(GDR under the symbol "HTSC")

# RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

The Board hereby announces the audited results of the Company and its subsidiaries for the year ended December 31, 2022. This announcement contains the full text of the annual results announcement of the Company for 2022.

## PUBLISHMENT OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This results announcement of the Company will be available on the website of London Stock Exchange (www.londonstockexchange.com), the website of National Storage Mechanism (data.fca.org.uk/#/nsm/nationalstoragemechanism), and the website of the Company (www.htsc.com.cn), respectively.

The annual report of the Company for 2022 will be available on the website of London Stock Exchange (www.londonstockexchange.com), the website of the National Storage Mechanism (data.fca.org.uk/#/nsm/nationalstoragemechanism) and the website of the Company in due course on or before April 30, 2023.

## DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the section headed “Definitions” in this announcement.

Huatai Securities Co., Ltd.

March 30, 2023

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Financial Report

## IMPORTANT NOTICE

**The Board of Directors, the Supervisory Committee, Directors, Supervisors and senior management of the Company undertake that the information in this annual report is true, accurate and complete and contains no false record, misleading statement or material omission, and assume individual and joint legal liabilities to the information in this report.**

**This report was considered and approved at the second meeting of the sixth session of the Board of the Company.**

**Director absent from the meeting**

| Position of absent Director | Name of absent Director | Reasons for absence | Name of proxy |
|---|---|---|---|
| Director | Ke Xiang | Business engagement | Chen Zhongyang |

**None of the Directors and Supervisors had objections towards this report.**

**The annual financial report prepared in accordance with the CASBE and the IFRS was audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu, respectively, which issued a standard unqualified audit report to the Company.**

**Zhang Wei, the person in charge of the Company, Jiao Xiaoning, the person in charge of accounting, and Fei Lei, the officer in charge of the accounting office of the Company (head of accounting department), hereby warrant and guarantee that the financial report contained in the annual report is true, accurate and complete.**

**The profit distribution proposal or the reserve capitalization proposal for the Reporting Period have been considered and approved by the Board.**

According to the 2022 annual financial statements of the Company, the net profit of the Parent Company for 2022 reached RMB12,209,871,037.74. According to relevant provisions of the Company Law, Securities Law, Financial Rules for Financial Enterprises (《金融企業財務規則》) and the Articles of Association, the Company had appropriated 10% statutory surplus reserve, 10% general risk reserve and 10% trading risk reserve of RMB3,662,961,311.32 in total, after which the profit available for distribution for the year was RMB8,546,909,726.42. Taking into account the balance of undistributed profit in previous years, the accumulated profit available for distribution to investors as at the end of 2022 was RMB24,000,453,156.70.

According to relevant requirements of the CSRC, the gains arising from the fair value changes in distributable profit of securities companies shall not be used for cash distribution to shareholders. As at the end of December 2022, the accumulated fair value changes in distributable profit of the Parent Company were RMB1,750,948,700.27, after deduction of which as required, the profit of the Parent Company available for distribution to investors in cash amounted to RMB22,249,504,456.43.

After comprehensive consideration of factors such as the interests of shareholders and the development of the Company, the 2022 profit distribution proposal of the Company is as follows:

1. The Company will distribute cash dividend of RMB4.50 (tax inclusive) per 10 shares based on the Company's existing total share capital of 9,075,589,027 shares after deducting 45,278,495 shares deposited in the special account for securities repurchase and 925,692 A Shares to be repurchased and cancelled (i.e. on the basis of 9,029,384,840 shares), with the total cash dividend of RMB4,063,223,178.00 (tax inclusive), representing 36.76% of net profit attributable to the shareholders of the Parent Company on a consolidated basis for 2022.

   If the total share capital of the Company changes as a result of repurchase and cancellation of shares granted in the equity incentive during the period from the disclosure date of this proposal to the record date of the implementation of the dividend distribution, the Company intends to maintain the distribution ratio per share unchanged and adjust the total distribution accordingly. The remaining profits available for distribution to investors will be carried forward to the next year.

2. Cash dividend is denominated and declared in RMB and paid to holders of A Shares (including the depositary of GDRs) and the investors of Southbound Trading in RMB and to holders of H Shares (excluding the investors of Southbound Trading) in HKD. The actual distribution amount in HKD shall be calculated at the rate of average basic exchange rate of RMB against HKD issued by the PBOC five business days prior to the date of the 2022 Annual General Meeting of the Company.

**Forward-looking statements including future plans and development strategies involved in this annual report do not constitute the Company's substantive commitments to investors. The investors are advised to pay attention to investment risks.**

**There is no non-operating misappropriation of funds of the Company by any controlling shareholders and their related parties during the Reporting Period.**

**The Company has not provided any external guarantees in violation of the stipulated decision-making procedures during the Reporting Period.**

**During the Reporting Period, there exists no such circumstance that more than half of the Directors could not guarantee the authenticity, accuracy and integrity of the annual report disclosed by the Company.**

**The report is prepared by the Company in both Chinese and English. In the event of any inconsistency, the Chinese version shall prevail.**

## Warning on Major Risks

General economic and political conditions such as macroeconomy and monetary policies, laws and regulations influencing financial and securities industries, rising and falling trends in commercial and financial industries, inflation, exchange rate fluctuations, availability of long and short-term market capital sources, financing costs and interest rate levels and fluctuations may have an impact on the Company's business. Besides, like other companies in the securities industry, inherent risks in the securities market, such as market volatility and trading volume, may also affect the Company's business. The Company cannot guarantee the sustainability of favorable politics, economy and market conditions.

Main risks in business operation faced by the Company include: policy risks from national macro-control measures, changes in laws, regulations, relevant regulatory policies and transaction rules in securities industry, which will adversely influence the business of securities companies; compliance risks from business management or professional activities violating laws, regulations or codes, which cause the Company being punished by laws, being taken regulatory measures, suffering from property or reputation loss; legal risks from failure to abide by provisions and requirements in laws and regulations, which make the Company face litigations, compensation, and fines and suffer from loss; market risks from fluctuations in market prices (interest rates, exchange rates, stock prices and commodity prices, etc.), which make the Company suffer from loss in assets; credit risks from default of product issuers, bond issuers or counterparties (customers), which make the Company suffer from loss in assets; liquidity risks from inability to obtain sufficient funds at reasonable cost in time to pay matured debts, fulfil other payment obligations and satisfy the capital needs for normal business; information and technology risks such as various technical failure or data leakage of the Company's information system from internal and external reasons, which consequently cause loss by incapacitating the information system from guaranteeing the stability, high-efficiency and safety of transactions and business management in business realization, response speed, processing capacity, data encryption and so on; operational risks from incomplete or problematic internal procedures, personnel or systems or external incidents, which cause loss; reputation risks from business operation, management and other behaviors or external incidents which lead to negative judgement on the Company from relevant media; money laundering risk from the utilization of the Company's products or services by criminals to engage in money laundering activities which lead to negative effects on the Company's legal, reputation, compliance, operation and other aspects. Besides, with the advancement of the Company's internationalization strategy, the Company's business will enter the United States, the United Kingdom, Hong Kong and other countries and regions, and the Company will face more complex market environment and regulatory requirements.

## DEFINITIONS

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

DEFINITIONS OF CAPITALIZED TERMS AND EXPRESSIONS

| | |
|---|---|
| A Share(s) | domestic share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB |
| AoP | Assets on Platform |
| APP | Application |
| Articles of Association | the articles of association of the Company, as amended, supplemented or otherwise modified from time to time |
| AssetMark | AssetMark Financial Holdings, Inc., a wholly-owned subsidiary of Huatai International |
| Bank of Jiangsu | Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司) |
| Beijing Stock Exchange | the Beijing Stock Exchange (北京證券交易所) |
| Board or Board of Directors | the board of Directors of the Company |
| CAGR | compound annual growth rate |
| CASBE | the China Accounting Standards for Business Enterprises (中國企業會計準則) |
| China or the PRC | the People's Republic of China |
| China Southern Asset Management | China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司) |
| Communications Holding | Jiangsu Communications Holding Co., Ltd. (江蘇交通控股有限公司) |
| Company Law | Company Law of the People's Republic of China (《中華人民共和國公司法》), as amended from time to time |

| | |
|---|---|
| CSI 300 Index | an index consisting of 300 index sample stocks which are most representative, selected by the Shanghai Stock Exchange and the Shenzhen Stock Exchange jointly with the scale and liquidity as the basic standards |
| CSRC | the China Securities Regulatory Commission (中國證券監督管理委員會) |
| Director(s) | director(s) of the Company |
| FICC | fixed income, currency and commodity |
| FINTECH | financial technology |
| Futures IB Business | a business activity in which securities firms, as commissioned by futures companies, introduce clients to participate in futures transactions of futures companies and provide other related services |
| GDR | global depository receipt |
| Govtor Capital | Govtor Capital Group Co., Ltd. (江蘇高科技投資集團有限公司) |
| Group, Our Group, we or us | the Company and its subsidiaries, and their respective predecessors |
| Guoxin Group | Jiangsu Guoxin Investment Group Limited (江蘇省國信集團有限公司, formerly known as Jiangsu Guoxin Asset Management Group Limited (江蘇省國信資產管理集團有限公司)) |
| H Share(s) | foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in HK dollars |
| HKEX | Hong Kong Exchanges and Clearing Limited (香港交易及結算所有限公司) |
| HK$, HKD or HK dollars | the lawful currency of Hong Kong |
| Hong Kong | the Hong Kong Special Administrative Region of the PRC |
| Hong Kong Stock Exchange | The Stock Exchange of Hong Kong Limited (香港聯合交易所有限公司) |

| | |
|---|---|
| HTSC, Huatai Securities, our Company, Company or Parent Company | a joint stock company incorporated in the PRC with limited liability under the corporate name 华泰证券股份有限公司(Huatai Securities Co., Ltd.), converted from our predecessor 华泰证券有限责任公司 (Huatai Securities Limited Liability Company) on December 7, 2007, carrying on business in Hong Kong as "HTSC", and was registered as a registered non-Hong Kong company under Part 16 of the Companies Ordinance under the Chinese approved name of "華泰六八八六股份有限公司" and English name of "Huatai Securities Co., Ltd."; the H Shares of which have been listed on the main board of Hong Kong Stock Exchange since June 1, 2015 (Stock Code: 6886); the A Shares of which have been listed on the SSE since February 26, 2010 (Stock Code: 601688); and the global depository receipts of which have been listed on the London Stock Exchange plc since June 2019 (Symbol: HTSC), unless the context otherwise requires, including its predecessor |
| Huatai Asset Management | Huatai Securities (Shanghai) Asset Management Co., Ltd. (華泰證券(上海)資產管理有限公司), a wholly-owned subsidiary of the Company |
| Huatai Financial Holdings (Hong Kong) | Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), a wholly-owned subsidiary of Huatai International |
| Huatai Foundation | Jiangsu Huatai Foundation (江蘇省華泰公益基金會) |
| Huatai Futures | Huatai Futures Co., Ltd. (華泰期貨有限公司), a wholly-owned subsidiary of the Company |
| Huatai Innovative Investment | Huatai Innovative Investment Co., Ltd. (華泰創新投資有限公司), a wholly-owned subsidiary of the Company |
| Huatai International | Huatai International Financial Holdings Company Limited (華泰國際金融控股有限公司), a wholly-owned subsidiary of the Company |
| Huatai-PineBridge | Huatai-PineBridge Fund Management Co., Ltd. (華泰柏瑞基金管理有限公司) |
| Huatai Purple Gold Investment | Huatai Purple Gold Investment Co., Ltd. (華泰紫金投資有限責任公司), a wholly-owned subsidiary of the Company |
| Huatai Securities (USA) | Huatai Securities (USA), Inc. (華泰證券(美國)有限公司), a wholly-owned subsidiary of Huatai International |
| Huatai United Securities | Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司), a holding subsidiary of the Company |

| | |
|---|---|
| IFRS | the International Financial Reporting Standards |
| IPO | the initial public offering |
| IT | information technology |
| Jiangsu Equity Exchange | Jiangsu Equity Exchange Co., Ltd. (江蘇股權交易中心有限責任公司), a holding subsidiary of the Company |
| Jiangsu SASAC | State-owned Assets Supervision and Administration Commission of Jiangsu Provincial Government (江蘇省政府國有資產監督管理委員會) |
| Jiangsu Securities Regulatory Bureau | Jiangsu Securities Regulatory Bureau of the CSRC (中國證監會江蘇監管局) |
| Listing Rules or Hong Kong Listing Rules | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time) |
| London Stock Exchange or LSE | the London Stock Exchange plc (倫敦證券交易所) |
| Model Code | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules |
| MSCI | Morgan Stanley Capital International Index |
| NEEQ | the National Equities Exchange and Quotations for small and medium-sized enterprises |
| NMAU | the number of monthly active users |
| OTC | over-the-counter |
| PBOC | the People's Bank of China |
| QDII | qualified domestic institutional investor |
| QFII | qualified foreign institutional investor |
| Reporting Period | the year ended December 31, 2022 |
| Securities Law | Securities Law of the People's Republic of China (《中華人民共和國證券法》), as amended from time to time |
| Securities and Futures Ordinance or SFO | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |

| | |
|---|---|
| SFC | the Securities and Futures Commission of Hong Kong (香港證券及期貨事務監察委員會) |
| Shanghai Brilliance | Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. (上海新世紀資信評估投資服務有限公司) |
| Shanghai Clearing House | the Interbank Market Clearing House Co., Ltd. (銀行間市場清算所股份有限公司) |
| Shanghai Stock Exchange or SSE | the Shanghai Stock Exchange (上海證券交易所) |
| Shenzhen Stock Exchange | the Shenzhen Stock Exchange (深圳證券交易所) |
| Singapore Subsidiary | Huatai Securities (Singapore) Pte. Limited, a wholly-owned subsidiary of Huatai International |
| SSE 50 Index | an index consisting of 50 index sample stocks with large scale and good liquidity, which are most representative in the securities market of Shanghai selected by the Shanghai Stock Exchange |
| SSF | the National Council for Social Security Fund of the PRC (全國社會保障基金理事會) |
| STAR Market | science and technology innovation board of SSE |
| Supervisor(s) | supervisor(s) of the Company |
| Supervisory Committee | the supervisory committee of the Company |
| TAMP | Turn-key Asset Management Platform, a technological platform providing services such as investment products and strategies, assets portfolio management, customer relationship management and asset custody, as well as corporate operation |
| USD or US dollar | the lawful currency of the United States of America |
| VAR | value at risk |
| Wind Information | Wind Information Co., Ltd. (萬得信息技術股份有限公司), a service provider of financial data, information and software in Mainland China |
| % | per cent. |

In the 2022 Annual Report, any discrepancies between the total shown and the sum of the amounts listed are due to rounding; and any discrepancies in the change percentages of an item are due to the difference of currency unit of the item.

## CEO'S LETTER

Dear Shareholders:

Facing arduous tasks and heavy responsibilities, we forged ahead with fortitude. The past year was an extremely extraordinary and important year. Under the impacts of geopolitical conflicts, the inflation pressures, the challenges in supply chains and other factors, the global economy faced the threat of stagflation and the international financial market experienced intensified fluctuations. In face of the complicated and ever-changing external environment, we have never been more confident about the endogenous resilience and huge potential of the PRC economy. High-quality development has been elevated to the primary task in building China into a modern socialist country in all respects. Standing at the crucial time of the domestic economic stabilization and recovery, we embraced the full implementation of the registration-based IPO system. The milestone reform has far-reaching influence and we felt more responsibilities and missions on our shoulders.

As a participant and builder of the capital market, we also adhere to professionalism and bottom thinking and strive to create long-term value for shareholders, customers, the society and other stakeholders. Such belief enables us to see through the mist of various challenges, clearly seize true opportunities, more resolutely empower wealth management and institutional services with technology and continuously unleash the development momentum. In 2022, the Company's comprehensive strength soundly ranked in the forefront of the industry. As of the end of 2022, total assets of the Group amounted to RMB846,567 million and total equity attributable to shareholders of the Company amounted to RMB165,087 million. In 2022, the Group recorded total revenue, other income and gains of RMB46,824 million and a profit for the year attributable to shareholders of the Company of RMB11,053 million.

### I. Being always concerned about customer demands

Despite market fluctuations, we always adhere to the orientation of customer demand and build a full-chain service system through platform-based development and integrated operation. We promote "One Customer" internally and "One Huatai" externally to build market brands with influence and recognition.

In the field of wealth management, we firmly conveyed long-term and scientific investment concepts to over 20 million customers and accompanied customers to understand the market, seize opportunities and reduce anxiety in face of market fluctuations. We developed professional and open content ecosystems from the perspective of customers and connected online and offline services to create more practical and tangible results with differentiated value. We optimized the hierarchy of customer demands and the corresponding investment advisory and service hierarchy, iterated and upgraded professional transaction services and wealth management services and allowed customers to obtain attentive and well-thought services when they need most through the accurate output of the "ZhangLe Fortune Path" (漲樂財富通) platform and the investment advisory cloud platform. We adhered to the integration of investment advisory with priority on advisory and built the purchaser investment advisory model with customers' profit experience as the core, resulting in positive changes in customer behaviors and longer holding period and higher reinvestment rate in funds. Only through the continuous accumulation of the sense of trust and accomplishment can the "quantity of flow" convert into "quantity of retention". In 2022, the NMAU of

"ZhangLe Fortune Path" (漲樂財富通) and the equity and fund trading volume continued to maintain the first in the securities industry while the scale of public funds in the non-money market edged into top 10 in the whole market for the first time.

In the field of institutional services, we continued to refine the customer service model and service system and developed the core competitiveness of platform-based and integrated institutional businesses. We continuously optimized the global customer operation system, gradually implemented the prime brokerage service model driven by the headquarters with cross-border integration and the coordination of the headquarters and branches and better achieved the unified hierarchy and grading of customers, the integrated operation of accounts and the reasonable releasing of service resources. We adhered to the business orientation and technology empowerment, further improved the fundamental functions and efficiency of various trading platforms, achieved the full coverage of the digital business model over the whole process of meeting customer demands, asset pricing and market making, and continuously consolidated the leading advantages in the equity derivatives and on-exchange market making businesses. The research platforms continuously integrated fundamental data, iterated valuation models, portrayed industry mapping, unleashed business value and sped up in the transformation of research viewpoints towards investment banking and trading products. The "Xing Zhi" (行知) platform of the institutional business covered research, investment banking and trading services. The key construction of versions for corporate customers and private placement customers allowed that the demands of different types of institutional customers in different stages can get efficient response in our service systems.

## II. Creating long-term value by serving the real economy

As a bridge connecting real economies and the capital market, we had our sights set on professional capabilities and the origin of investment banking by providing professional financial services based on the customer's full lifecycle, and we achieved common growth with industrial leaders, promoted the achievement of the entrepreneurial spirit and value, and actively exerted its power of finance to facilitate the real economy, thus contributing to the high circulation among technology, capital and the real economy. In 2022, the Company ranked the fourth in the industry in terms of the equity lead-underwriting quantity and amount, ranked the third in the industry in terms of the lead-underwriting amount of bonds and ranked the second in the industry in terms of the number and amount of M&A and restructuring projects approved and registered.

The new cycle of science and technology revolution and industrial evolution is picking up pace and reshaping the global innovation landscape and economic structure. Accelerating the strategic development of emerging industries, building a modern industrial system, and achieving a high degree of self-reliance and self-improvement in science and technology are essential to capture the upper hand in future industrial development. Over the years, we have continued to cultivate strategic emerging industries such as TMT, energy and environmental protection, and big health, among others. With our professional financial services capabilities and in-depth industrial logic serving the integrated whole business chain service resources for research, investment, investment banking and trading, we provided enterprises with a full range of services from initial private financing, listing, refinancing, M&A and restructuring to asset securitization, helping enterprises seek suitable investment and financing and business expansion opportunities in the global capital market, thus to effectively solve the problems of enterprises and contribute its efforts on the enterprises' growth, industrial transformation and real economic development. Since 2012, we have served more than 210 technology and innovation enterprises with a total market value of RMB8.52 trillion.

