 thousand were transferred from Level 1 and Level 2; financial assets of Level 1 of RMB165,688 thousand were transferred from Level 3. There were no significant transfers between other Levels.

(i) Financial instruments in Level 1

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

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61. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

(ii) Financial instruments in Level 2

The fair values of financial instruments (financial assets/liabilities at fair value through profit or loss, and debt investments at fair value through other comprehensive income) are quoted by the valuation system of the relevant bond registration and settlement agency. The relevant quotation agencies use observable input values that reflect market conditions in the process of forming quotations without significant adjustment.

The fair values of financial instruments (financial assets/liabilities at fair value through profit or loss, debt investments at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income and derivative instruments) that are not traded in an active market, are determined by valuation techniques. Observable inputs required by valuation techniques include and are not limited to valuation parameters such as yield curve, net asset value, and price-to-earnings ratio.

For the period ended 30 June 2023, the valuation technique used in the above-mentioned continuous Level 2 fair value measurement of the Group has not changed.

(iii) Valuation methods for specific investments in Level 3

The Group has developed relevant procedures to determine appropriate valuation techniques and input values in the continuous Level 3 fair value measurement. The Group regularly reviews relevant procedures and the suitability of fair value determination.

Financial assets/ liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Listed equity investments with disposal restrictions within a specific period	Option pricing model	Volatility	The higher the volatility, the lower the fair value
Equity securities, unlisted equity investments and funds	Market valuation approach	Discount for lack of marketability	The higher the discount, the lower the fair value
Trust products, bonds, funds, asset management products and wealth management products	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discount rate, the lower the fair value
Derivative assets	Option pricing model	Volatility	The higher the volatility, the higher the fair value
Derivative assets	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discount rate, the lower the fair value
Derivative liabilities	Option pricing model	Volatility	The higher the volatility, the higher the fair value

For the period ended 30 June 2023, the valuation technique used in the above-mentioned continuous Level 3 fair value measurement of the Group has not changed.

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61. FAIR VALUE INFORMATION (continued)

(b) Fair value hierarchy (continued)

(iii) Valuation methods for specific investments in Level 3 (continued)

The following table shows a reconciliation of the opening balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	Financial assets at fair value through profit or loss	Equity investments designated at fair value through other comprehensive income	Derivative financial assets	Derivative financial liabilities
31 December 2022 (Audited)	6,631,982	467,813	355,493	(167,688)
Gains/(losses) for the period	139,451	-	112,583	(261,274)
Changes in fair value recognised in other comprehensive income	-	(7,843)	-	-
Purchases and issues	2,025,252	-	66,549	(265,916)
Transfer-in	43,426	33,766	-	-
Transfer-out	(1,861,749)	(5,319)	-	-
Disposals and settlements	(2,346,485)	-	(40,458)	365,457
30 June 2023 (Unaudited)	4,631,877	488,417	494,167	(329,421)
Total unrealised profits/(losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	123,297	-	79,530	(128,840)
31 December 2021 (Audited)	6,542,488	477,163	138,159	(269,458)
Gains for the year	206,580	-	155,325	82,748
Changes in fair value recognised in other comprehensive income	-	5,340	-	-
Purchases or issues	6,527,898	-	342,061	(432,472)
Transfer-in	548	8,320	-	-
Transfer-out	(142,678)	(23,010)	-	-
Disposals and settlements	(6,502,854)	-	(280,052)	451,494
31 December 2022 (Audited)	6,631,982	467,813	355,493	(167,688)
Total unrealised profits/(losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	478,847	-	(1,015)	(10,177)

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61. FAIR VALUE INFORMATION (continued)

(c) Fair value of other financial instruments (carried at other than fair value)

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2022 and 30 June 2023, except for the following financial instruments, for which their carrying amounts and fair values and the level of fair value hierarchy are disclosed below:

Carrying amount:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Financial assets		
- Financial assets measured at amortised cost	3,387,070	3,589,372
Financial liabilities		
- Long-term bonds	42,295,467	41,616,484

Fair value:

	30 June 2023 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets				
- Financial assets measured at amortised cost	-	3,435,384	-	3,435,384
Financial liabilities				
- Long-term bonds	-	42,539,595	-	42,539,595
	31 December 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets				
- Financial assets measured at amortised cost	-	3,607,739	-	3,607,739
Financial liabilities				
- Long-term bonds	-	41,702,984	-	41,702,984

(All amounts expressed in RMB thousands unless otherwise specified)

62. GUARANTEES

During the reporting period, guarantees provided by the Company mainly included the net capital guarantee for Shanghai Everbright Securities Assets Management Co., Ltd. and the counter-guarantee to the guarantor for borrowing loans from overseas commercial bank for Everbright Securities International Holdings Limited ("EBSI"), wholly-owned subsidiaries of the Company. As at 30 June 2023, the balance of the above guarantees amounted to RMB5.013 billion.

During the reporting period, guarantees provided by controlling subsidiaries of the Company mainly included the loan guarantees and financing guarantees provided by EBSI, and its subsidiaries to their subsidiaries for the business development of such companies. As at 30 June 2023, the balance of the above guarantees amounted to RMB1.384 billion.

63. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

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

(a) Issuance of corporate bonds after the reporting period

On 8 August 2023, the Company publicly issued the third batch of corporate bonds of Year 2023 amounting to RMB3 billion to the professional investors, which has a term of 3 years and bears a coupon interest rate of 2.77%. And the value date is 10 August 2023.

(b) Redemption of corporate bonds after the reporting period

On 14 July 2020, the Company issued a corporate bond with an aggregate principal amount of RMB3.7 billion, which has a term of 3 years and bears interest at a rate of 3.60%. The redemption of this bond was completed on 14 July 2023.

(c) Guarantee after the reporting period

On 7 July 2023, the Company provided a joint and several liability guarantee for the loan of HKD800 million applied by EBSI to Nanyang Commercial Bank Limited by way of signing the Letter of Guarantee. The guarantee period is 2 years from the next day of the maturity date of the loan.

64. COMPARATIVE FIGURES

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

65. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 24 August 2023.