The semiconductor industry is the core of the new generation of information technology. Over years of technical build-up, China's semiconductor industry is expected to embark on a new cycle of localization. We have a deep footprint in semiconductor design, semiconductor materials and equipment, optical chips and other segments, providing innovative capital support for enterprises to expand their R&D investment, actively serving the resource matching of upstream and downstream enterprises in the industry and business expansion thereof, helping the global resource integration and allocation for leading enterprises, and deeply participating in the innovation and development process of the semiconductor industry. With the deeply advancing of "carbon peaking and carbon neutrality" strategies, the third energy revolution with renewable energy as its main core has brought up new development opportunities for many industries. We have achieved relatively comprehensive coverage in the major segments of the new energy industry, including photovoltaic, lithium battery and wind power industries, and have assisted new energy companies in further raising their funds both onshore and offshore, contributing to industrial upgrading, technology breakthroughs and international-mode development, and contributing its strength to the implementation of the "carbon peaking and carbon neutrality" strategy. We continuously contributed to the construction of "Healthy China" in the new era with financial strength, and have formed a complete business layout in the fields of biopharmaceuticals, medical devices and medical services. Over the years, we have assisted leading companies in organizing their development strategies, actively connecting with their industrial resources and investors both at home and abroad, continuously helping innovative drug and innovative medical device enterprises to advance their R&D pipelines, and promoting the transformation and upgrading of large-sized pharmaceutical companies with professional and international features.

Adhering to long-term value, we achieved steady progresses in business amid various challenges and stepped up in performing social responsibilities while practicing the sustainable development concept. Through sponsoring the establishment of Huatai Foundation, we carried out long-term cooperation with more professional public welfare partners and committed to making more professional and in-depth efforts in rural revitalization, education and medical treatment, ecological protection and other public welfare sectors. In terms of rural revitalization, we continuously and solidly implemented projects on industry, medical treatment, education and disaster prevention and mitigation. We also paid attention to the end of social governance and assisted underdeveloped regions in building the capability of service institutes on social work. The results of the "One Yangtze River" public welfare program on ecological and environmental protection accumulated for years have been displayed during the official activities of the UN Conference of the Parties to the Convention on Biological Diversity and the Convention on Wetlands, demonstrating the active undertakings of Chinese enterprises in modern environmental governance systems to the international community.

## III. Advancing in international development amid high-level opening

In face of global changes, the high-level opening injected strong certainties in global economic development. Under the new development pattern, Chinese assets offered significant investment opportunities to global investors and Chinese companies should go out to explore new markets and new potentials. Based on our profound understanding about Chinese companies, assets and investors, we strived to continuously recommend Chinese featured assets to overseas investors, output first-class research services on the Chinese market, provide efficient transaction execution and risk management services and guide international capitals to enter the Chinese market. Meanwhile, we will serve Chinese companies to go global, enhance the pricing power of Chinese assets in the global market and more actively participate in high-level opening.

In recent years, the international business of the Company has always maintained the strategy main line of enhancing cross-border linkage, and has been forging ahead despite the challenging overseas market environment. In 2022, the overall performance of the international business ranked among the top Chinese securities firms in Hong Kong, with its revenue share of the Group exceeding 20%; the cross-border institutional business, such as FICC and stock derivatives, had significant market advantages, and continued to provide cross-border asset allocation services featuring with integration and diversification for northbound and southbound customers. The share of sponsorship and underwriting of IPOs in Hong Kong stocks ranks the second in the market, which better catered to the needs of Chinese enterprises in overseas financing and mergers and acquisitions, and has achieved multi-market coverage in mainland China, Hong Kong, Europe and the United States. The application for the establishment of the subsidiary in Singapore was approved, making further breakthroughs in its international layout. In the future, we will continue to exert our efforts in participating interconnection, deeply deploying our roles in key international markets and regions with a view to better serving the high-level opening up.

Despite changes in the environment, we will stay true to our original aspirations in the long journey. In the face of the combination and evolving of new patterns and new changes, we resolutely take the rough but correct path. With a stronger sense of missions, a broader strategic horizon and more practical operation measures, we will seize historical opportunities in the new round of opening and reform and advance towards high-quality growth with all parties to create sustainable value together.

CEO Zhou Yi

March 30, 2023

## COMPANY PROFILE AND KEY FINANCIAL INDICATORS

## I. COMPANY INFORMATION

| | |
|---|---|
| Chinese name of the Company | 华泰证券股份有限公司 |
| Abbreviation of Chinese name of the Company | 華泰證券 |
| English name of the Company | HUATAI SECURITIES CO., LTD. |
| Abbreviation of English name of the Company | HTSC |
| Legal representative of the Company | Zhang Wei |
| Chief Executive Officer and chairman of the Executive Committee of the Company | Zhou Yi |
| Authorized representatives of the Company | Zhou Yi, Zhang Hui |

**Registered capital and net capital of the Company**

Unit: Yuan Currency: RMB

| | As at the end of the Reporting Period | As at the end of the previous year |
|---|---|---|
| Registered capital | 9,075,589,027.00 | 9,076,650,000.00 |
| Net capital | 92,969,666,665.31 | 82,314,070,326.70 |

**Qualifications of each business line of the Company**

As of the end of the Reporting Period, according to the business license issued by Jiangsu Provincial Market Regulation Administration, the business scope of the Company includes: securities brokerage, proprietary trading of securities, securities underwriting (limited to underwriting of national bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy financial bonds) only), securities investment consulting, intermediary introduction business for futures companies, margin financing and securities lending business, agency sale of financial products, agency sale of securities investment funds, custodian for securities investment funds, agency services for gold and other precious metals spot contracts and proprietary business for spot gold contracts, stock options market-making business and other business activities approved by the CSRC. (Projects that need to be approved by law shall be carried out upon approval by relevant authorities)

Subsequent to the Reporting Period, according to the business license issued by Jiangsu Provincial Market Regulation Administration, the business scope of the Company includes: licensed items: securities business; securities investment consultancies; sales of public offering securities investment funds; custody of securities investment fund (Projects that need to be approved by law shall be carried out upon approval by relevant authorities, and the specific business projects are subject to the approval results) general items: providing intermediary referrals by securities company for futures companies (Except for projects that need to be approved by law, business activities can be conducted independently with the business license in accordance with the laws)

Please refer to "Appendix I: Main Business Qualifications" in this report for the main business qualifications of the Company.

## II. CONTACT

| | Secretary of the Board |
|---|---|
| Name | Zhang Hui |
| Address | 11/F, Building 1, No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC |
| Tel. | 025-83387272, 83387780, 83389157 |
| Fax | 025-83387784 |
| Email | zhanghui@htsc.com |

| | Joint company secretary | Joint company secretary |
|---|---|---|
| Name | Zhang Hui | Kwong Yin Ping Yvonne |
| Address | 11/F, Building 1, No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC | 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong, the PRC |

## III. BASIC INFORMATION

| | |
|---|---|
| Registered address of the Company | No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC |
| Historical changes in registered address of the Company | In July 2015, the Company has completed the change in business registration, and its registered address was changed from "No. 90 East Zhongshan Road, Nanjing, Jiangsu Province, the PRC" to "No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC" |
| Office address of the Company | No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC |
| Postal code of office address of the Company | 210019 |
| Principal place of business in Hong Kong | 62/F, The Center, 99 Queen's Road Central, Hong Kong, the PRC |
| Company website | http://www.htsc.com.cn |
| Email | boardoffice@htsc.com |
| Main exchange | 025-83389999 |
| Customer service hotline | 95597 or 4008895597 |
| Company fax | 025-83387784 |
| Business License Unified Social Credit Code | 91320000704041011J |
| Brief of Index inclusion | SSE 50 Index, CSI 300 Index, MSCI China Share Index |
| Index of changes during the Reporting Period | No change during the Reporting Period |

## IV. INFORMATION DISCLOSURE AND LOCATION FOR INSPECTION OF DOCUMENTS

| | |
|---|---|
| Names and websites of newspapers for disclosure of annual report of the Company | China Securities Journal (https://www.cs.com.cn), Shanghai Securities News (https://www.cnstock.com), Securities Times (http://www.stcn.com), Securities Daily (http://www.zqrb.cn) |
| Websites of the stock exchanges for disclosure of annual report of the Company | Shanghai Stock Exchange (http://www.sse.com.cn), Hong Kong Stock Exchange (http://www.hkexnews.hk), London Stock Exchange (https://www.londonstockexchange.com) |
| Location for inspection of annual report of the Company (A Share) | No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC; Shanghai Stock Exchange |
| Location for inspection of annual report of the Company (H Share) | No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC; 62/F, The Center, 99 Queen's Road Central, Hong Kong, the PRC |
| Index of changes during the Reporting Period | No change during the Reporting Period |

## V. SHARES/DEPOSITORY RECEIPTS OF THE COMPANY

| Type of shares/ depository receipts | Stock exchange for listing | Stock name | Stock code |
|---|---|---|---|
| A Share | Shanghai Stock Exchange | 華泰證券 | 601688 |
| H Share | Hong Kong Stock Exchange | HTSC | 6886 |
| GDR | London Stock Exchange | Huatai Securities Co., Ltd. | HTSC |

The Company did not change the stock name.

## VI. OTHER INFORMATION OF THE COMPANY

### *(I) Historical development of the Company, mainly including the reorganization and capital increases in the previous years*

The predecessor of the Company was Jiangsu Securities Company (江蘇省證券公司), which was established in December 1990 as approved by the headquarters of the PBOC, obtained the business license on April 9, 1991, and officially opened for business on May 26, 1991. In 1994, the Economic Reform Commission of Jiangsu Province approved the conversion of the Company to be a directional stock raising company. In June 1997, the Company changed its name to "江蘇證券有限責任公司" (Jiangsu Securities Co., Ltd.). In March 1999, the Company changed its name to "华泰证券有限责任公司" (Huatai Securities Limited Liability Company), and approved by the CSRC, the Company was converted into "华泰证券股份有限公司" (Huatai Securities Co., Ltd.) in its entirety on November 29, 2007. On December 7, 2007, the Company completed the business registration for such changes. In July 2009, the Company acquired Xintai Securities Co., Ltd. (信泰證券有限責任公司). In February 2010, the Company was successfully listed on the Shanghai Stock Exchange. In June 2015, the Company was listed on the Main Board of the Hong Kong Stock Exchange. In June 2019, the GDR issued by the Company was listed and traded on the Main Market of the London Stock Exchange.

Major capital changes of the Company:

When it was established on April 9, 1991, the registered capital of the Company was RMB10,000,000.

The registered capital of the Company increased to RMB202,000,000 in June 1994.

The registered capital of the Company increased to RMB404,000,000 in June 1997.

The registered capital of the Company increased to RMB828,000,000 in May 1998.

The registered capital of the Company increased to RMB850,320,000 in December 1999.

The registered capital of the Company increased to RMB2,200,000,000 in April 2001.

The registered capital of the Company increased to RMB4,500,000,000 in November 2007.

The registered capital of the Company increased to RMB4,815,438,725 on July 30, 2009.

In February 2010, the Company completed its initial public offering of 784,561,275 RMB-denominated ordinary shares (A Shares) on the Shanghai Stock Exchange, after which the Company's registered capital was RMB5,600,000,000.

In June 2015, the Company completed its listing on the Main Board of the Hong Kong Stock Exchange and commenced trading. After the exercise of the over-allotment option, the Company issued 1,562,768,800 H Shares in total, and the total share capital of the Company changed to 7,162,768,800 shares. Due to the issuance and listing of H Shares, the relevant state-owned shareholders transferred 156,276,880 state-owned shares (A Shares) of the Company held by them to SSF in the form of H Shares, on the basis of 10% of the number of H Shares issued this time. The changes in share capital structure of the Company were as follows: 5,443,723,120 A Shares, which accounted for 76% of the total number of shares; and 1,719,045,680 H Shares, which accounted for 24% of the total number of shares.

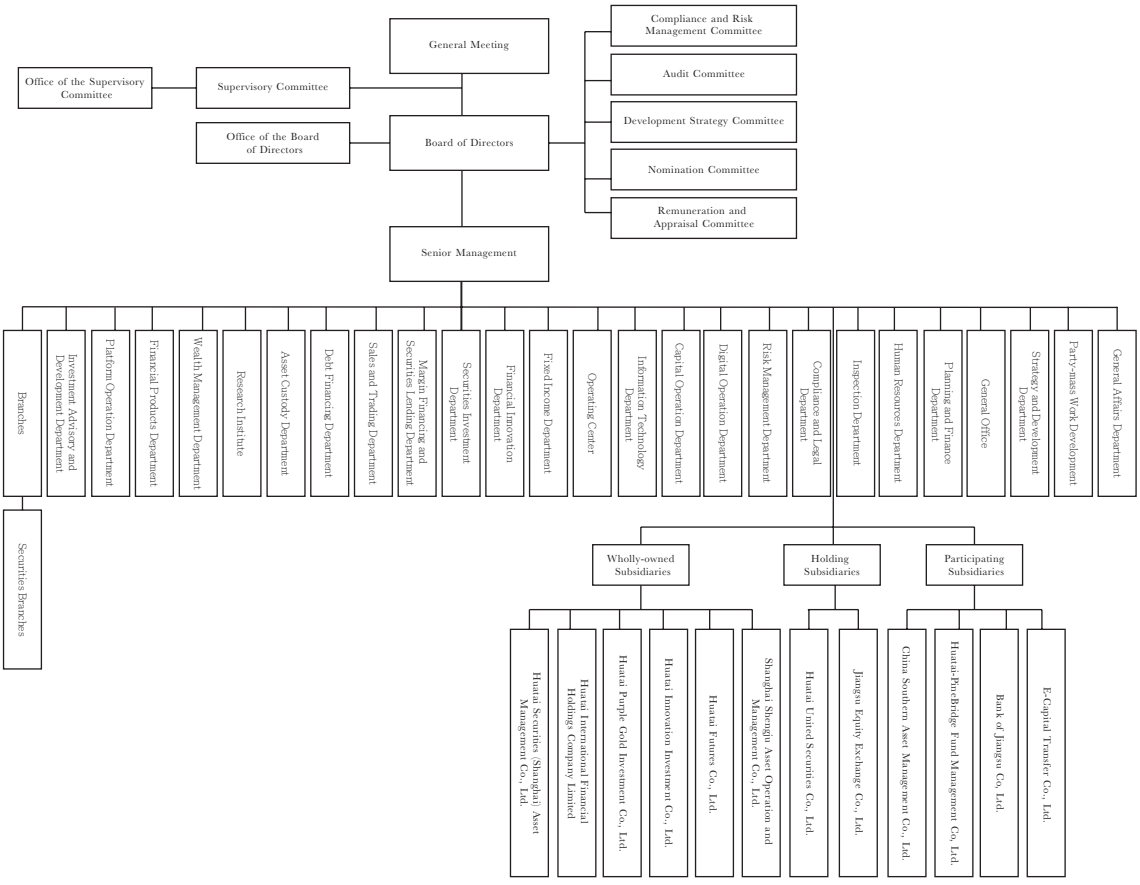
In August 2018, the Company completed the non-public issuance of 1,088,731,200 RMB-denominated ordinary shares (A Shares) by way of "Non-Public Issuance to Specific Investors", after which the Company's registered capital was RMB8,251,500,000. The changes in share capital structure of the Company were as follows: 6,532,454,320 A Shares, which accounted for 79% of the total number of shares; and 1,719,045,680 H Shares, which accounted for 21% of the total number of shares.

In June 2019, the GDR issued by the Company was listed and traded on the Main Market of the London Stock Exchange. After the exercise of the over-allotment option, the Company issued 82,515,000 GDR in total, representing the underlying securities of 825,150,000 A Shares, after which the Company's registered capital was RMB9,076,650,000. The changes in share capital structure of the Company were as follows: 7,357,604,320 A Shares, which accounted for 81% of the total number of shares; and 1,719,045,680 H Shares, which accounted for 19% of the total number of shares.

In September 2022, the Company completed the repurchase and cancellation of 1,060,973 restricted A shares, after which the Company's registered capital was RMB9,075,589,027. The changes in share capital structure of the Company were as follows: 7,356,543,347 A Shares, which accounted for 81% of the total number of shares; and 1,719,045,680 H Shares, which accounted for 19% of the total number of shares.

## *(II) Organization Structure of the Company*

### Organization Structure of HTSC



### *(III) The First-level Onshore and Offshore Subsidiaries of the Company*

Unit: Ten Thousand Yuan Currency: RMB

| Name of the subsidiary | Address | Date of establishment | Registered capital | Responsible person | Telephone No. |
|---|---|---|---|---|---|
| Huatai Securities (Shanghai) Asset Management Co., Ltd. | Room 1222, 6 Jilong Road, China (Shanghai) Pilot Free Trade Zone | October 16, 2014 | 260,000.00 | Cui Chun | 021-28972188 |
| Huatai International Financial Holdings Company Limited | 62/F, The Center, 99 Queen's Road Central, Hong Kong, the PRC | April 5, 2017 | HK$ 10,200,000,002.00 | Wang Lei | 852-36586000 |
| Huatai Purple Gold Investment Co., Ltd. | No. 180 Hanzhong Road, Nanjing, Jiangsu Province, the PRC | August 12, 2008 | 600,000.00 | Cao Qun | 025-83389999 |
| Huatai Innovative Investment Co., Ltd. | Room 701-8 to 701-11, 7/F, Block 28, Fengsheng Hutong, Xicheng District, Beijing, the PRC | November 21, 2013 | 350,000.00 | Sun Ying | 010-58034345 |
| Huatai Futures Co., Ltd. | Rooms 1001-1004 and 1011-1016, 10/F, No.1 Mingzhu Third Street, Hengli Town, Nansha District, Guangzhou, the PRC | July 10, 1995 | 393,900.00 | Hu Zhi | 020-83901155 |
| Shanghai Shengju Asset Operation and Management Co., Ltd. | No. 12 Dongfang Road, China (Shanghai) Pilot Free Trade Zone | July 14, 2009 | 12,100.00 | Lu Chunguang | 021-28972221 |
| Huatai United Securities Co., Ltd. | Room 401, Building B7, Qianhai Shenzhen-Hong Kong Fund Town, No. 128 Guiwan Fifth Road, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the PRC | September 5, 1997 | 99,748.00 | Jiang Yu | 010-56839300 |
| Jiangsu Equity Exchange Co., Ltd. | 3/F, Building 10, Financial City, No. 377 Middle Jiangdong Road, Jianye District, Nanjing, Jiangsu Province, the PRC | July 4, 2013 | 20,000.00 | Sun Hanlin | 025-89620288 |

Note: In February 2023, the registered address of Huatai Innovative Investment Co., Ltd. was changed to "No. 234 Wuyi Road, Changning District, Shanghai City, the PRC".

### *(IV) Number and Distribution of Securities Branches and Other Branches of the Company*

As of the end of the Reporting Period, the Company has 28 securities branch offices and 243 securities branches. For details of the number and distribution of branch offices and securities branches of the Company, please refer to "Appendix II: List of Branch Offices and Securities Branches" in this report.

| Provinces, Municipalities and Regions | Number of Securities Branches | Provinces, Municipalities and Regions | Number of Securities Branches | Provinces, Municipalities and Regions | Number of Securities Branches |
|---|---|---|---|---|---|
| Anhui Province | 5 | Beijing | 6 | Inner Mongolia Autonomous Region | 3 |
| Hebei Province | 1 | Fujian Province | 4 | Guangdong Province | 23 |
| Guangxi Zhuang Autonomous Region | 2 | Hainan Province | 2 | Shanxi Province | 1 |
| Henan Province | 3 | Heilongjiang Province | 5 | Jilin Province | 3 |
| Hubei Province | 29 | Hunan Province | 3 | Jiangxi Province | 3 |
| Jiangsu Province | 93 | Liaoning Province | 7 | Shandong Province | 7 |
| Shanghai | 16 | Sichuan Province | 7 | Guizhou Province | 1 |
| Chongqing | 1 | Tianjin | 4 | Gansu Province | 1 |
| Shaanxi Province | 2 | Qinghai Province | 1 | Xinjiang Uygur Autonomous Region | 1 |
| Ningxia Hui Autonomous Region | 1 | Zhejiang Province | 8 | | |

## VII. OTHER INFORMATION

### *(I) Accounting Firms*

| | | |
|---|---|---|
| Accounting firm engaged by the Company (domestic) | Name | Deloitte Touche Tohmatsu Certified Public Accountants LLP |
| | Office address | 30/F, 222 Yan An Road East, Huangpu District, Shanghai, the PRC |
| | Name of the signatory accountant | Hu Xiaojun, Han Jian |
| Accounting firm engaged by the Company (Hong Kong) | Name | Deloitte Touche Tohmatsu Registered PIE Auditor under the Hong Kong Financial Reporting Council Ordinance |
| | Office address | 35/F, One Pacific Place, 88 Queensway, Hong Kong, the PRC |
| | Name of the signatory accountant | Tang Yequan |
| Accounting firm engaged by the Company (United Kingdom) | Name | Deloitte Touche Tohmatsu Certified Public Accountants LLP |
| | Office address | 30/F, 222 Yan An Road East, Huangpu District, Shanghai, the PRC |
| | Name of the signatory accountant | Hu Xiaojun |

### *(II) Legal Advisors*

| | | |
|---|---|---|
| Legal advisor engaged by the Company (domestic) | Name | King & Wood Mallesons |
| | Office address | 18/F, East Tower, World Financial Center 1 Middle East 3rd Ring Road, Chaoyang District, Beijing, the PRC |
| Legal advisor engaged by the Company (overseas) | Name | Clifford Chance |
| | Office address | 27/F, Jardine House, 1 Connaught Place, Central, Hong Kong, the PRC |

### *(III) Share Registrars*

| | | |
|---|---|---|
| Share registrar for A Share | Name | China Securities Depository and Clearing Corporation Limited, Shanghai Branch |
| | Office address | No. 188 South Yanggao Road, Pudong New Area, Shanghai, the PRC |
| Share registrar for H Share | Name | Computershare Hong Kong Investor Services Limited |
| | Office address | Shops 1712-1716, 17/F, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, the PRC |

## VIII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

### *(I) Key Accounting Data and Financial Indicators for the Past Three Years*

Unit: Thousand Yuan Currency: RMB

| Item | 2022 | 2021 | Increase/ decrease (%) | 2020 |
|---|---|---|---|---|
| Total revenue, other income and gains | 46,824,372 | 51,926,404 | (9.83) | 40,534,436 |
| Profit before income tax | 12,228,038 | 16,272,562 | (24.85) | 13,504,376 |
| Profit of this year-attributable to shareholders of the Company | 11,052,696 | 13,346,106 | (17.18) | 10,822,497 |
| Net cash generated from/(used in) operating activities | 70,290,567 | (65,337,094) | N/A | (13,868,924) |
| Total amount of other comprehensive income after tax this year | 1,195,949 | (626,084) | N/A | (539,317) |

Unit: Thousand Yuan Currency: RMB

| Item | At the end of 2022 | At the end of 2021 | Increase/ decrease (%) | At the end of 2020 |
|---|---|---|---|---|
| Total assets | 846,567,016 | 806,650,833 | 4.95 | 716,751,235 |
| Total liabilities | 678,718,307 | 654,615,049 | 3.68 | 584,439,200 |
| Total equity attributable to shareholders of the Company | 165,087,201 | 148,422,810 | 11.23 | 129,071,500 |
| Total shareholders' equity | 167,848,709 | 152,035,784 | 10.40 | 132,312,035 |
| Total share capital (shares) | 9,075,589,027 | 9,076,650,000 | (0.01) | 9,076,650,000 |

*Key Financial Indicators*

| Key financial indicators | 2022 | 2021 | Increase/ decrease (%) | 2020 |
|---|---|---|---|---|
| Basic earnings per share (RMB/share) | 1.18 | 1.47 | (19.73) | 1.20 |
| Diluted earnings per share (RMB/share) | 1.16 | 1.46 | (20.55) | 1.19 |
| ROE (%) | 7.49 | 9.84 | Decrease of 2.35 percentage points | 8.61 |
| Debt-to-assets ratio (%) | 75.81 | 76.93 | Decrease of 1.12 percentage points | 77.20 |
| Net assets attributable to the Company's ordinary shareholders per share (RMB/share) | 16.24 | 15.25 | 6.49 | 14.22 |

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

Note 2: Net assets attributable to the Company's ordinary shareholders per share were net of the effect of perpetual bonds.

*Net Capital of the Parent Company and Risk Control Indicators*

Unit: Yuan Currency: RMB

| Item | As of the end of the Reporting Period | As of the end of the previous year |
|---|---|---|
| Net capital | 92,969,666,665.31 | 82,314,070,326.70 |
| Net assets | 143,634,206,572.73 | 126,702,081,824.87 |
| Risk coverage ratio (%) | 240.12 | 246.45 |
| Net capital/net assets (%) | 64.73 | 64.97 |
| Net capital/liabilities (%) | 23.14 | 21.42 |
| Net assets/liabilities (%) | 35.75 | 32.97 |
| Value of proprietary equity securities and derivatives/net capital (%) | 45.73 | 49.80 |
| Value of proprietary non-equity securities and derivatives/net capital (%) | 316.82 | 291.29 |
| Core net capital | 61,979,777,776.88 | 58,314,070,326.70 |
| Supplementary net capital | 30,989,888,888.44 | 24,000,000,000.00 |
| Total risk capital provision | 38,717,728,473.17 | 33,399,876,683.34 |
| Total on-balance and off-balance assets | 483,308,624,857.94 | 422,846,924,915.98 |
| Capital leverage ratio (%) | 14.10 | 15.99 |
| Liquidity coverage ratio (%) | 166.57 | 169.68 |
| Net stable funding ratio (%) | 129.33 | 126.98 |

## *(II) Key Accounting Data and Financial Indicators for the Past Five Years*

The financial conditions for the past five years are as follows:

*1. Profitability*

Unit: Thousand Yuan Currency: RMB

| Item | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Total revenue, other income and gains | 46,824,372 | 51,926,404 | 40,534,436 | 32,436,781 | 24,506,734 |
| Total expenses | 35,815,380 | 38,283,823 | 31,233,707 | 23,577,265 | 19,017,372 |
| Share of profits of associates and joint ventures | 1,219,046 | 2,629,981 | 4,203,647 | 2,726,449 | 959,309 |
| Profit before income tax | 12,228,038 | 16,272,562 | 13,504,376 | 11,585,965 | 6,448,671 |
| Profit of this year-attributable to shareholders of the Company | 11,052,696 | 13,346,106 | 10,822,497 | 9,001,644 | 5,032,738 |

## 2. *Assets*

Unit: Thousand Yuan Currency: RMB

| Item | December 31, 2022 | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 |
|---|---|---|---|---|---|
| Total assets | 846,567,016 | 806,650,833 | 716,751,235 | 562,180,638 | 368,665,874 |
| Total liabilities | 678,718,307 | 654,615,049 | 584,439,200 | 436,525,930 | 263,916,270 |
| Accounts payable to brokerage clients | 152,551,723 | 147,501,833 | 136,387,634 | 89,817,920 | 59,492,176 |
| Total equity attributable to shareholders of the Company | 165,087,201 | 148,422,810 | 129,071,500 | 122,537,479 | 103,393,577 |
| Total equity | 167,848,709 | 152,035,784 | 132,312,035 | 125,654,708 | 104,749,604 |
| Total share capital (shares) | 9,075,589,027 | 9,076,650,000 | 9,076,650,000 | 9,076,650,000 | 8,251,500,000 |

## 3. *Key Financial Indicators*

| Item | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Dividend per share (RMB) | 0.45 | 0.45 | 0.40 | 0.30 | 0.60 Note 1 |
| Basic earnings per share (RMB/share) | 1.18 | 1.47 | 1.20 | 1.04 | 0.66 |
| Dilutive earnings per share (RMB/share) | 1.16 | 1.46 | 1.19 | 1.03 | 0.66 |
| ROE (%) | 7.49 | 9.84 | 8.61 | 7.94 | 5.32 |
| Debt-to-assets ratio (%) Note 2 | 75.81 | 76.93 | 77.20 | 73.40 | 66.12 |
| Net assets attributable to ordinary shareholders of the Company per share (RMB/share) Note 3 | 16.24 | 15.25 | 14.22 | 13.50 | 12.53 |

Note 1: According to the resolution passed at the 2018 first extraordinary general meeting of the Company, the Company has implemented the 2018 interim profit distribution plan by distributing a cash dividend of RMB3.00 (tax inclusive) per 10 shares based on the total share capital of 8,251,500,000 shares, with a total cash dividend of RMB2,475,450,000.00. Meanwhile, according to the resolution passed at the 2018 Annual General Meeting of the Company, the Company has implemented the 2018 annual profit distribution plan by distributing a cash dividend of RMB3.00 (tax inclusive) per 10 shares based on the total share capital of 9,076,650,000 shares, with a total cash dividend of RMB2,722,995,000.00.

Note 2: Debt-to-assets ratio = (total liabilities – accounts payable to brokerage clients)/(total assets – accounts payable to brokerage clients).

Note 3: Net assets attributable to the Company's ordinary shareholders per share were net of the effect of perpetual bonds.

## IX. DIFFERENCES IN FINANCIAL DATA PREPARED IN ACCORDANCE WITH DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

There is no difference between the net profit attributable to shareholders of the Company for 2022 and 2021 and the net assets attributable to shareholders of the Company as of December 31, 2022 and December 31, 2021 set out in the consolidated financial statements prepared in accordance with the CASBE and in the consolidated financial statements prepared in accordance with the IFRSs.

## X. ITEMS MEASURED UNDER FAIR VALUE

Unit: Thousand Yuan Currency: RMB

| Name of items | Balance at the end of last year | Balance at the end of the year | Change in the current period | Effect on the profit of the current period in amount |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss | 355,259,172 | 350,804,545 | (4,454,627) | (13,037,891) |
| Equity instruments at fair value through other comprehensive income | 163,138 | 241,587 | 78,449 | – |
| Debt instruments at fair value through other comprehensive income | 9,314,699 | 10,504,379 | 1,189,680 | 139,239 |
| Derivative financial instruments | 4,604,583 | 6,150,176 | 1,545,593 | 18,974,293 |
| Financial liabilities at fair value through profit or loss | 31,122,918 | 48,575,559 | 17,452,641 | 288,411 |

## I. DESCRIPTIONS OF OUR INDUSTRY DURING THE REPORTING PERIOD

Our Group conducts business operations in the securities industry of which the operating income and profit levels are highly dependent on the securities market trend and characterized by strong periodicity and fluctuations. Our Group's securities related businesses are dependent on and also benefit from the economic growth and the development and performance of the capital market in the PRC, and are also influenced by various factors including economic environment, regulatory environment, investor sentiment and international market. The Group has maintained strong overall competitiveness with capital scale, profitability, business strength and risk management capabilities ranking the top in the industry. Details of industry position of the Group's principal businesses during the Reporting Period, please refer to "Management Discussion and Analysis and Report of the Board" in the section headed "Operation Discussion and Analysis" of this report.

With the reshaping of rules on the capital market as a result of the promulgation and implementation of the new Securities Law in recent years, the establishment of a more mature and steady capital market infrastructure system is speeding up. With the profound reform of the development ecology of the capital market and the profitability base of the securities industry, the landscape of the industry is advancing towards advanced levels under the competitions on providing customers with comprehensive and platform-based services covering the entire business chain and the full lifecycle. The securities industry will embrace historical opportunities for comprehensive development. Under the background of building a more systematic modern capital market with more Chinese characteristics and with the continuous advancing of the deep reform of the capital market led by the full implementation of registration system, the in-depth development of the high-level two-way institutional opening as well as the in-depth integration of FINTECH and businesses of securities companies, the capabilities of the capital market on serving national strategies and the transformation and development of real economies are increasingly enhanced, which implies that securities companies equipped with truly core capabilities of modern investment banks will win the initiative in future development and transformation through worldwide resources allocation, customer services and risk management. At the same time, the increasing improvement of the strategic positioning and the continuous enhancement of the pivotal functions of the capital market have brought new opportunities for the development of the securities industry while presenting new challenges for the high-quality development of the securities industry, the comprehensive service capability and risk control of securities companies.

## II. DESCRIPTIONS OF OUR BUSINESS DURING THE REPORTING PERIOD

The Group is a leading technology-driven securities group in China, with a highly collaborative business model, a cutting-edge digital platform and an extensive and engaging customer base. Our principal businesses comprise wealth management business, institutional services business, investment management business and international business. The Group constructs a client-oriented organizational structure and mechanism, provides comprehensive securities and financial services for individual and institutional clients through an organic online-offline synergy, and aims to become a leading investment bank with strong domestic advantages and global influence.

### *1. Wealth management business*

We provide customers with diversified wealth management services, including securities, futures and options brokerage, financial products sales, fund investment advisory business, and capital-based intermediary business through mobile APP, professional PC platforms, subsidiaries and securities and futures branch offices, Huatai International and its affiliated overseas subsidiaries, in online and offline modes, domestic and overseas linkage. For securities, futures and options brokerage, we mainly execute trades on behalf of our clients in stocks, funds, bonds, futures and options, etc. to provide trading services. For financial products sales business, we mainly provide customers with a variety of financial products sales services and asset allocation services, and the related financial products are managed by the Group and other financial institutions. Our fund investment advisory business mainly entails upon acceptance of clients' engagement, selecting specific category, amount and timing of trading of investment funds on behalf of our clients within the scope of clients' authorization in accordance with terms of agreement and submitting trading applications including, among others, subscription, redemption and conversion. In respect of capital-based intermediary business, we provide diversified financing services including margin financing and securities lending as well as stock pledged repurchase. Key performance drivers to wealth management business include fee and commission income, interest income, etc.

### *2. Institutional services business*

With institutional sales serving as a link, we integrate investment banking, institutional investor services and investment trading business resources to provide various types of corporate and institutional clients with all-round comprehensive financial services, which mainly include investment banking business, prime brokerage business, research and institutional sales business and investment and trading business.

(1) Investment banking business primarily consists of domestic and overseas equity financing, bond financing, financial advisory, OTC business, etc. For equity financing business, we provide issuance and underwriting domestic and overseas IPO, equity refinancing and depository receipts for our clients. For bond financing business, we provide services including various types of domestic and overseas bond financing and asset securitization for our clients. For financial advisory business, we provide services including reform of State-owned enterprises, industrial merger and acquisition, share acquisition, financing advisory, corporate restructure and public offering REITs for our clients. For OTC business, we provide clients with NEEQ listing and follow-on financing services, and relevant OTC businesses engaged in by Jiangsu Equity Exchange. Key performance drivers to investment banking business include underwriting and sponsorship fees, financial advisory fees, etc.

(2) Prime brokerage business mainly includes the provision of asset custody and fund services for various types of asset management institutions, such as private and public funds, including settlement, liquidation, reporting and valuation. In addition, it also provides margin trading, sales of financial products and other value-added services for clients of prime brokerage. Key performance drivers to prime brokerage business include fees for fund custody and service business.

(3) Research and institutional sales business mainly consists of research business and institutional sales business. For research business, we provide various professional research and advisory services for clients. For institutional sales business, we promote and sell securities products and services to clients. Key performance drivers to research and institutional sales business include incomes from services concerning various research and financial products.

(4) Investment and trading business mainly includes equity trading, FICC trading and OTC derivative transaction. The Group conducts equity, FICC and other financial instruments transactions with its own funds, and reduces investment risks and increases returns through various trading strategies and techniques. At the same time, in order to meet customers' needs for investment and financing as well as risk management, we also engage in market making business and OTC derivatives business. In terms of equity trading, we invest and trade stocks, ETFs and derivatives, and engage in market making services for stocks in the STAR Market and financial products. In terms of FICC trading, we invest and trade all kinds of FICC and derivatives in the interbank and exchange bond markets, and engage in the inter-bank bond market and bond connect market making services. In terms of OTC derivative transactions, we develop and trade OTC financial products for customers, mainly including equity return swaps, OTC options and structured notes. Key performance drivers to investment and trading business include various investment incomes from equity, FICC products and derivatives, business income, etc.

***3. Investment management business***

We accept fund entrustments from clients, develop and provide various financial products for our clients and manage their assets through our professional investment and research platform as well as our substantial client base, effectively satisfying their investment and financing needs. Our investment management business mainly consists of securities firm asset management, private equity fund management and asset management for fund companies, etc. For securities firm asset management, we participate in the operation of securities firm asset management business through our wholly-owned subsidiary Huatai Asset Management; such business includes collective asset management business, single asset management business, specialized asset management business and public offering fund management business (which is operated on a differentiated basis from our public offering fund management business for fund companies under the Group). For private equity fund management business, we operate private equity funds business, which includes investment and management of private equity funds, through our wholly-owned subsidiary Huatai Purple Gold Investment. For asset management business for fund companies, the Group holds non-controlling interests in two public offering fund management companies, namely China Southern Asset Management and Huatai-PineBridge, through which we participate in the operation of asset management business for fund companies. Key performance drivers to asset management business include management fee, performance fee, investment income, etc.

### *4. International business*

The Group operates international business covering various countries and regions including Hong Kong and the United States through its wholly-owned subsidiary Huatai International, and the wholly-owned subsidiaries of Huatai International including Huatai Financial Holdings (Hong Kong), AssetMark and Huatai Securities (USA). In September 2022, Huatai International established a wholly-owned subsidiary in Singapore, and the application for relevant business licenses is under stable progress.

The operations of the Group in Hong Kong are mainly conducted by Huatai Financial Holdings (Hong Kong), a wholly-owned subsidiary of Huatai International, primarily including equity business platform, fixed-income business platform, wealth management platform, fund platform and flagship investment banking business. Through the equity business platform, we conduct trading, design and sales of cross-border equity derivatives, providing capital-based intermediary services in respect of various equity capital for our clients, and provide universal integrated financial services covering both domestic and overseas markets and various industries for institutional clients around the globe. Through the fix-income business platform, we carry out investment and trading of a variety of FICC and derivative instruments and provide FICC solutions for all product categories, such as sales, trading and market making services to various institutional clients. Through the wealth management platform, we provide brokerage, margin financing and wealth management services in respect of different categories of assets around the globe for our clients, satisfying their multi-level and comprehensive financial needs. In respect of the fund platform, we provide customized solutions in fields such as leveraged buyout, strategic M&A, prelisting financing and business expansion for our clients through the Greater Bay Area Fund under our management; the China Concept Stock Return Fund focuses on mid to late-stage investment, cross-border M&A and split and privatization investment opportunities in industries with growth potential. For flagship investment banking business, aiming to establish a full-service and cross-border investment banking platform system, we provide both Chinese and international customers with equity and bond underwriting and sponsoring services, as well as financial advisory services. In September 2019, Huatai Financial Holdings (Hong Kong) obtained its membership of the London Stock Exchange and completed the registration as a UK Cross-border Conversion Agency for Shanghai-London Stock Connect GDRs on the Shanghai Stock Exchange, thus is capable of providing clients with the whole-process services of the issuance and trade of GDRs. In December 2020, Huatai Financial Holdings (Hong Kong) became the first financial institution in Asia that obtained the qualification as market maker of the London Stock Exchange. In December 2021, Huatai Financial Holdings (Hong Kong) was formally admitted as the member of Turquoise under the London Stock Exchange Group. In 2022, Huatai Financial Holdings (Hong Kong) officially obtained the qualification as a participant of the Special Purpose Acquisition Companies (SPAC) Exchange of the Hong Kong Stock Exchange, making it one of the first Chinese securities companies in Hong Kong obtaining such qualification; and it obtained the registration as a cross-border conversion agency for stock connect global depository receipts granted by the Shenzhen Stock Exchange, making it one of the first agencies registered with the Shenzhen Stock Exchange to carry out cross-border conversion business following the revision of the rules of Shanghai-London Stock Connect and the dual expansion of the applicability in 2022.

The Group completed the acquisition of AssetMark in 2016. AssetMark is a leading turn-key asset management platform in the United States and a third-party financial service institution that provides a series of services and an advanced and convenient technology platform for investment advisors in respect of investment strategies and asset portfolios management, customer relations management and asset custody. In July 2019, AssetMark completed its listing on the New York Stock Exchange in the United States. In July 2021, AssetMark completed the acquisition of Voyant to further optimize its technology platform and operating environment and thus maintain its leading position among the turn-key asset management platforms. In December 2022, AssetMark completed the acquisition of Adhesion Wealth to continue to construct a leading business model and an advanced technology platform.

In September 2018, Huatai Securities (USA) was registered in Delaware, USA as a foreign wholly-owned subsidiary of Huatai International, aiming to promote the development of international business. In June 2019, upon approval from the US Financial Industry Regulatory Authority, Huatai Securities (USA) obtained the US broker-dealer license. In 2020, it obtained the US proprietary trading license. In 2021, it obtained the business qualification for securities trading with institutional investors in Canada. In 2022, it obtained market access to major stock exchanges in Europe.

Key performance drivers to international business include brokerage commission, underwriting sponsorship fee, advisory fee, interest income, asset management fee, etc.

## III. AWARDS AND HONORS

### *(I) Key awards and honors of the Group*

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| The selection of "2022 Golden Bull Award" (2022金牛獎) held by China Securities Journal:<br><br>The Company was awarded "Golden Bull Securities Company" (金牛證券公司), "Golden Bull Award for Cultural Construction of Securities Companies" (證券公司文化建設金牛獎), "Golden Bull Award for Social Responsibilities of Securities Companies" (證券公司社會責任金牛獎) and other awards<br><br>The selection of "Best Practice of Office of Board of Directors of Public Companies 2022" (2022年度上市公司董辦最佳實踐) organized by China Association for Public Companies:<br><br>The Company was awarded "Best Practice of Office of Board of Directors of Public Companies 2022" |

## *(II) Key awards and honors of the business segments of the Company*

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| Wealth management business | Shanghai Stock Exchange:<br><br>The Company was awarded "2021 Top 10 Options Brokers" (2021年度十佳期權經紀商) and "2021 Outstanding Options Market Maker" (2021年度優秀期權做市商)<br><br>Shenzhen Stock Exchange:<br><br>The Company was awarded "2021 Outstanding Stock Options Brokers" (2021年度優秀股票期權經紀商), "Top 10 Stock Options Market Expansion Brokers for 2021" (2021年度股票期權市場拓展十佳經紀商) and "2021 Excellent Stock Options Market Maker" (2021年度優秀股票期權做市商)<br><br>HKEX:<br><br>The Company was awarded "2021 Outstanding Broker Award of Southbound Trading" (2021年港股通卓越券商獎) and "2021 Investor Education Active Broker Award of Southbound Trading" (2021年港股通投資者教育積極券商獎)<br><br>The selection of "2022 Junding Award in China's Securities Industry" (2022中國證券業君鼎獎) organized by Securities Times:<br><br>The Company was awarded "2022 Junding Award for All-round Wealth Management Broker in China's Securities Industry" (2022中國證券業全能財富經紀商君鼎獎), "2022 Junding Award for Fund Investment Advisor in China's Securities Industry" (2022中國證券業基金投顧君鼎獎) and other awards<br><br>"ZhangLe Fortune Path" (漲樂財富通) was awarded "2022 Junding Award for Wealth Management Service Brand in China's Securities Industry" (2022中國證券業財富服務品牌君鼎獎) | The data from Analysys:<br><br>"ZhangLe Fortune Path" (漲樂財富通) ranked the first in terms of average NMAU in 2022<br><br>The selection of the "Seventh Session of Broker APP List" (第七屆券商APP風雲榜) organized by Sina Finance:<br><br>"ZhangLe Fortune Path" (漲樂財富通) was recognized as "Top 10 APP Award of the Year" (年度十佳APP), "Best Functional Innovation APP" (最佳功能創新APP) and "Users' Favorite APP" (最受用戶喜愛APP)<br><br>The selection of "2021-2022 FINTECH Award" (2021-2022年度金融科技獎) organized by The Asset:<br><br>"ZhangLe Global" (漲樂全球通) was recognized as "Best Mobile Brokerage Application (Hong Kong Area)" (香港地區最佳手機券商APP)<br><br>The selection of "2021 FINTECH Awards" (2021 年金融科技大獎) organized by ETnet, a professional financial information platform:<br><br>"ZhangLe Global" (漲樂全球通) was awarded "Trading System – Outstanding Comprehensive Wealth Management Platform" (交易系統－傑出全方位財富管理平台)<br><br>The selection of the "First Session of Golden Advisory Award for Fund Investment Advisors" (第一屆金諮獎基金投顧) organized by Xinhua Finance:<br><br>The Company was awarded "Golden Advisory Award for Fund Investment Advisors" (基金投顧金諮獎), "First Prize in the Golden Advisory List for Advisory Services" (顧問服務金諮榜第一名), "First Prize in the Golden Advisory List for System Operation" (系統營運金諮榜第一名), "Third Prize in the Golden Advisory List for Investment Research (First Prize among Brokers)" (投資研究金諮榜第三名(券商第一)), etc. |

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| Institutional services business | Shanghai Stock Exchange:<br><br>Huatai United Securities was awarded "2021 Outstanding Underwriter of Corporate Bonds" (2021年度公司債券優秀承銷商), "2021 Credit Bond High Quality Development Promotion Award" (2021年度信用債高質量發展推進獎) and "2021 Excellent Trust Manager" (2021年度優秀受託管理人)<br><br>Shenzhen Stock Exchange:<br><br>Huatai United Securities was awarded "2021 Outstanding Bond Duration Management Institution" (2021年度優秀債券存續期管理機構), "2021 Outstanding Corporate Bond Underwriter" (2021年度優秀公司債券承銷商), "2021 Outstanding Intermediary Agencies of Infrastructure Public Offering REITs" (2021年度優秀基礎設施公募REITs中介機構), etc.<br><br>The selection of "2022 Junding Award in China's Securities Industry" (2022 中國證券業君鼎獎) organized by Securities Times:<br><br>Huatai United Securities was awarded "2022 Junding Award for All-round Investment Bank in China's Securities Industry" (2022年中國證券業全能投行君鼎獎),"2022 Junding Award for Financial Advisor in China's Securities Industry" (2022年中國證券業財務顧問君鼎獎), "2022 Junding Award for STAR Market Investment Bank in China's Securities Industry"(2022年中國證券業科創板投行君鼎獎), etc. | The selection of the "Fifteenth Session of Best Investment Bank" (第十五屆最佳投行) organized by New Fortune (《新財富》):<br><br>Huatai United Securities was awarded "Best Domestic Investment Bank" (本土最佳投行), "Most Innovative Investment Bank" (最具創新能力投行), "Best Investment Bank in Equity Underwriting" (最佳股權承銷投行), "Best Investment Bank in Bond Underwriting" (最佳債權承銷投行), "Best Refinancing Investment Bank" (最佳再融資投行), "Best IPO Investment Bank" (最佳IPO投行), "Best Investment Bank in Mergers and Acquisitions" (最佳併購投行), "Best Investment Bank in Serving Overseas Markets" (海外市場能力最佳投行), etc.<br><br>The selection of "Institutional Investor • Caixin All – China Research Team Awards" (機構投資者•財新資本市場分析師成就獎) in 2022:<br><br>The Company was awarded "Best Analyst Team (Mainland China) No. 3" (最佳分析師團隊(大陸)第三名), "Best Analyst Team (Overseas) No. 7" (最佳分析師團隊(海外)第七名), "Best Sales Teams (Mainland China) No. 1" (最佳銷售團隊(大陸)第一名), "Best Sales Teams (Overseas) No. 10" (最佳銷售團隊(海外)第十名), "Best Enterprise Relationship Teams (Mainland China) No. 1" (最佳企業關係團隊(大陸)第一名), "Best Enterprise Relationship Teams (Overseas) No. 7" (最佳企業關係團隊(海外)第七名), etc. |

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| Investment management business | Shanghai Stock Exchange:<br><br>Huatai Asset Management was awarded "Outstanding Manager for Asset Securitization Business for 2021" (2021年度資產證券化業務優秀管理人) and "Excellent Manager for Asset Securitization Innovative Business for 2021" (2021年度資產證券化創新業務優秀管理人)<br><br>China Southern Asset Management was awarded "2021 Outstanding Bond Investment Institution" (2021年度優秀債券投資機構) and "2021 Outstanding Bond Dealer" (2021年度債券優秀交易商)<br><br>The selection of "2022 Junding Award in China's Securities Industry" (2022中國證券業君鼎獎) organized by Securities Times:<br><br>Huatai Asset Management was awarded "2022 Junding Award for All-round Asset Management Agency in China's Securities Industry" (2022中國證券業全能資管機構君鼎獎)<br><br>The selection of "ChinaVenture Awards for 2021" (投中2021年度榜) held by ChinaVenture Investment:<br><br>Huatai Purple Gold Investment was awarded "Best Chinese Private Equity Investment Institutions TOP 20" (中國最佳中資私募股權投資機構TOP 20), "Best China Private Equity Investment Institutions TOP 50" (中國最佳私募股權投資機構TOP 50), "Best Chinese Subsidiaries of Brokers for Private Funds TOP 10" (中國最佳券商私募基金子公司TOP 10), "Best Chinese Limited Partners TOP 30" (中國最佳有限合夥人TOP 30), "Best Institutions for Investment in Biomedical Fields TOP 30 in China's Medical and Health Service Industry" (中國醫療及健康服務產業最佳生物醫藥領域投資機構TOP 30), etc. | Shenzhen Stock Exchange:<br><br>Huatai Asset Management was awarded "Outstanding Manager for Special Asset-backed Plans for 2021" (2021年度優秀資產支持專項計劃管理人)<br><br>China Southern Asset Management was awarded "Outstanding ETF Fund Manager for 2021" (2021年度優秀ETF基金管理人) and "2021 Fund Market Investor Service Award" (2021年度基金市場投資者服務獎)<br><br>Shanghai Securities News:<br><br>China Southern Asset Management was awarded "Golden Fund • Fund Management Company for Passive Investment Award" (金基金•被動投資基金管理公司獎)<br><br>Huatai-PineBridge was awarded "Golden Fund • Fund Management Company for Passive Investment Award" (金基金•被動投資基金管理公司獎)<br><br>China Securities Journal:<br><br>Huatai Purple Gold Investment was awarded "Golden Bull Outstanding Brokers for Equity Investment" (金牛券商股權投資卓越機構)<br><br>China Southern Asset Management was awarded "Golden Bull Fund Company for Passive Investment"(被動投資金牛基金公司獎)<br><br>Huatai-PineBridge was awarded "Golden Bull Fund Company for Passive Investment" (被動投資金牛基金公司獎) |

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| International business | The selection of "2021 Annual Awards" (2021年度獎項) organized by PDI (Private Debt Investor), an internationally renowned private debt industry magazine:<br><br>Huatai International was awarded "Best Private Debt Investor (Asia-Pacific Region)" (最佳私募債投資機構(亞太區)), "Best Real Estate Private Debt Investment Fund Manager (Asia-Pacific Region)" (最佳地產私募債投資基金經理(亞太區)), "Best Project (Asia-Pacific Region)" (最佳項目(亞太區)) and "Best PE Corporate Finance Project (Global)" (最佳 PE 機構融資項目(全球))<br><br>The selection of "2021 AAA National Awards (China)" (2021年度AAA國家獎(中國區)) organized by The Asset:<br><br>Huatai International was awarded "Best Local Corporate and Institutional Advisor Award (Broker)" (最佳本地企業及機構顧問獎(券商類)) and "Best Private Bond Advisor Award" (最佳私募債券顧問獎)<br><br>The Selection of "Financial Institution Awards" (金融機構大獎) organized by Bloomberg Businessweek:<br><br>Huatai International was awarded "Annual Outstanding FINTECH Securities Company Award" (年度金融科技證券公司卓越大獎), "Annual Outstanding Securities Company Award" (年度證券公司傑出大獎), "Risk Management Excellence Award" (風險管理傑出大獎), "Excellence Award for Digital Innovation" (數碼創新卓越大獎), "Outstanding Wealth Management Platform Award" (財富管理平台傑出大獎), "Outstanding Initial Public Offering Project Award" (首次公開招股項目卓越大獎) and "Corporate Financing Excellence Award (the Greater Bay Area of the PRC)" (企業融資卓越大獎(中國大灣區)) | The selection of "China Securities Golden Bauhinia Award" (中國證券金紫荊獎) organized by Hong Kong Ta Kung Wen Wei Media Group:<br><br>Huatai International was awarded "Outstanding Securities Services Agency" (卓越證券服務機構)<br><br>The selection of "2022 Junding Award in China's Securities Industry" (2022中國證券業君鼎獎) organized by Securities Times:<br><br>Huatai International was awarded "2022 Junding Award for the Best Hong Kong Stock Broker in China's Securities Industry" (2022中國證券業最佳港股經紀商君鼎獎)<br><br>The selection of "2022 Outstanding Bank Award" (2022年卓越銀行大獎) organized by Asiamoney, an international reputable financial magazine:<br><br>Huatai International was awarded "Investment Bank with the Most Improvement" (最具飛躍表現投行)<br><br>The selection of "Hong Kong FinTech Impetus Awards for 2022" (香港金融科技發展大獎2022) organized by Metro Finance, a mainstream financial broadcasting media in Hong Kong:<br><br>Huatai International was awarded "Investment and Wealth Management – Securities and Foreign Exchange Investment Finance Awards" (投資理財－證券及外匯投資金融大獎)<br><br>Cerulli Associates and other public information:<br><br>As of the end of the third quarter of 2022, AssetMark ranked third in the U.S. TAMP industry with a market share of 11.2% |

## IV. ANALYSIS OF CORE COMPETITIVENESSES DURING THE REPORTING PERIOD

### *(I) A technology-driven pioneer in China's securities industry transformation*

The Group is committed to building technology as its core competitiveness, and comprehensively promoting the Group's digital transformation, focusing on the overall target of "client's success, business innovation, operation optimization and employee empowering", actively transforming its business and management model with digital thinking and platforms. It strove to build a leading self-developed system for information technology research and development to achieve co-creation of technology and business through all-round technology empowerment, and create business model innovation driven by digitalization and advantages of the whole business chain with platform-based support. In the field of wealth management, the Group launched "ZhangLe Fortune Path 8.0" (漲樂財富通8.0) and continuously built personalized wealth management platforms through personalized posting of diversified contents and refined operation. In the field of institutional services, the launching of the 3.0 version of "Xing Zhi" (行知), our self-developed digital platform serving institutional customers, facilitated enterprises and institutional investors to effectively enhance the productivity and explore new open ecological models. It continued to empower front-line employees and leveraged the "AORTA" (聊TA), QingCloud (青雲), Investment Banking Cloud (投行雲) and other business and working platforms to effectively improve the efficiency of employees and promote the increase in customer scale and activity. The Group sped up in advancing towards the goal of deep platformization of businesses and continuously promoted the development of the FICC Elephant Trading Platform (FICC大象交易平台) and distributed fast trading platforms, significantly improving the efficiency of core trading platforms. Relying on the credit analysis management system (CAMS system), Securities Lending Path 4.0 (融券通4.0) and other platforms, it continued to empower innovation in business models. It focused on building and upgrading the Data Intelligence Middle Platform 3.0 (數智中台3.0) and the RIS investment research platform to develop the supporting capability of the Group's integrated middle office. The technical competency and talent team the Group developed through independent research and development over the years have laid a solid foundation for the building of platform-based and systematic competitive advantages. Meanwhile, with equity investment serving as a link, the Group focused on outstanding technological innovation companies to accelerate the construction of the FINTECH ecosystem and actively established presence in cutting-edge sectors, such as big data, artificial intelligence, blockchain, cloud computing and RPA security, to build future-oriented technological capacity reserves.

### *(II) The open digital wealth management platform provides efficient and professional services to mass customers*

The Group has established one of the most dynamic wealth management platforms in China's securities industry with more than 20.00 million customers. The Group is committed to building an integrated operation system of "people + platform", establishing a wealth management operation system driven by the headquarters and linked with the headquarters and branches, creating a professional and open platform development ecology, continuously gathering professional financial service capabilities and professional financial service information, so as to continuously expand the scale of customers and ecological partners, and to actively expand the brand influence. The

Group launched "ZhangLe Fortune Path" (漲樂財富通), a mobile service platform, for our clients, and "AORTA" (聊TA), a cloud-based working platform, for investment advisors. Through iterative upgrades, we strengthened their functions, deepened their coordination, with which, the two platforms efficiently and accurately empowered front-line investment advisors. As of the end of the Reporting Period, the cumulative download volume of "ZhangLe Fortune Path" (漲樂財富通) was 70.0602 million. According to the statistics of Analysys, the average NMAU of "ZhangLe Fortune Path" (漲樂財富通) amounted to 9.2683 million during the Reporting Period, ranking the first among all APPs of securities companies. Since 2014, the Group has ranked the first in the industry in terms of equity and fund trading volume for nine consecutive years. The Group further promoted the development of investment advisory business for buyers, built an integrated investment research system and digital platform covering assets, strategies and products, as well as an accompanying service system based on customers' profitability experience, and created the "Worry-free Series (省心系列)" investment advisory brand for buyers. During the Reporting Period, the asset size of the Group's fund investment advisory business remained at the top of the industry, and our asset allocation, product research, strategic operation and companion service systems have been continuously improving. According to the statistics from the Asset Management Association of China (中國證券投資基金業協會) in the fourth quarter of 2022, the size of the Company's equity and hybrid public fund holdings amounted to RMB122.6 billion and the size of non-money market public fund holdings amounted to RMB136.7 billion, both ranking the second in the industry.

***(III) First-class investment banking business with systematic services for clients and high-quality development***

The Group firmly grasped significant opportunities of the deepening reform of the capital market. Adhering to the "customer-oriented" operation philosophy and towards the direction of industry focus, regional layout and customer demand exploration, the Group strengthened domestic and overseas, on-exchange and OTC cross-market synergy, comprehensively improved the full-range product service ability and the comprehensive service quick response ability. In 2022, the Group maintained the leading market position for its investment banking business and further enhanced its business strength. As a pioneer in GDR programs, the Group is the only securities company that has both GDR issuer and underwriter experience as well as execution experience in the whole business chain. In 2022, the Group maintained and continuously expanded its advantages in the GDR sector. As of the end of the Reporting Period, the Group ranked the first in the industry in terms of the number and scale of the GDR programs underwritten. The Group achieved outstanding results in the onshore and offshore integrated layout and ranked the second among Chinese investment banks in terms of the weighted amount of IPOs sponsored in the Hong Kong stock market in 2022. During the Reporting Period, the Group's lead-underwriting scale of full variety bonds was further expanded, ranking the third in the industry. For the M&A and restructuring business, the Group focused on advancing benchmark large-scale and innovative projects and actively explored continuous services for customers, maintaining its leading position in the industry. It has been ranking the first in the industry in terms of the total number of transactions on licensing M&A and restructuring programs since 2012. The Group continuously enhanced the construction of the compliance risk control system and further improved the quality of projects. The approval rate of the Group's IPO programs reached 100% in 2022.

### *(IV) Comprehensive asset management platform with both scale and innovation advantages*

Relying on the large customer base and advantage in the whole business chain resources, the Group has established one of the leading asset management platforms in the industry by giving full play to its abilities in exploring investment bank assets, risk pricing and product design. The total amount of assets under asset management business ranked the forefront of the industry. As of the end of the Reporting Period, the scale of asset management was RMB479.614 billion. Focusing on the characteristics of brokers and with the investment asset management and the asset management services of investment banks based on the entire business chain of securities companies as drivers, the Group provided one-stop top-ranking investment products, asset allocation and overall financial service solutions to empower the process of the asset management service for customers. It strengthened the two-way driving of the Group, leveraged on the genetic advantages of investment banking, displayed the digital application capabilities and continuously enhanced the active management capability to develop differentiated core competitiveness. Meanwhile, through customized services featuring multiple assets and multiple strategies, the Group provided a basket of customized comprehensive financial services for institutional customers, which met customers' different needs for product forms, liquidity and risk return through competitive fixed-income products as well as featured products such as FOF and MOM. The Group is a leader of ABS product designs in the industry, and has set a benchmark for the industry through constant innovation in underlying assets, transaction structure and other aspects. It has issued multiple notes in areas such as epidemic control and prevention, and green finance to support real economy projects, with the business scale continuously ranking the top in the industry. In 2022, the Group ranked the second and the third in the industry in terms of the issuance number and the issuance scale of enterprises' ABS, respectively. The ATOMS released the business support capability and generally established the ABS analysis system and professional standards of the Group, making it the first platform for the creation, professional analysis and appraisal of ABS products in China. During the Reporting Period, the Huatai Purple Gold Jiangsu Communications Holding Expressway Closed-end Infrastructure Securities Investment Fund, for which the Group acted as the fund manager and asset-backed securities manager, was officially listed for trading on the Shanghai Stock Exchange, making it the first public REITs program on expressways in Jiangsu Province.

### *(V) Acceleration in global layout and creation of cross-border ecology to march toward a new stage of high-quality development*

The Group always adheres to the strategy of constantly expanding its international business layout along with the international development of customers, and offers global resources to its customers through continuous deepening of integrated cross-border linkage and enhancing the comprehensive cross-border financial services platform system, to better serve the overseas expansion of Chinese customers and the domestic investment of international investors. During the Reporting Period, the international rating agency Standard & Poor's kept the credit rating of "BBB+" with stable prospect for the Company and its subsidiary Huatai International, which was the highest level among Chinese securities companies. Leveraging on the Group's domestic resources and taking cross border as the starting point, Huatai International returned to the origin of brokers and focused on the development of capital-based intermediary. It deeply cultivated the integrated platform-based and cross-border service ecosystem with

customer-oriented business concept through effective domestic and overseas linkage, business synergy, strengthened risk control and platform operations, so as to promote the healthy development of various businesses. During the Reporting Period, Huatai Financial Holdings (Hong Kong) continued to deepen its "4+1" business platform system with the equity business platform, fixed-income business platform, wealth management platform, fund platform and flagship investment banking business, which facilitated its differentiated competitive advantages. As of the end of the Reporting Period, Huatai International recorded a stable growth against the market. The asset scale was nearly HK$200 billion with continual improvement of comprehensive strength, ranking at the forefront of Chinese securities companies in Hong Kong. During the Reporting Period, Huatai Financial Holdings (Hong Kong) officially obtained the qualification as a participant of the Special Purpose Acquisition Companies (SPAC) Exchange of the Hong Kong Stock Exchange and the registration as a cross-border conversion agency for stock connect global depository receipts granted by the Shenzhen Stock Exchange, which enhanced its ability to conduct international development and participate in mainstream international capital markets. Huatai Financial Holdings (Hong Kong) participated in and completed 5 IPO sponsored-projects and 1 listing by way of introduction in the Hong Kong stock market, ranking the second among Chinese investment banks in terms of the weighted amount of IPOs sponsored in the Hong Kong stock market. Huatai International completed the first international carbon emission reduction transaction on the Core Climate platform of the Hong Kong Stock Exchange, making it one of the first Chinese securities companies entered the platform and completed international carbon emission reduction transactions. The subsidiary of Huatai International in Singapore was officially established during the Reporting Period and the application for relevant business licenses is under stable progress, which will further deepen its international business layout. In addition, AssetMark has always maintained independence in operation and completed the acquisition of Adhesion Wealth during the Reporting Period. It maintained its leading position in the industry with its leading business model and advanced technology platform, and constantly increased its business revenue.

### *(VI) Comprehensive risk management featuring professional and platform advantages*

Adhering to the prudent risk management culture and with controlling risks, improving quality and efficiency and promoting development as risk management targets, the Group is committed to enhancing the core competitiveness in risk management with adhering to the core risk management philosophy of high engagement, full coverage and deep penetration and taking collectivization, specialization and platformization as the main approach. The Group established and improved a comprehensive risk management system that is adapted to the integrated and international development of the entire business chain of the Company, continuously perfected the risk governance structure, constantly boosted risk management mechanisms and control measures, vigorously conducted the R&D and iteration of risk management instruments and attached great importance to the application of information technology in risk management. During the Reporting Period, the Group sped up in promoting the construction of the onshore and offshore integrated risk management system, deepened the integrated penetration and coverage across markets, businesses and products to resonate with businesses, intensified risk control on key businesses, continued to deeply advance the construction of the risk management platform and consolidated the foundation of the integrated, real-time, measurable and controllable risk management capabilities to facilitate the strategic advancement of the Group towards professional and international development.

### *(VII) Establishment of a development platform continuously empowering the growth of first-class professional talents*

Sticking to the cultural connotation of "openness, inclusiveness, innovation, struggle and responsibility", the Group continuously stimulates the power and vitality of all staff of Huatai for "advancing towards new and high growth", constantly improve the value of talents and empower their growth. In 2022, with the focus on optimizing talent structure, improving talent effectiveness and speeding up in talent training, the Group is committed to building a platform-based talent development model towards the professional and international talents, in bid to promote the growth of talents together with the organization and transform its talent advantage into a core competitive advantage, thereby further improving the contribution rate of talents. It reasonably planned on the demand for human resources in the medium-to-long term, focused on the reserve of scarce talents on wealth management, institutional business, FINTECH and international business segments and continuously recruited high-quality and outstanding college graduates to further optimize the talent structure and boost the talent reserve of the Company. It advanced the training of outstanding young staff in practice and developed the management backup talent team towards the future. Always considering practice as the main battlefield for the growth and accomplishment of outstanding young staff, the Group promoted communications, on-the-job training, work rotation and other practical exercises and trained and selected talents in practice. With comprehensive capabilities and performance contribution as the basis, it expanded the occupational development space, facilitated the best matching of talents with positions and improved the creativity of the talent team. On the basis of the implementation of the restricted share incentive scheme, it explored diversified long-term incentive frameworks, gradually improved the long-term incentive and restrictive mechanism, achieved benefits and risks sharing between employees and the Company as well as common development, focused on enhancing the enthusiasm, cohesiveness and core competitiveness of the employees of the Company and facilitated the sustainable and steady development of the Company in the long term.

## V. OPERATION DISCUSSION AND ANALYSIS

Unit: Thousand Yuan Currency: RMB

| Segment | Segment revenue and other income and gains | Segment expenses | Segment results | Segment profit margin (%) | Year-on-year change of segment revenue and other income and gains (%) | Year-on-year change of segment expenses (%) | Year-on-year change of segment profit margin |
|---|---|---|---|---|---|---|---|
| Wealth management business | 23,482,561 | (15,063,586) | 8,418,975 | 35.85 | (10.23) | (18.79) | Increase of 6.76 percentage points |
| Institutional services business | 8,133,656 | (7,434,388) | 697,370 | 8.57 | (34.91) | (1.85) | Decrease of 30.89 percentage points |
| Investment management business | 2,270,428 | (1,210,570) | (47,946) | (2.11) | (45.45) | (6.21) | Decrease of 84.28 percentage points |
| International business | 9,413,986 | (7,521,339) | 1,892,647 | 20.10 | 19.28 | 16.36 | Increase of 1.98 percentage points |
| Others (including offset) | 3,523,741 | (4,585,497) | 1,266,992 | 35.96 | 189.62 | 4.10 | Increase of 127.89 percentage points |
| Segment total | 46,824,372 | (35,815,380) | 12,228,038 | 26.11 | (9.83) | (6.45) | Decrease of 5.23 percentage points |

### *(I) Wealth management business*

#### *1. Market environment and industry trend of wealth management business*

(1) The in-depth development of the wealth management market in China driving business transformation and upgrading, wealth management service capabilities were continuously enhanced

With the recovery and development of China's real economy, the continuous improvement of a multi-level capital market, the increasing supply of financial investment products, the continuous growth of total social wealth and the optimization and improvement of regulation measures on the property market, the wealth management market in China is under the stage with long-term reform and rapid development and the demand of residents for high-quality equity assets and professional investment advisory has been increasing. Establishing the comprehensive customer hierarchical and grading service system based on complete business chains, customer-oriented organizational structures, comprehensive service platforms and business synergy mechanisms will become the key to the development of the wealth management business of securities companies. Under the background of the construction of a new "dual circulation" development

pattern, the continuous progress in the construction of modern capital market with Chinese characteristics, the increase in the penetration rate of the wealth management industry, and the increase in demand for specialized business, etc., the wealth management market in China will transform to an integrated financial service pattern covering customers' full-lifecycle, and securities companies shall continue to strengthen the investment research capabilities and the construction of investment advisory capabilities, and shall continue to improve the quality of wealth management services to proactively build a sustainable wealth management business model. In the future, wealth management institutions that focus on building an innovation-driven wealth management business ecosystem, forge wealth management service capabilities on the whole business chain, enhance the customer-centric service concept, deeply understand diversified customer needs, and pay attention to providing full life cycle, all-round and full category comprehensive financial services for customers will gain extensive development space.

(2) Changes in clients' asset allocation demands and market competition trends continuously promoted the transformation of wealth management, and professional wealth management institutions will usher in development opportunities

Currently, the PRC wealth management market is increasingly standardized; the pattern of wealth management channels is continuously diversified; wealth management instruments and product supply are constantly expanded; and the complexity of asset allocation services is increasing. High-quality wealth management services have become the core competitiveness of wealth management institutions. Building a more comprehensive, deeper, highly three-dimensional, greener and more reciprocal wealth management service model, continuously improving the wealth management business system, increasingly enhancing the wealth management service capability and providing customers with professional and personalized comprehensive financial service solutions will become important directions for the strategic transformation of securities companies. During the Reporting Period, the domestic stock market tumbled down with the Wind All China Index dropped by 18.66%, the Shanghai Composite Index dropped by 15.13% and the Shenzhen Component Index dropped by 25.85%; in terms of major international indexes, the S&P 500 dropped by 19.44%, the Nasdaq dropped by 33.10% and the Dow Jones Industrial Average dropped by 8.78%. Against increasingly complex internal and external market environment, and the accelerated deepening in the reform and opening up of the capital market led by the full implementation of registration system, wealth management institutions are exposed to greater challenges and higher requirements in core professional capabilities and value creation capability on accompanying customers. In the context of continuously professional and complicated customer demand for wealth management services, financial institutions which constantly improve multi-level, personalized and all-asset synergistic product supply, continuously establish standardized, ecological and refined all-process customer operation systems, have advanced financial service platforms, competitive financial product systems and professional talent teams, and transform towards the overall high-quality development of the wealth management business will gain advantages in future competition.

(3) FINTECH empowered the reshaping of operation and management models to comprehensively promote the digital transformation and high-quality development of the wealth management industry

In recent years, a new round of technological revolution and industrial evolution is accelerating, and the frontier technology is deeply integrated with traditional financial business, which continues to enrich the application scenario and has a comprehensive impact on the business model and operational efficiency of securities companies. Securities companies should actively embrace and practice the digital transformation strategy, develop innovative FINTECH ecosystems, constantly enhance the capabilities of empowering all links of the wealth management business value chain through FINTECH application innovation and build a new digital, platform-based and ecological wealth management service model, so as to promote and lead business and management innovation, realize synergy, integration and share between internal and external resources, and facilitate the high-quality development of the wealth management industry. FINTECH and digital transformation have become fundamental forces driving the evolution of the financial ecosystem and strategic high grounds for the competitiveness of securities companies, which will profoundly change the business model, business structure and operation systems of securities companies and will be the core driving force to the development of the securities industry in the next strategic cycle. The construction of a digitalized wealth management ecology featured with co-construction, co-governance and co-utilization, the business transformation led by leading digital technologies, and the promotion of comprehensive digitalization, precision and intelligence of products, operation, management and services to provide customers with all-round, itinerary and digitalized wealth management services, will become the inevitable choices of a large domestic securities company to build differentiated competitive advantages and achieve continuous innovation in business models.

*2. Operational measures and achievements of wealth management business*

(1) Securities, futures and options brokerage business

During the Reporting Period, the Group, with the focus on the digital, platform-based and ecological concept and with intelligent interactions, algorithm engine, digital decision-making and other application technologies and product systems as cores, actively established customer trading systems and growth systems covering the full life cycle, continuously improved the financial service and marketing platform with online and offline integration and the combination of centralized operation and ecosystem operation, continuously explored new business models and constantly improved the coverage of and the satisfaction on the wealth management business. It continued to build the advantage in the integrated operation of dual platforms, namely the "ZhangLe Fortune Path" (漲樂財富通) platform and the "AORTA" (聊TA) platform, and constantly promoted the iteration and

optimization of platforms to practically strengthen the capability of platforms in empowering customers and investment advisors and enhanced the customer stickiness of and the activeness on platforms. The Group actively facilitated the upgrading of the customer service model and the innovation of the user operation model and built a content-driven centralized service operation model to continuously enrich the supply in the content ecosystem and constantly enhance the in-depth operation capability and the service quality. It continued to explore the development route for the professional division of work on the investment advisory team, continuously improved the classified and hierarchical position system of the investment advisory business line, actively established an investment advisory service system to meet customers' diversified demands and comprehensively improved the efficiency of investment advisory services.

The Group continuously promoted innovation in products and services of the "ZhangLe Fortune Path" (漲樂財富通) platform, constantly optimized content operation model, developed featured market transactions and wealth management services, and devoted to effectively enhancing the customer stickiness and activeness with better customer experience, more product instruments and more extensive in-depth services. During the Reporting Period, "ZhangLe Fortune Path" (漲樂財富通) had a download volume of 4.7407 million, with a cumulative download volume of 70.0602 million since its launch; 96.74% of trading customers used "ZhangLe Fortune Path" (漲樂財富通) to conduct transactions. According to the statistics of Analysys Think Tanks (易觀智庫), during the Reporting Period, the average NMAU of "ZhangLe Fortune Path" (漲樂財富通) was 9.2683 million, ranking the first among securities company APPs. At the same time, the Group continuously consolidated the basic trading service capability of "ZhangLe Global" (漲樂全球通) platform, continued to enhance user stickiness with professional platform services, and be committed to providing customers with one-stop investment management services for global assets. The cumulative download volume of "ZhangLe Global" (漲樂全球通) was 1.9829 million since its launch. During the Reporting Period, the average NMAU was 184,200.

The Group further strengthened its advantages in trading services based on advanced platforms. According to the statistics of members of the Shanghai and Shenzhen Stock Exchanges, the Group's stock and fund trading volume totaled RMB38.76 trillion, ranking the first place in the industry. As of the end of the Reporting Period, according to internal statistics, the total assets of client accounts reached RMB4.99 trillion.

**Data of agency transaction amount**

Currency: RMB

| Type of securities | 2022 Agency transaction amount (in RMB100 million) | Type of securities | 2021 Agency transaction amount (in RMB100 million) |
|---|---|---|---|
| Stocks | 323,960.42 | Stocks | 392,026.40 |
| Funds | 63,627.23 | Funds | 30,889.85 |
| Debentures | 418,032.44 | Debentures | 386,057.90 |
| Total | 805,620.09 | Total | 808,974.15 |

Note: The data of agency transaction amount in 2021 and 2022 are cited from the Shanghai and Shenzhen Stock Exchange members' statistics, in which the fund data in 2021 do not include trading volume of money market funds on the Shanghai Stock Exchange; in view of the adjustment to the calibers of the Shanghai Stock Exchange members' statistics, the fund data in 2022 include trading volume of ETFs, monetary ETFs, LOFs and publicly offered REITs on the Shanghai Stock Exchange.

During the Reporting Period, the Southbound Trading business went steadily, with trading types continuing to be diversified and customers' experience continuing to be optimized. For the Southbound Trading business under Shanghai-Hong Kong Stock Connect, there were 30.7 thousand authorized users in total. For the Southbound Trading business under Shenzhen-Hong Kong Stock Connect, there were 32.0 thousand authorized users in total. In terms of stock options brokerage business, the Group continued to improve the multi-level trading platform system, enhanced technological support to customers' trading, constantly strengthened operation and risk control capabilities, and therefore the business has continued to maintain its market leading edge. According to the statistics of the Shanghai Stock Exchange, the Company's stock option brokerage business at the Shanghai Stock Exchange ranked the first in the industry in terms of trading volume and market share during the Reporting Period.

For the futures brokerage business, Huatai Futures continued to optimize its outlet layout. As of the end of the Reporting Period, there were 9 branches and 42 futures branches in total covering 4 municipalities directly under the Central Government and 17 provinces in China, being the agent of 110 types of futures. During the Reporting Period, Huatai Futures realized an agency trading volume of 530.5520 million lots with a transaction amount of RMB55,502,705 million. The Group continuously deepened the synergy between its securities and futures businesses and accelerated the integration of platforms, with 234 securities branches permitted to be engaged in futures IB business and the total number of futures IB business customers reaching 56,957 as of the end of the Reporting Period.

(2) Financial product sales and fund investment advisory business

During the Reporting Period, the Group promoted the development of financial products sales and fund investment advisory business centered on customer needs from multiple perspectives. With platformization and specialization as the traction, the Group proactively constructed an integrated asset allocation service system based on buyers' perspective, to provide customers with strategic portfolios and financial products that meet their risk and return needs, and meet customers' multi-level wealth management needs. According to internal statistics, during the Reporting Period, the number of financial products held (except for the cash management product "Tian Tian Fa" (天天發)) was 9,161, and their sales scale (except for the cash management product "Tian Tian Fa" (天天發)) was RMB512.284 billion. As of the end of the Reporting Period, the fund investment advisory business authorized assets amounted to RMB13.913 billion and the number of customers was 617,600. According to the statistics from the Asset Management Association of China (中國證券投資基金業協會) in the fourth quarter of 2022, the Company's shares and hybrid public funds maintained a scale of RMB122,600 million, and the public funds in the non-money market maintained a scale of RMB136,700 million, both ranking the second in the securities industry.

During the Reporting Period, the Group actively established the "Worry-free Institute" (省心研究院), a public investment think tank. Through reshaping of research framework and logics, building of service scenarios, review of service contents and other dimensions, the Group continuously consolidated the investment research foundation and satisfied multi-layered asset allocation demands of customers. It strengthened the research and judgment on various assets and policy trends, optimized the time and pace for product issuance, intensified the layout of product lines on the basis of asset research and improved the cashability of financial products and services. The Group established a classified, hierarchical and grading buy-side investment advisory service system on customers, continuously optimized customer service scenarios and customer service plans and provided customers with personalized asset allocation solutions through deep exploration of customer demands and continuous customer operation. It advanced the establishment of an integrated buy-side advisory service mechanism on investment advisory and constantly increased supports and empowerment to viewpoints of investment consultants and customers. It enhanced the construction of digital platforms, continuously upgraded and iterated the investment research platform and vigorously built a working platform based on investment and research business processes, achieving effective improvements in timely product research and convenient strategic management and strengthening the overall business efficiency and capability.

(3) Capital-based intermediary business

During the Reporting Period, the Group focused on its customer-oriented operation philosophy, closely followed market and policy changes, deepened the cooperation across the entire business chain, continuously optimized the customer structure, deeply tapped into customer demands and actively built a multi-layered and differentiated customer service system. It continuously diversified marketing and service models, constantly bolstered the construction of the risk management and control system, and practically strengthened its core competitiveness by relying on the advantages of the ecological construction of the business and the continuous iteration of the open securities financing platform system. The Group effectively consolidated internal and external resources, continuously improved the securities lending business operation and management system, constantly diversified cooperation models with licensed financial institutions, actively explored the lending potential of institutional customers, consolidated the foundation for the development of securities sources and expanded the scale of the securities pools. Meanwhile, it led the digital transformation through the construction of platforms, continuously perfected the platform and ecosystem of securities lending and practically improved customers' service experience. The Group newly released the "Securities Lending Path 4.0" (融券通4.0), further advanced the continuous iteration of the open platform for securities lending, efficiently connected the suppliers and demanders of sources of securities, and continuously optimized the new model of digital operation of the securities lending industry. According to the regulatory statement data, as of the end of the Reporting Period, the balance of margin financing and securities lending business of the Parent Company was RMB112.347 billion, with a market share of 7.29%, and the integral maintenance guarantee ratio was 255.98%. Among them, the balance of securities lending business was RMB17.241 billion, with a market share of 17.98%. The pending repurchase balance of stock pledged repurchase business was RMB37.279 billion in total, with an average fulfillment guarantee ratio of 244.13%. Among them, the pending repurchase balance of on-balance-sheet business was RMB7.385 billion, with an average fulfillment guarantee ratio of 252.62%; while the pending repurchase balance of off-balance-sheet business was RMB29.894 billion.

*3. Prospect of wealth management business for 2023*

Wealth management business carries the strategic functions of the Group to gather and accumulate customer resources and assets on a large scale. In 2023, the Group will continue to seize the strategic opportunities for the in-depth development of the wealth management market, rely on the dual-end platform and ecosystem operation for customers and investment advisors, further expand the size of customers and customers' assets through the online and offline integrated operation driven by the headquarters with the coordination of the headquarters and branches, promote its transformation into a full life cycle service model for customers and continue to build new competitive edges for the future.

For wealth management business, the Group will focus on the digital, platform-based and ecological concept, continuously optimize the synergy mechanisms of the full business chain and deepen and implement platform-based operation and customer operation to develop new customer growth and service operation systems and build a new ecosystem for the wealth management business. It will optimize the mechanisms on customers, investment advisory and platform operation, deepen the integrated operation model on centralized customer services and constantly improve the professional quality of the integrated service operation team to expand the brand influence and get information about customers' minds with refined content operation and create the long-term value of services. The Group will vigorously build a customer-oriented, specialized, professional, classified and hierarchical investment advisory team, constantly improve the hierarchical and grading operation system with hierarchical customers, grading investment advisory and matched services and speed up in facilitating the professional division of work on investment advisory and the differentiated empowerment of platforms to improve the efficiency of investment advisory services. It will continue to upgrade the structure of platforms, constantly promote the innovation of platform-based products and the upgrading of service capabilities, strengthen the empowerment on professional scenarios and the support to the operation of platforms, propel the surging of wealth management services and satisfy the demand for investment services of diversified customer groups with different lifecycles.

For the financial product sales and the fund investment advisory businesses, the Group will continue to strengthen the construction of digital platforms and constantly enhance the platform-based empowerment capability. It will focus on professional capabilities on investment and research, continue to diversify strategy types, optimize service scenarios, and iterate and upgrade allocation models. It will strengthen content operation and the building of product systems, improve the path of a research chain of "asset – strategy – product", and proactively explore an integrated service mechanism for investment and advisory, continuously strengthen investment advisory and customer empowerment to constantly improve the influence of business brands.

For the capital-based intermediary business, the Group will continue to be customer-oriented, continuously broaden its business thinking and strategic perspectives, and actively innovate in business operation models. It will focus on differentiated competitiveness on the ability to obtain sources of securities, the customer service capability and the application of FINTECH to meet the diversified and differentiated business needs of customers. It will continue to diversify customer service dimensions, strengthen resource-based customer development to achieve high-quality customer acquisition, continue to promote the iteration and upgrading of the "Securities Lending Path" (融券通) platform and create an integrated securities pool at home and abroad, on and off the market. We will vigorously build an open and efficient ecosystem in the securities lending industry and continuously reinforce the brand advantage of the Securities Lending Path (融券通).

### *(II) Institutional services business*

*1. Market environment and industry trend of institutional services business*

(1) The transformation and upgrading of real economies and the comprehensive deepening reform of the capital market have provided greater potentials for the display of integrated advantages of institutional services business

With the implementation of a series of reform measures led by the overall registration-based IPO system reform in recent years, the market width and depth have been constantly improved. With increasing inclusiveness in the market system, the investment and financing functions were significantly enhanced and the strategic position of the capital market in serving the high-quality development of the economy continued to rise. The institutional services business will have an opportunity to achieve leap-forward development and focus on the development of globalized diversified businesses covering all chains, all products and all markets, among which, providing institutional clients with high-quality comprehensive financial services covering the full life cycle will become an important manifestation of the core competitiveness of securities companies. Under the new development pattern of the continuous promotion of the transformation and upgrading of real economies and the overall deepening of the capital market reform in China, the securities industry has initiated a new stage with the full optimization of fundamental systems and the reform and development for the full restructuring of the market ecosystem, which presents the increasingly improved market-based resources allocation mechanisms, and the investment banking business of securities companies faces strategic opportunities in high-level transformation. Securities companies with optimized and complete business structures and products systems, rich project reserves and coordinated business development, whole business chains and full-lifecycle service systems will achieve more business increment and revenue. In the future, with the building of the new pattern of the multi-tiered capital market with dislocation development and orderly competition, the institutional services business will set higher standards for business qualification, capital strength, scale advantage, product design, risk control system and business channels of securities companies. Securities companies that are customer-oriented, proactively expand the depth and breadth of business and services, with professional capabilities on systematic and platform-based construction and are transforming into integrated financial service providers, as well as practically serve the real economy with all products and high efficiency, will face more business opportunities and achieve high-quality development.

(2) The transformation trend of professionalism, institutionalization and internationalization of the capital market have set higher standards for institutional services business of securities companies

In recent years, in the context of macroeconomic transformation and upgrading, continuously deepening of the capital market reform and the innovation and development of securities business in China, the participation of institutional investors has been increasing with their shareholding percentage and market influence significantly increased, and the voice of institutional investors in the capital market has been increasingly enhanced. The evolution trend with institutional investors as the participants of the market has become unstoppable. The in-depth changes of the market structure will reshape the new ecosystem of the capital market and facilitate the capital market in increasing trading activity, product richness and international participation, providing large business development potential and improvement space for institutional investors of securities companies. Driven by the policy orientation to promote the high-quality development of funds and benefited from the capital market reform, the trend of residents' wealth allocation towards financial assets continues to strengthen, the number and management scale of mutual funds have fluctuated and increased, and the market influence continued to increase, and the process of institutionalization of the capital market sped up, which have raised higher requirements on the capabilities of securities companies in providing integrated and professional financial services. In addition, with the accelerated formation of a new pattern of high-level two-way opening of the capital market, superior market resources are speeding up in flowing into superior institutes and the polarization in the securities industry is increasingly obvious. The provision of more professional, insightful, and convenient one-stop, full life-cycle services to customers based on platform empowerment and efficient integration of onshore and offshore business resources will be the key in the new round of competition on the institutional services business among securities companies. In the future, securities companies which actively develops platform-based, integrated and ecological institutional investor service system, builds the ecosystem of professional institutional investors services with a more open horizon and leading service capabilities and provides comprehensive financial services covering the full life cycle of investment and financing will obtain more development opportunities.

(3) The sustainable development of institutional services business of securities companies requires strong risk management capabilities as the foundation

Under the complicated environment with macroeconomic transformation in China, frequent international political conflicts, increasingly stringent regulations on the capital market, more complicated securities business types, more diversified financial risk types etc., securities companies face new challenges in risk management. It is key for securities companies to facilitate business development and build the new pattern of differentiated competition and development to improve the comprehensive risk management structure based on their own development strategies and business development, establish effective pre-risk control procedures, complete risk management systems and strong risk culture system, and strengthen the construction of high-efficient and professional risk control capabilities. Securities companies should accurately identify, effectively manage and resolve risks in a timely manner with complete risk management systems, scientific risk management models and methods and advanced risk management means to guarantee steady development in the long term. The effective management of financial risks requires securities companies to continuously optimize the organizational structure and operational process of risk management, continue to improve the professional and platform-based comprehensive risk management mechanism to achieve centralized monitoring, analysis and full process control of risk information. Defusing financial risks in a timely manner requires securities companies to effectively utilize the financial derivatives market while possessing strong capital strength. Under the background of the official implementation of the Futures and Derivatives Law, the diversification of the basic financial product system improved instruments for market risk hedge and risk management and the securities industry will play a more important role in guaranteeing the stable operation and healthy development of the financial market and the capital market. Securities companies should vigorously establish a comprehensive risk control system, strengthen the establishment of risk prevention, response and disposal systems, and continuously enhance risk resilience and cycle resilience capabilities to earnestly seize material strategic opportunities in the reform and development of institutional services business.

*2. Operational measures and achievements of institutional services business*

(1) Investment banking business

During the Reporting Period, the Group firmly grasped significant opportunities in deepening the reform of the capital market. Adhering to the customer-oriented operation philosophy and towards the direction of industry focus, regional layout and customer demand exploration, the Group strengthened domestic and overseas, on-exchange and OTC cross-market synergy, and comprehensively improved the full-range product service ability and the comprehensive service quick response ability. The investment banking business continued to maintain the leading market position with further improvement in business strength.

**Consolidated data**

Currency: RMB

| Categories of Issuance | Times of lead underwriting (time) Current Period | Times of lead underwriting (time) Accumulated over the years | Lead underwriting amount (in RMB10 thousand) Current Period | Lead underwriting amount (in RMB10 thousand) Accumulated over the years | Lead underwriting income (in RMB10 thousand) Current Period | Lead underwriting income (in RMB10 thousand) Accumulated over the years |
|---|---|---|---|---|---|---|
| Issue of new shares | 25 | 252 | 3,194,594.25 | 21,664,664.16 | 182,513.39 | 1,066,078.54 |
| Additional issue of new shares | 33 | 284 | 4,957,768.24 | 45,825,157.46 | 30,640.47 | 340,978.77 |
| Allotment of shares | 2 | 36 | 118,387.10 | 2,280,547.65 | 471.70 | 23,109.07 |
| Issue of bonds | 2,024 | 5,695 | 49,495,258.01 | 247,629,694.48 | 94,694.57 | 636,092.64 |
| Total | 2,084 | 6,267 | 57,766,007.60 | 317,400,063.75 | 308,320.13 | 2,066,259.02 |

Note: The above data are from the regulatory statements, while the statistical caliber is the issuance completion date of the project; preferred shares are included in the additional newly issued shares; bonds issuance includes treasury bonds, enterprise bonds, corporate bonds (including exchangeable bonds), convertible bonds, short-term financing bonds and medium-term notes, etc., but it excludes asset-backed securitization projects.

① Equity financing business

During the Reporting Period, the equity financing business continued the whole business chain strategy, fully displayed the advantages of the full business chain system and the integrated onshore and offshore platform of a large investment bank with high-quality customers as the center. The Group enhanced deepening efforts in the industry, served leading customers in key industry sectors and completed various benchmarking projects in the market, recording continuously increasing industry influences. According to the statistics from Wind Information, the Group's equity lead underwriting amount (including the IPOs, additional offerings, allotment of shares, preferred shares, convertible bonds, exchangeable bonds) was RMB155.369 billion, ranking the fourth in the industry.

② Bonds financing business

During the Reporting Period, the bond financing business, on the basis of strict risk control, fully utilized its full-license advantage, leveraged its all-round business advantage of linking equity and debt, continued to create unique bond products, continuously improved customer tiered management, and actively cultivated core customer groups and maintained a stable position in the industry. According to the statistics from Wind Information, the Group's lead-underwriting amount of full variety bonds was RMB980.402 billion, ranking the third in the industry.

③ Financial advisory business

During the Reporting Period, in terms of the M&A and restructuring, the financial advisory business seized the historical opportunity of SOEs reform and fully displayed the advantage of business innovation. The Group focused on capabilities on the identification of high-value transaction opportunity and deal-making, and vigorously developed customer continuous services, thus maintaining the leading position of the M&A and restructuring business, further strengthening our brand strengths. The number of M&A transactions approved and registered by the CSRC was 9, and the transaction amount was RMB165.067 billion, both ranking the second in the industry.

④ OTC business

During the Reporting Period, the Group actively explored NEEQ listing projects with the target of listing on the Beijing Stock Exchange, fully displayed the integrated advantage as a large investment bank and continuously provided innovation-based developing enterprises with complete capital market services. During the Reporting Period, the Group provided continuous overseeing services for 22 listed companies, and completed one project listing on the NEEQ, one project with approving letter for listing, two projects under review for listing, one private placement project of a listed company and one project with approval for private placement. Jiangsu Equity Exchange, a holding subsidiary of the Group, continued to optimize its compliance and risk management system, improved the management of existing products and actively explored innovative business models. It deepened digital transformation, completed the application for pilots on the innovation and application of national blockchains and was granted the pilot qualification, continuously improving the capability to provide comprehensive financial services for small, medium and micro enterprises. As of the end of the Reporting Period, the Group has had 15,025 enterprises listed and displayed, 145 enterprises purely under custody, 227 membership units, and 79,472 investors of all types, and it raised RMB11.845 billion for enterprises through financing during the Reporting Period.

(2) Prime brokerage (PB) business

During the Reporting Period, the Group continued to practice the whole business chain service system and earnestly implemented the service philosophy with customer operation as the core. The Group deployed an expert team on products to key business sectors, focused on comprehensive financial service needs from customers' full lifecycle, relied on digital platforms to provide integrated operation services, effectively connected internal and external business ecology to empower our customers and continuously improve customers' satisfaction for services. As of the end of the Reporting Period, the Group had 10,154 fund products in custody and the total size of fund in custody reached RMB418.436 billion. We provided administration services to 13,419 fund products (including 806 products from our asset management subsidiary), of which the service scale reached

RMB983.442 billion (including the business scale of asset management subsidiary of RMB386.645 billion). According to the statistics from the Asset Management Association of China (中國證券投資基金業協會) in the fourth quarter of 2022, the Group ranked the fourth in the industry in terms of the number of products filed under the private fund custody business.

(3) Research and institutional sales business

During the Reporting Period, in terms of research business, the Group firmly promoted the transformation of business models and actively practiced the full business chain to consistently improve business synergy and efficiency, continuously improve the cross-border research service system and build the competitive advantages of the research business. It adhered to the digital and platform-based development orientation, upgraded and iterated the "Xing Zhi" (行知) digital service platform and the "RIS" intelligent research platform, comprehensively expanded the dimension and depth of platform-based services, optimized and improved the production and management processes of products and constantly improved the business consistency and the production efficiency of platforms. Focusing on leading domestic and overseas institutional customers, the Group was devoted to displaying the supporting and leading role of the research business through the linkage of multi-industrial researches, diversified customer services, enhanced depth of contents, multiple types of extended service platforms and other measures to continuously improve the research quality and boost efforts in tapping into the in-depth value of researches. Centering on customers, in terms of the institutional sales business, the Group leveraged advantages in full business chains, classified and concentrated on the demands of key customer groups for financial services and built the customer-driven and product-driven service matrix for institutional sales and trading. It promoted the construction and functional iteration of the "Xing Zhi" (行知) service platform and the institutional investor work platform, actively established a hierarchical and grading customer service system with collaboration, linkage and onshore and offshore integration and deeply connected the diversified demands of institutional investors. The Group has actively carried out various forms of research service activities, including releasing 10,230 research reports, organizing 23,524 research roadshow services and 1,074 thematic teleconferences, and holding 22 strategy meetings, summit forums and thematic meeting online or through the integration of online and offline means. During the Reporting Period, the volume of sub-position transactions for the public fund was RMB1,218.869 billion.

(4) Investment and trading business

① Equity trading business

During the Reporting Period, the Group made ongoing efforts to resolutely promote business transformation to a trading business model, stuck to the de-directionalization strategy, optimized and strengthened the integrated investment system on absolute gains with big data transaction business, macro fundamental business and innovative investment business as cores and continued to expand the breadth, depth and intensity of fundamental research on equity. It established efficient

and excellent system platforms with transactions as the center and implemented strategies driven by science and technology and solidified by systems and platforms to promote the integrated and platform-based development of the equity investment and trading business and actively build core capabilities on investment and trading. It fully implemented the digital and platform-based construction and continuously promoted the iteration and upgrading of platforms to increasingly enhance the performance of key nodes, strengthen the supervision capability on business operation and comprehensively boost the business efficiency of systems and platforms. In addition, during the Reporting Period, as one of the first securities companies approved to conduct stock market-making business on the STAR Market, the Group continuously enhanced the overall planning on the business, constantly improved the trading system, iterated market-making strategies, perfected the risk control system and carried out the business in a steady and orderly manner.

② FICC trading business

During the Reporting Period, the Group firmly promoted the strategic transformation of the FICC quantitative trading, continuously developed the customer-oriented FICC business model with trading as the core, achieving multi-dimensional improvement in structural innovation, layout optimization and target expansion for the product system. In terms of fixed-income proprietary investment business, it practiced the management model of hedge fund portfolios under the de-directionalized rotation of general categories of assets, actively carried out multi-layered and quantitative innovation practice on models, strategies and products and fully displayed advantages in market foresight and risk control to polish the steady profitability. In terms of market-making business, it actively advanced the two-way empowerment with big trading platforms and achieved all-around improvement in market-making scale, quotation quality, market-making efficiency and risk control, continuously intensifying the influence in the industry. As for bulk commodity business and foreign exchange business, the Group continuously promoted the platform-based construction and business innovation and steadily enhanced the customer service capability. It completed the first foreign exchange settlement and sale under the current account under the H share "full circulation" program. The Group continued to advance the digital business transformation, constantly optimized the business functions and modules of the HEADS elephant platform (HEADS大象平台), upgraded and built the core capabilities of the CAMS (credit analysis management system) and enhanced the investment trading and risk management capabilities in a systematic and platform-based manner.

③ OTC derivatives trading business

During the Reporting Period, the Group strived to build a customer-oriented over-the-counter derivatives business system. It constantly improved the business innovation capability and the trading pricing capability with trading as the driving force. It created and promoted cross-market, diversified and differentiated financial derivates products, provided customers with all-dimensional derivative trading services and deeply docked institutional service systems and customer demands. It continuously leveraged on the FINTECH advantages, actively built accounts with the integration of major asset varieties and trading types and achieved the accumulation, upgrading and transformation of core business capabilities with the platform-based construction to fully empower business development and improve the comprehensive value creation capability of customers. According to the data portals in the regulatory statement SAC agreement, as of the end of the Reporting Period, the Group had 6,576 income swap transaction business contracts with an ongoing size of RMB111.319 billion; the Group had 1,489 OTC option trading business contracts with an ongoing size of RMB126.007 billion. During the Reporting Period, the Group issued 3,310 private placement products through the China Securities Internet System and OTC market, with a total amount of RMB29.542 billion.

*3. Prospect of institutional services business for 2023*

In terms of the institutional services business, the Group is devoted to providing industrial and financial institutional customers with full-business chain services. It is a key strategic sector for the Group to advance towards high-quality development. In 2023, the Group will continue to classify and focus on key customer groups' demands for financial services, continuously promote the systemic service model, consistently strengthen business synergy mechanisms, implement comprehensive operation of customer value and build a new model of services for institutional customers based on the platform, product and ecosystem to achieve mutual empowerment and common growth with customers.

For investment banking business, we will continue to focus on customers, continuously improve domestic and overseas levels of integration, and provide systematic services covering the whole business chain to customers with a global perspective and execution. At the same time, we will continue to advance the platform-based business and the digital transformation, establish the platform-based big system on investment banking with high-quality customers as the core and build a more efficient and competitive ecosystem on investment banks with the focus on the lifecycle demands of customers on all business chains. In terms of equity financing business, the Group will continue to grasp the historical opportunities under the capital market reform and the full implementation of the registration-based IPO system, further strengthen the industry focus and deeply root in regional development. Moreover, the Group will increase the number of high-quality customers and continue to enhance the integrated capabilities on coordinated services across the market and various products. In terms of the bond financing business, the Group will continue to deeply root in regional development, focus on industries, concentrate on products, actively

promote innovative products and services, and constantly improve the marketing development capabilities and professional service capabilities. For the M&A and restructuring financial advisory business, the Group will practically serve the needs of customers and investors for industrial M&A and enterprise restructuring, effectively activate the capital strategies of leading customers, continue to expand diversified business opportunities, and actively build M&A transactions with market influence.

For prime brokerage business, we will rely on the platform-based and ecological development strategies, continue to strengthen customer-oriented operation philosophy, increase efforts to promote business expansion, further expand the size of customer groups, constantly promote digital transformation and improve the efficiency of operation to continuously provide customers with comprehensive services and achieve diversified realization of business value.

For research and institutional sales business, we will continue to improve the integrated domestic and overseas system on institutional customer services, strengthen the introduction of high-quality compound talents and the optimization of internal talent teams, improve the synergy and efficiency in the full business chain based on the effective traction of platforms and build all-dimensional and one-stop financial service ecosystem with the focus on the demands of institutional investors to continuously improve market competitiveness and industry position.

For investment trading business, we will continue to build platform-based and systematic investment and trading capabilities, practically upgrade to the goal of mastering asset pricing rights and productization of trading capabilities, actively build future-oriented core competitiveness, and promote diversification of profit models. For the equity trading business, the Group will comprehensively upgrade the system of big data business strategies, continue to improve the macro hedging investment capabilities on a large scale, optimize and expand the investment models of innovative investment businesses, continuously enhance the efficiency of the systems and platforms, and actively build and improve the equity investment and trading business system with large-scale and stable profit. For FICC trading business, the Group will continue to strengthen the systematic business construction and development, upgrade and improve the functions of the HEADS elephant platform (HEADS大象平台) and the CAMS (credit analysis management system), fully display the coverage advantages in business objects, constantly enrich and optimize the product structures, continuously improve the investment trading capabilities and accelerate the business transformation. For OTC derivatives trading business, the Group will leverage on first-mover advantages in business, the advantages in the systems with market competitiveness and the strong capabilities on business innovation, trading hedge, product design and pricing, risk control and compliance operation, to continuously innovate business models and product structures to create hard-core competitiveness.

### *(III) Investment management business*

*1. Market environment and industry trend of investment management business*

(1) Asset management business systems were increasingly improved and the industry entered into a new stage of accelerating high-quality development

Under the background of the national economic momentum transformation, the upgrading of industrial structure, the reform of financial systems and the accelerated direct financing and with the increasingly improvement of asset management business systems and the introduction of the implementation rules on personal pensions and relevant supporting policies, the ecological pattern in the asset management industry in China will be reshaped. The asset management business is speeding up in shaping a new pattern with orderly competitions and cooperation. Practically improving the active management capability and returning to the original intention of the asset management business have become inevitable trends for the development of the asset management business of securities companies. Under the new pattern of the asset management industry with refined, transparent and standardized high-quality development, the demand for asset management services is increasingly diversified and integrated. Various asset management institutions should full leverage on their capabilities and resource endowments, continuously intensify the product supply capability, establish a multi-layered product system and asset allocation capability and develop differentiated operation models and core competitiveness to provide customers with multi-layered, all-dimensional and high-quality asset management services. According to the statistics from Asset Management Association of China (中國證券投資基金業協會), as of the end of the fourth quarter of 2022, the total amount of asset management business of fund management companies and their subsidiaries, securities companies, futures companies and private fund management institutions was approximately RMB66.74 trillion, among which, the amount of private asset management business of securities companies and their subsidiaries was RMB6.87 trillion. Asset management institutions should initiatively seize the opportunity of national economic transformation and the upgrading of residents' demand, actively integrate internal and external high-quality business resources and step up efforts in business innovation in asset management products. They should constantly diversify product investment strategies, continuously optimize investment management models, steadily boost the capabilities on product innovation, investment research and comprehensive risk management, build a multi-level and diversified asset management business ecosystem and practically provide professional services and important support for the investment and financing needs of the real economy and the preservation and appreciation of residents' assets.

(2) China's equity investment market saw the trading pace slowing down on the whole with intensified industrial competition and differentiated capital structures

Under the background of the complicated and severe international situation, the increasingly strict regulatory environment of the industry and multiple shocks from factors beyond expectation, China's equity investment market faces ordeals. The activity of the fundraising market showed a downward trend, the enthusiasm for the investment market decreased and the overall trading volume of the market declined. At the same time, competition for high-quality projects was fierce, the incremental capital sped up in gathering to top tier management institutions, which have strong professional capabilities and resource integration capabilities, and the differentiation between market fundraising structures continued. According to the statistics from Zero2IPO Research Center private placement department, in 2022, 7,061 new funds were raised in China's equity investment market, with a total fundraising amount of RMB2,158.255 billion, representing a decrease of 2.28% over 2021; and there were 10,650 investment cases in China's equity investment market, with a total investment amount of RMB907.679 billion, representing a decrease of 36.21% over 2021. With the recovery and development of the real economy and continuously driven by the comprehensive deepening of the reform of the capital market, the optimization of regulatory mechanisms and policy environment on the industry, and the steady progress of the full implementation of the registration system in particular, China's equity investment market will embrace historical development opportunities and equity investment institutions are exposed to higher requirements on their management capabilities. In the long term, while serving the high-quality development of the real economy, improving the multi-layered capital market systems, increasing the proportion of direct financing and satisfying the residents' demand for asset allocation, China's equity investment market will play an increasingly important fundamental and strategic role in promoting innovative capital, supporting scientific and technological innovation of enterprises and industrial transformation and upgrading. The securities companies' private equity investment business should leverage advantages in full business chains, rely on professional and three-dimensional investment management systems and continue to enhance all-round and comprehensive service capabilities. We will actively create core business competitiveness, thus effectively improving the efficiency of serving real economy.

*2. Operational measures and achievements of investment management business*

(1) Asset management business of securities companies

During the Reporting Period, with the advent of an era with new rules for post-asset management, Huatai Asset Management, a wholly-owned subsidiary of the Group, actively adapted to changes in market and regulatory environment. Adhering to the "customer-oriented" philosophy and with the investment asset management and the asset management services on investment banking as drivers, it provided one-stop top-ranking investment products, asset allocation and overall financial service solutions to empower

the process of the asset management service for customers. Relying on the resources of the Group in the entire business chains, it strengthened the two-way driving of the Group, leveraged on the genetic advantages of investment banking, displayed the digital application capabilities, actively promoted the establishment of the investment research and trading systems and continuously enhanced the active investment management capability to develop core competitiveness on platform operation and integration. According to the regulatory statement data, as of the end of the Reporting Period, the total asset management scale of Huatai Asset Management was RMB479.614 billion. According to statistics from Wind Information, during the Reporting Period, Huatai Asset Management issued 130 enterprises' ABS (asset-backed securitization), ranking the second in the industry; and the issuance scale was RMB130.500 billion, ranking the third in the industry.

During the Reporting Period, for asset management business of securities companies, we focused on the overall size and quality of asset management and continued in transformation towards active management. We actively built scaled and differentiated product systems covering different risk-return characteristics by full leveraging the capabilities on asset discovery, risk pricing and product design. For the collective asset management business, we effectively implemented transformation under new regulations and completed the transformation of currency-enhanced public fund, a key product. A total of 183 collective asset management plans were under management and the total management scale was RMB66.570 billion. In respect of the single asset management business, we accelerated the development of net worth entrusted business and continuously promoted business transformation. A total of 415 single asset management plans were under management and the total management scale was RMB114.806 billion. In respect of specialized asset management business, we continued to promote product innovation to continuously improve the service capabilities in the full business chain. A total of 208 specialized asset management plans were under management and the total management scale was RMB205.269 billion. In respect of the public fund management business, we actively created net-value wealth management solutions for investors with different needs and managed 33 public fund products in total with aggregated management scale of RMB92.969 billion.

The table below sets forth the scale and income of the securities companies' asset management business:

Currency: RMB

| Item | 2022 Entrusted scale (in RMB100 million) | 2022 Net income (in RMB10 thousand) | 2021 Entrusted scale (in RMB100 million) | 2021 Net income (in RMB10 thousand) |
|---|---|---|---|---|
| Collective asset management business | 665.70 | 16,025.90 | 696.18 | 24,055.07 |
| Single asset management business | 1,148.06 | 21,269.30 | 1,804.56 | 28,200.79 |
| Specialized asset management business | 2,052.69 | 13,471.38 | 1,947.82 | 12,211.97 |
| Public fund management business | 929.69 | 104,230.43 | 737.17 | 137,059.45 |

Note: The above data are from the regulatory statements. In 2021, changes in net income of collective asset management business and public fund management business were mainly due to basis adjustment.

(2) Private equity fund management business

During the Reporting Period, for the private equity fund management business, the Group focused on industry research based on its business advantages, deeply deployed on key industries, continuously explored and invested in high-quality projects in the industry and actively promoted the invested enterprises to seize the opportunities of the registration-based IPO system reform to achieve listing and exit. Meanwhile, it strengthened the partnership with large SOEs, leading enterprises in the industries and listed companies, promoted the raising of new funds, expanded the size of fund management and continuously accumulated project reserves for the investment business. As of the end of the Reporting Period, Huatai Purple Gold Investment and its secondary subsidiaries as managers have filed a total of 23 private equity investment funds with the Asset Management Association of China (中國證券投資基金業協會), with a total subscription amount of RMB56.626 billion and a total paid-up capital of RMB42.934 billion. During the Reporting Period, the above-mentioned private equity investment funds implemented a total of 30 investment projects with a total investment amount of RMB1.104 billion, all of which were equity investment projects. According to the statistics of the Asset Management Association of China (中國證券投資基金業協會), as of the fourth quarter of 2022, Huatai Purple Gold Investment ranked the third in the industry in terms of average monthly scale of private fund.

(3) Asset management business of fund companies

During the Reporting Period, with adherence to equal emphasis on compliance management and business development, fund companies under the Group continuously stepped up efforts on product research and business innovation, optimized and adjusted the layout of products, focused on improving the construction of intelligent systems and continued to research and develop diversified investment models to further enhance the comprehensive capabilities on cross-cycle asset management in multiple categories and continue to maintain the increase in the total scale of assets under management. As for asset management business of China Southern Asset Management, as of the end of the Reporting Period, the total assets managed by China Southern Asset Management amounted to RMB1,729.516 billion. Among which, China Southern Asset Management managed a total of 317 funds in its mutual funds business, the total asset size of which amounted to RMB1,058.535 billion, and the total asset size of private funds business amounted to RMB670.981 billion. As for asset management business of Huatai-PineBridge, as of the end of the Reporting Period, the total assets managed by Huatai-PineBridge amounted to RMB326.789 billion. Specifically, Huatai-PineBridge managed a total of 126 funds in its mutual funds business, the total asset size of which amounted to RMB309.170 billion, and the total asset size of private funds business amounted to RMB17.619 billion. (The profit or loss from equity investments of China Southern Asset Management and Huatai-PineBridge were included under other segments in the segment report)

(4) Asset management business of futures companies

During the Reporting Period, Huatai Futures, a wholly-owned subsidiary of the Group, actively promoted the technology-led digital transformation and the innovation-led business transformation, continuously built the customer-oriented and integrated service system and enhanced the management capability mainly on FOF products under the CTA strategy for products. It vigorously expanded customer groups and product scale, constantly improved professional capabilities and developed core competitive advantages to meet the differentiated risk appetites and asset allocation demands of customers. As of the end of the Reporting Period, Huatai Futures managed a total of 38 asset management plans which were in the duration period. The total asset management scale was RMB1,340,906,200, and the futures equity scale was RMB177,769,000.

(5) Alternative investment business

The Group carried out alternative investment business through its wholly-owned subsidiary Huatai Innovative Investment. During the Reporting Period, Huatai Innovative Investment continued to improve its internal management system and mechanism, focused on FINTECH equity investment and the co-investment business of the STAR Market, and steadily explored the co-investment business of the ChiNext and the strategic placement business of the Beijing Stock Exchange according to regulatory requirements and business layout. As of the end of the Reporting Period, there were 46 subsisting investment projects with an investment scale of RMB2,150.1069 million. The investment attributes mainly include co-investment on the STAR Market and equity investment.

*3. Prospect of investment management business for 2023*

The investment management business plays the dual strategic roles of asset manager and asset services supplier. It is an important area for the Group's financial product innovation and client asset management. In 2023, the Group will continue to display professional capabilities in asset discovery, risk pricing and product creation, fully leverage resources advantages in full business chains, and actively build scaled and featured financial product system with full varieties to meet the differentiated demands of customers. It will build a first-class investment management platform to continuously reinforce its leading position in the industry.

The asset management business of securities companies will rely on the platform of the entire business chain, display the advantages on featured resources of securities companies in asset management, strengthen differentiated development endowments, consolidate the foundation of the platform-based infrastructure capability and constantly and deeply integrate full business scenarios and internal and external resources into platforms to establish competition barriers with differentiated businesses, achieve hardcore breakthroughs with platform-based operation and seek business breakthroughs, transformation and transcendence. It will display the advantages of large platforms, expand customers of securities companies with the focus on customer demands, strengthen advantageous assets with the genes of investment banks and improve featured tracks based on advantageous industries of securities companies to constantly consolidate its market influence and brand recognition.

In respect of the private equity fund management business, the Group will seize the opportunities of the comprehensive deepening of the reform of the capital market and institutional innovation, continue to further explore and deploy on key industries, build the ecosystem of key industries, continuously improve its professional investment management capabilities and further consolidate the industry influence on key sectors. It will leverage advantages in full industrial chains of the Group, continue to exploit and explore new businesses, actively carry out raising of new funds and constantly expand the size of fund management to facilitate the diversification of business structure and profit models.

In respect of the asset management business of fund companies, we will continue to strengthen compliance risk control and management and talent team building. We will continue to maintain the exploration of new businesses and the development of new products, focus on building multi-layered, distinctive and differentiated product lines, actively establish an integrated investment and research platform, constantly deepen the digital and intelligent integration and practically enhance professional capabilities on investment research, to output stable, long-term and sustainable investment performance for customers.

In respect of the asset management business of futures companies, we will proactively integrate internal and external investment research resources, constantly advance the digital transformation, improve the decision-making and management mechanism on investment, enhance the research and judgment capabilities on strategic iteration, continuously strengthen our management capabilities focusing on FOF products in commodity CTA strategies and vigorously develop FOF products of major assets, with an aim to proactively establish a unique product system and management capabilities with differentiated competitiveness.

In respect of the alternative investment business, we will constantly improve system and mechanism and operational process, speed up in the construction of the FINTECH ecosystem, and prudently promote the development of equity investment, the follow-on investment on the STAR Market, and other new businesses, effectively control existing business risks and duly handle post-investment management, and steadily improve capital usage efficiency and return on assets.

### *(IV) International business*

#### *1. Market environment and industry trend of international business*

(1) The in-depth development of the institutional two-way opening up of the capital market accelerated the internationalization of securities industry, and clients' demand for cross-border services promoted the international service capabilities of securities companies

With the gradual implementation of measures on the high-level institutional and systemic opening up of the capital market in China, the interconnection mechanism of the capital market was continuously optimized and the fundamental trading systems were increasingly perfected. International varieties constantly increased and onshore and offshore investment and financing channels were continuously expanded. The capital market had the new value proposition of being a platform connecting onshore and offshore financial and industrial resources and building a hub with dual-cycle systems, which will achieve a two-way opening at a higher level, in a broader range and in more ways. With increasing capabilities of the capital market to allocate global resources and serve the real economy, the securities

industry will also usher in historic and major development opportunities, and leading securities companies, leveraging on worldwide resource allocation, customer service and risk management, will be of greater potential to become large-scale investment banks with international competitiveness. Currently, in light of the gradual implementation of laws, regulations, policies and guidance in respect of two-way opening in the capital market, the growing demands from clients for cross-border integrated financial services, the strengthening trend of global asset allocation, and the internationalization development of securities industry entering a critical period, international business has become a front field for securities companies to expand development space, increase new profit growth points and promote business structure upgrading. Large-scale securities companies should actively seize the strategic opportunities from the accelerated formation of a new pattern of high-level two-way opening up of the capital market, further explore and build a leading comprehensive service platform with integrated domestic and international operations, continuously optimize domestic and overseas business cooperation and collaboration mechanism, accelerate the progress of internationalization and actively build a cross-border ecosystem. They should also continue to enhance the international operation capabilities, cross-market service capabilities, global asset allocation capabilities and cross-border risk management capabilities, to better provide domestic and global customers with multi-market, all-dimensional and one-stop investment and financing transaction experience and integrated financial solutions.

(2) Good growth momentum of the independent channel of the US wealth management industry is favorable for the long-term development of the TAMP market

From the perspective of the overall industry development, the current wealth management industry in the US mainly consists of the independent channel (registered investment advisors, hybrid and independent broker-dealers, insurance broker-dealers etc.) and the traditional channel (national and regional broker-dealers, bank broker-dealers and wirehouse advisors, etc.). In the wealth management industry, the market share of the independent channel grows faster than that of the traditional channel and such trend sustains. According to the statistics of Cerulli, the market size of independent channels is expected to increase from USD13.1 trillion to USD14.2 trillion from 2021 to 2026 and the market share will expand from 43% to 49%. According to the statistics of PriceMetrix, 75% of the investment advisors' revenue came from management fees in 2020, which was a record level relative to commissions and the transformation of the charging model from commissions to management fees was continuously promoted. From the perspective of business development trends, the funds from investors are being transferred to investment products with lower costs and fees. The TAMP industry can keep empowering and fueling the wealth management business through leading FINTECH development, which can bring the cost advantage of scale to customers and help them grasp booming development opportunities. According to the statistics of Cerulli, from 2016 to 2021, the compound annual growth rate of the TAMP market was 19.1%, which was significantly higher than that of the overall investment advisory market, which was 11.6% for the same period.

*2. Operational measures and achievements of international business*

During the Reporting Period, as the Group's holding platform for international business, Huatai International was fully integrated into the full business chain system of the Group. It consolidated the intermediary positioning in the capital market, deeply explored the customer-oriented, integrated and platform-based cross-border service ecosystem, actively extended overseas business layouts, expanded trading authority and smoothened trading paths to meet customers' demands for global asset allocation. It achieved stable performance growth, constantly deepened the international business layout and continuously enhancing the influence in overseas markets. As of the end of the Reporting Period, the asset size of Huatai International reached nearly HK$200 billion, ranking it among the leading Chinese-funded securities firms in Hong Kong with its comprehensive strength continuing to improve. In addition, Huatai International established a subsidiary in Singapore during the Reporting Period and actively applied for the licenses on capital market services and the waiver of licensing requirements on wealth management advisory to the Monetary Authority of Singapore.

(1) Business in Hong Kong

The Group's business in Hong Kong adhered to its origins as a brokerage firm, with cross-border business as the starting point, built all-dimensional and comprehensive cross-border financial service platform systems and maintained positive growth of its business scale and revenue in the volatile market environment with its strong platform strength and excellent risk control capabilities. During the Reporting Period, the business platform systems including the equity business platform, fixed-income business platform, wealth management platform, fund platform and flagship investment banking business continued to deepen with outstanding differentiated competitive advantages. For the equity derivatives business, the Group has utilized the advantages of the Group's platforms to continuously enhance the allocation of major assets, commodity trading and the interconnection among securities pools at home and abroad, on and off the market, and constantly increase the market share and the coverage rate of top customers; for the stock sales and transactions business, the Group focused on one-stop and comprehensive cross-border financial services on "Spot equities + cross-border prime brokerage + QFII" to continuously improve the cross-border sales system and comprehensively upgrade the servicing capabilities; for FICC business, the Group accurately judged the market orientation and conducted forward-looking layout in diversified businesses, strictly maintained the bottom line for risk control, improved the cross-border sales and trading systems with the orientation of customer demands, maintaining the steady business development trend. For the wealth management business, the Group continuously improved online and offline platform-based and integrated operation. For online operation, the Group has continuously optimized the functions and operating capability of the "ZhangLe Global" (漲樂全球通) platform. For offline operation, the Group actively promoted the upgrading of product functions, trading systems, account management and other modules, strengthened customer sales channels for diversified products and provided customers with comprehensive financial services covering the whole lifecycle. For the fund business, the Group has continued to enhance the active management

capability, strictly prevented and controlled risks, continuously developed comprehensive investment platforms with comprehensive business coverage and increasingly improved functions, vigorously seized high-quality assets and expanded the management size. For the investment banking business, the Group practically strengthened cross-market execution and service capabilities, gave full play to the advantages on the layout on multi product lines and continuously improved the customer-centric and comprehensive cross-border investment banking service platform and systems. It sponsored 5 IPO projects and completed 1 listing by way of introduction in the Hong Kong stock market during the year, ranking the second among Chinese investment banks in terms of the weighted amount of IPOs sponsored in the Hong Kong stock market.

During the Reporting Period, the Group's business in Hong Kong maintained healthy and balanced business development. As for securities trading, Huatai Financial Holdings (Hong Kong) achieved the total assets under custody of HK$80.598 billion and the total stocks trading volume of HK$298.542 billion; as for advising on securities, it actively provided research reports and advisory services for customers; as for advising on corporate finance, it participated in completion of 29 listing, re-financing and GDR projects and 123 bond issue projects with the total amount of trading and issuance of HK$46.988 billion; as for financing for securities deposits, the accumulated credit amount was HK$2.418 billion. Besides, during the Reporting Period, Huatai Financial Holdings (Hong Kong) completed 6 financial advisory projects in total. During the Reporting Period, Huatai Financial Holdings (Hong Kong) officially obtained the qualification as a participant of the Special Purpose Acquisition Companies (SPAC) Exchange of the Hong Kong Stock Exchange, making it one of the first Chinese securities companies in Hong Kong obtaining such qualification. It obtained the registration as a cross-border conversion agency for stock connect global depository receipts granted by the Shenzhen Stock Exchange, making it one of the first institutions obtaining the registration for conducting cross-border conversion businesses from the Shenzhen Stock Exchange after the revision of the rules and the two-way expansion of the range of application for the Shanghai-London Stock Connect in 2022.

(2) AssetMark

AssetMark's mission is to make a difference in the lives of independent investment advisors and the investors they serve. The highlights of AssetMark's core business include a fully integrated platform with compelling technology, personalized and scalable services and curated investment function. Such clear business strategies guided AssetMark to define its short-term and long-term goals. AssetMark designs and aligns its strategies to things that matter most to advisors and that differentiate it in the TAMP marketplace. According to Cerulli Associates and other public information, as of the end of the third quarter of 2022, AssetMark's market share in the US TAMP industry was 11.2%, ranking the third in the industry.

During the Reporting Period, AssetMark maintained its leading position in the industry and constantly increased the business revenue through leading business models and advanced technology platforms. As of the end of the Reporting Period, the total platform assets of AssetMark reached USD91.470 billion; the AssetMark platform served an aggregate of 9,297 independent investment advisors, of whom, 2,882 active investment advisors manage assets of more than USD5 million; the total investor households served by the AssetMark platform reached over 240,000, representing an increase of 14.84% from the end of 2021. During the Reporting Period, 690 investment advisors signed new contracts with AssetMark. In addition, AssetMark completed the acquisition of Adhesion Wealth, a wealth management technology solutions provider, in December 2022, further enhancing its overall competitiveness in the TAMP market.

(3) Huatai Securities (USA)

With the US broker-dealer license approved by the US Financial Industry Regulatory Authority, Huatai Securities (USA) was eligible to conduct broker-dealer business in the US in 2019, including securities underwriting, securities brokerage for institutional investors, financial advisory for M&A, etc. It obtained qualification for proprietary trading in 2020 and obtained the business qualification for securities trading with institutional investors in Canada in 2021. During the Reporting Period, Huatai Securities (USA) continued to improve its system and platform construction, constantly expanded the variety of trading products and market channels, actively promoted the development of FICC business, continuously optimized the cross-border linkage and coordination mechanism of U.S. domestic businesses and domestic and Hong Kong businesses, and continuously expanded cross-border FICC trading platform, to effectively meet customers' asset allocation needs. During the Reporting Period, Huatai Securities (USA) obtained market access to major stock exchanges in Europe and introduced the Low-touch algorithm trading platform in the existing High-touch products in the US market.

*3. Prospect of international business for 2023*

International business is a bridge for the Group to build an onshore and offshore integrated platform as well as a new engine for the high-level development and profit creation of the Group. In 2023, the Group will continue to deepen the cross-border integrated management mechanism, constantly strengthen the effective linkage of teams, platforms and resources and focus on developing the cross-market capital service ability to provide customers with onshore and offshore integrated comprehensive financial services and fully improve the competitiveness and influence of the international business.

Huatai International will stick to focusing on the customer needs, actively build an integrated, ecological, platform-based and comprehensive cross-border financial service platform, strengthen business collaboration, diversify product chains and full-process customer services, strengthen the pre-risk management and control capability and continuously enhance the platform-based internal synergy in the full business chain.

For the business in Hong Kong, the Group will continue to improve the customer service system, consolidate the intermediary positioning of the cross-border capital market and provide customers with one-stop financial services through implementing business strategies such as domestic and overseas integration, equity and debt integration, complementation of institutional wealth, and first-level and second-level linkage. For equity derivatives business, the Group will continue to solidify its business strengths, explore new businesses and new markets and strengthen the levels of customer services in all aspects; for stock sales and trading business, the Group will actively promote the construction of big middle office under the prime brokerage business model and continuously build an integrated global service system with layered coverage and accurate input of resources based on needs; for FICC business, the Group will continuously improve the digitalization, boost the capability on integrated sales and transactions based on the upgrading and iteration of platforms and match multi-layered onshore and offshore investment and transaction demands of customers; for wealth management business, it will vigorously advance the integration of online and offline capabilities, consolidate the transaction and asset allocation functions of the platform with the orientation of improving customers' core experience for online operation and implement the building of platform-based operation with enhancing digitalization as the core for offline operation; for fund business, it will continuously promote first-level and second-level linkage and the "investment linkage" (投投聯動) and leverage on the resources advantage across the full industrial chain to empower customers and actively cooperate with external funds to improve the reputation and market influence in the industry; for investment banking business, it will leverage the advantages of the Group as a large platform, deepen the strategy of advancing all product varieties in parallel, fully display the advantages in onshore and offshore integration and provide customers with one-stop comprehensive financial services on the entire industrial chains.

AssetMark will continue to hold onto the core business highlights, build an integrated technology platform, improve customizable and scaled services, strengthen advanced investment management capabilities and cultivate a flexible and professional wealth management ecosystem. AssetMark will continue to deepen cooperation with the existing investment advisors, focus on customers' needs, provide differentiated services and assist customer growth to further expand the investment consulting customer base. AssetMark will continue to upgrade its digital tools and platforms to empower investment advisors, and improve interaction experience and office collaboration, and help investment advisors navigate their clients' financial health plans. It will vigorously expand customer channels and devote to improving the operation efficiency and reducing operational risks through promoting scale-based business and the practice of the listed company in performing social responsibilities. In addition, AssetMark will continue to focus on high-quality strategic M&A opportunities to promote extensive growth.

Huatai Securities (USA) will continue to promote cross-regional cooperation, deepen the business cooperation and binding in the PRC mainland, Hong Kong and the US and expand the depth and breadth of the coverage over global institutional investors. It will vigorously advance the application for the license on introducing brokers, expand the varieties of FICC products, continuously increase product and business varieties, constantly broaden market channels and provide all-round services to meet the customer demand for asset allocation.

### *(V) Business innovation and its effects on the Company's business performance, future development and risk control*

During the Reporting Period, the Company constantly carried out business innovation activities, promoted the innovation of new businesses, new products, services and management modes, and constantly improved its innovation ability. The development of innovative business is a supplement to the existing product lines and business scope, which can effectively release business space, expand client resources and revenue sources, enhance profitability, as well as improve customer structure and business model, meet customers' full and diversified business needs, and further enhance brand influence.

During the Reporting Period, the Company continued to improve the risk management mechanism on new businesses, revised the risk assessment and management measures on the Company's new businesses, optimized assessment processes on new businesses and promoted the implementation of construction of process management and control systems to enhance the quality and efficiency of risk assessment on new businesses and guarantee that the risks on new businesses are measurable, controllable and bearable.

During the Reporting Period, the Company launched the market making business on funds and the STAR Market, obtained the market making qualification on certain commodity futures/options on Zhengzhou Commodity Exchange, Shanghai Futures Exchange and Guangzhou Futures Exchange and provided liquidity to the market with its market making capability. The Company set various risk control indicators on strategic and corporate levels based on its business characteristics and carried out unified management and control on exposure and position limit. The Company further improved the ancillary system construction and control mechanism for the market-making business and included new categories into the risk management system to ensure that all businesses could be carried out constantly and steadily.

During the Reporting Period, the Company actively participated in investments and transactions of innovative businesses such as the "Southbound Trading" of bonds, foreign exchange settlement and sales, stock market-marking on the STAR Market and market making business on funds. Based on risk characteristics of specific businesses, the Company deeply studied the substance of risks of all business, identify and assess potential risks of new businesses, formulate management measures for new businesses and improve the ancillary personnel arrangement, system construction and management and control mechanisms on decision-making and authorization, target management, risk monitoring, model verification and business continuity management to ensure that new businesses could be carried out in an orderly and steady manner.

***(VI) There were no significant changes in the Company's operation status during the Reporting Period and there were no matters that had or expected to have significant influence in the future on the Company's operation during the Reporting Period***

## VI. MAJOR OPERATIONS DURING THE REPORTING PERIOD

As of December 31, 2022, on a consolidated basis, total assets of the Group amounted to RMB846.567 billion, representing a year-on-year increase of 4.95%; total equity attributable to shareholders of the Company amounted to RMB165.087 billion, representing a year-on-year increase of 11.23%; total revenue, other income and gains amounted to RMB46.824 billion, representing a year-on-year decrease of 9.83%; and profit for the year attributable to shareholders of the Company amounted to RMB11.053 billion, representing a year-on-year decrease of 17.18%.

### *(I) Main businesses analysis*

*1. Analysis table of the changes in relevant items of the income statement and the cash flow statement*

Unit: Thousand Yuan Currency: RMB

| Item | Amount for the current period | Amount for the same period of last year | Change percentage (%) |
|---|---|---|---|
| Total revenue, other income and gains | 46,824,372 | 51,926,404 | (9.83) |
| Total expenses | (35,815,380) | (38,283,823) | (6.45) |
| Profit before income tax | 12,228,038 | 16,272,562 | (24.85) |
| Profit for the year attributable to the shareholders of the Company | 11,052,696 | 13,346,106 | (17.18) |
| Net cash generated from/(used in) operating activities | 70,290,567 | (65,337,094) | N/A |
| Net cash used in investing activities | (16,715,000) | (262,042) | N/A |
| Net cash (used in)/generated from financing activities | (26,697,139) | 44,205,373 | N/A |
| Net increase/(decrease) in cash and cash equivalents | 26,878,428 | (21,393,763) | N/A |

*2. Revenue, other income and gains*

As of December 31, 2022, the Group recorded total revenue, other income and gains of RMB46,824 million, representing a year-on-year decrease of 9.83%, in which:

(1) Fee and commission income recorded a year-on-year decrease of 6.02% to RMB20,981 million, accounting for 44.81%, mainly due to the decrease in charges income from securities and futures brokerage business.

(2) Interest income recorded a year-on-year decrease of 6.76% to RMB13,744 million, accounting for 29.35%, mainly due to the decrease in the Group's income from margin financing and securities lending business.

(3) Net investment gains recorded a year-on-year decrease of 46.53% to RMB6,027 million, accounting for 12.87%, mainly due to the decrease in revenue from the Group's investment business.

(4) Other income and gains recorded a year-on-year increase of 69.21% to RMB6,072 million, accounting for 12.97%, mainly due to the increase in exchange gains.

Unit: Thousand Yuan Currency: RMB

| Item | 2022 | | 2021 | | Increase/decrease | |
|---|---|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Fee and commission income | 20,981,425 | 44.81% | 22,325,343 | 42.99% | (1,343,918) | (6.02)% |
| Interest income | 13,744,117 | 29.35% | 14,741,059 | 28.39% | (996,942) | (6.76)% |
| Net investment gains | 6,026,587 | 12.87% | 11,271,371 | 21.71% | (5,244,784) | (46.53)% |
| Other income and gains | 6,072,243 | 12.97% | 3,588,631 | 6.91% | 2,483,612 | 69.21% |
| Total revenue, other income and gains | 46,824,372 | 100.00% | 51,926,404 | 100.00% | (5,102,032) | (9.83)% |

*3. Total expenses*

As of December 31, 2022, the Group's total expenses were RMB35,815 million, representing a year-on-year decrease of 6.45%, in which:

(1) Fee and commission expenses amounted to RMB4,746 million, representing a year-on-year decrease of 16.04%, mainly due to the decrease in commission expenses of securities and futures brokerage business.

(2) Interest expenses amounted to RMB11,111 million, representing a year-on-year increase of 1.10%, mainly due to the increase in the financing scale.

(3) Staff costs amounted to RMB10,052 million, representing a year-on-year decrease of 11.49%, mainly due to the decrease in accrued staff costs as a result of the income decline in the Group.

(4) Other expenses mainly include depreciation and amortisation expenses, tax and surcharges as well as (reversal of)/provision for asset impairment loss and other operating expenses.

Unit: Thousand Yuan Currency: RMB

| Item | 2022 | | 2021 | | Increase/decrease | |
|---|---|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Fee and commission expenses | (4,745,839) | 13.25% | (5,652,709) | 14.77% | 906,870 | (16.04)% |
| Interest expenses | (11,111,339) | 31.02% | (10,990,375) | 28.71% | (120,964) | 1.10% |
| Staff cost | (10,051,898) | 28.07% | (11,357,194) | 29.67% | 1,305,296 | (11.49)% |
| Depreciation and Amortization expenses | (1,552,576) | 4.33% | (1,432,645) | 3.74% | (119,931) | 8.37% |
| Tax and surcharges | (189,971) | 0.53% | (239,895) | 0.63% | 49,924 | (20.81)% |
| Other operating expenses | (8,649,106) | 24.15% | (8,062,817) | 21.05% | (586,289) | 7.27% |
| Financial assets impairment reversal/ (losses) | 485,349 | (1.36)% | (548,188) | 1.43% | 1,033,537 | N/A |
| Total expenses | (35,815,380) | 100.00% | (38,283,823) | 100.00% | 2,468,443 | (6.45)% |

*4. Analysis of segment revenue, other income and gains and segment expenses*

(1) Analysis of segment revenue, other income and gains

Unit: Thousand Yuan Currency: RMB

| Business segment | Segment revenue, other income and gains for the current period | Percentage of total segment revenue, other income and gains for the current period (%) | Segment revenue, other income and gains for the same period of last year | Percentage of total segment revenue, other income and gains for the same period of last year (%) | Increase or decrease in percentage of total segment revenue, other income and gains as compared to the same period of last year |
|---|---|---|---|---|---|
| Wealth management business | 23,482,561 | 50.15 | 26,159,829 | 50.38 | Decrease of 0.23 percentage point |
| Institutional services business | 8,133,656 | 17.37 | 12,495,351 | 24.06 | Decrease of 6.69 percentage points |
| Investment management business | 2,270,428 | 4.85 | 4,162,162 | 8.02 | Decrease of 3.17 percentage points |
| International business | 9,413,986 | 20.10 | 7,892,395 | 15.20 | Increase of 4.91 percentage points |
| Others (including offset) | 3,523,741 | 7.53 | 1,216,667 | 2.34 | Increase of 5.18 percentage points |

During the Reporting Period, on a consolidated basis, the Group recorded revenue, other income and gains of RMB46,824 million in total, representing a year-on-year decrease of 9.83%. Among the principal business segments, income and other gains from wealth management business, institutional services business, investment management business and international business increased year-on-year by RMB-2,677 million, RMB-4,362 million, RMB-1,892 million and RMB1,522 million, respectively.

In terms of income structure, the income from wealth management business segment accounted for 50.15% of the Group's revenue, representing a decrease in proportion of 0.23 percentage point, mainly because the Group continued to promote the transformation of its wealth management business to solidify market advantages under the circumstance that the trading volume in the stock market was relatively low; as affected by a greater drawdown in the equity market, the results of the Group's institutional services business segment and investment management business segment fluctuated, which accounted for 17.37% and 4.85% of the Group's revenue, representing a decrease in proportion of 6.69 percentage points and 3.17 percentage points; and the income from international business segment accounted for 20.10% of the Group's revenue, representing an increase in proportion of 4.91 percentage points, mainly attributable to the improved results of Huatai Financial Holdings (Hong Kong) and AssetMark.

(2) Analysis on segment expenses

Unit: Thousand Yuan Currency: RMB

| Business segment | Segment expenses for the current period | Percentage of total segment expenses for the current period (%) | Segment expenses for the same period of last year | Percentage of total segment expenses for the same period of last year (%) | Increase or decrease in percentage of total segment expenses as compared to the same period of last year |
|---|---|---|---|---|---|
| Wealth management business | (15,063,586) | 42.06 | (18,549,453) | 48.45 | Decrease of 6.39 percentage points |
| Institutional services business | (7,434,388) | 20.76 | (7,574,761) | 19.79 | Increase of 0.97 percentage point |
| Investment management business | (1,210,570) | 3.38 | (1,290,760) | 3.37 | Increase of 0.01 percentage point |
| International business | (7,521,339) | 21.00 | (6,463,785) | 16.88 | Increase of 4.12 percentage points |
| Others (including offset) | (4,585,497) | 12.80 | (4,405,064) | 11.51 | Increase of 1.30 percentage points |

In terms of expenses of each business segment as a percentage of total expenses of the Group, expenses of wealth management business segment decreased by 6.39 percentage points, mainly due to the decrease in fee expenses of securities and futures brokerage business; expenses of institutional services business segment, investment management business segment and international business segment increased by 0.97 percentage point, increased by 0.01 percentage point and increased by 4.12 percentage points, respectively.

*5. Information of R&D personal*

During the Reporting Period, the Group deeply implemented the strategy on digital transformation, firmly focused on the overall target of "making technology the core competitiveness of Huatai", continuously increased investments in IT construction and constantly established scientific and flexible organizational systems and talent development systems, achieving stable growth in the number of R&D staff. As of the end of the Reporting Period, the R&D personal of the Group amounted to 3,667, representing 21.83% of the total staff of the Group.

As of the end of the Reporting Period, the information of R&D personnel of the Group is as follows[1]:

| | |
|---|---|
| Number of R&D personnel of the Company | 3,667 |
| Percentage of the number of R&D personnel to the Company's total number of employees (%) | 21.83 |

**Education composition of R&D personnel**

| Education composition category | Number of education composition |
|---|---|
| Doctor | 15 |
| Master | 1,307 |
| Bachelor | 2,179 |
| Junior college graduate and below | 47 |

**Age composition of R&D personnel**

| Age composition category | Number of age composition |
|---|---|
| <30 | 1,716 |
| ≥30-<40 | 1,636 |
| ≥40-<50 | 145 |
| ≥50 | 51 |

Note: 1. Due to the internal policies of corporations in the United States, the above statistics of education and age composition do not include those of employees of corporations in the United States.

*6. Cash flow*

Unit: Thousand Yuan Currency: RMB

| Item | Amount for the current period | Amount for the same period of last year | Amount of increase or decrease | Percentage of increase or decrease (%) |
|---|---|---|---|---|
| Net cash generated from/(used in) operating activities | 70,290,567 | (65,337,094) | 135,627,661 | N/A |
| Net cash used in investing activities | (16,715,000) | (262,042) | (16,452,958) | N/A |
| Net cash (used in)/generated from financing activities | (26,697,139) | 44,205,373 | (70,902,512) | N/A |
| Net increase/(decrease) in cash and cash equivalents | 26,878,428 | (21,393,763) | 48,272,191 | N/A |

During the Reporting Period, the net increase in cash and cash equivalents of the Group was RMB26,878 million, in which:

(1) Net cash generated from operating activities was RMB70,291 million, mainly due to the decrease in financial assets at fair value through profit or loss and the scale of financing business.

(2) Net cash used in investing activities was RMB16,715 million, mainly due to the increase in cash paid for investment.

(3) Net cash used in financing activities was RMB26,697 million, mainly due to the decrease in proceeds from the issuance of bonds and securities.

*7. Detailed description of significant changes in the Group's business types, components or sources of profit*

Unit: Thousand Yuan Currency: RMB

| Item | Amount for the current period | Amount for the same period of last year | Year-on-year change (%) | Principal reason |
|---|---|---|---|---|
| Total revenue, other income and gains | 46,824,372 | 51,926,404 | (9.83) | Decrease in net investment gains |
| Total expenses | (35,815,380) | (38,283,823) | (6.45) | Staff costs and reversal of financial assets impairment |
| Operating profit | 11,008,992 | 13,642,581 | (19.30) | Decrease in total revenue, other income and gains |
| Profit before income tax | 12,228,038 | 16,272,562 | (24.85) | Decrease in total revenue, other income and gains |
| Profit for the year | 11,365,330 | 13,600,893 | (16.44) | Decrease in total revenue, other income and gains |
| Among which: profit for the year attributable to shareholders of the Company | 11,052,696 | 13,346,106 | (17.18) | Decrease in total revenue, other income and gains |

| Item | Balance as at the end of the period | Balance as at the beginning of the period | Year-on-year change (%) | Principal reason |
|---|---|---|---|---|
| Total assets | 846,567,016 | 806,650,833 | 4.95 | Increase in financial investments and purchase under resale agreements |
| Total liabilities | 678,718,307 | 654,615,049 | 3.68 | Increase in financial liabilities at fair value through profit or loss |
| Total shareholders' equity | 167,848,709 | 152,035,784 | 10.40 | Profit retention and issuance of perpetual bonds during the year |

## *(II) Analysis of key items of consolidated statement of financial position*

### *1. General description of consolidated statement of financial position*

Unit: Thousand Yuan Currency: RMB

| Item | As at December 31, 2022 | | As at December 31, 2021 | | Increase/decrease | |
|---|---|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| **Non-current assets** | | | | | | |
| Property and equipment | 6,287,383 | 0.74% | 5,178,222 | 0.64% | 1,109,161 | 21.42% |
| Investment properties | 217,586 | 0.03% | 294,008 | 0.04% | (76,422) | (25.99)% |
| Goodwill | 3,352,219 | 0.40% | 2,836,429 | 0.35% | 515,790 | 18.18% |
| Land use rights and other intangible assets | 7,439,816 | 0.88% | 6,790,673 | 0.84% | 649,143 | 9.56% |
| Interest in associates | 18,276,443 | 2.16% | 18,269,459 | 2.26% | 6,984 | 0.04% |
| Interest in joint ventures | 1,706,184 | 0.20% | 1,749,065 | 0.22% | (42,881) | (2.45)% |
| Debt instruments at amortised cost | 36,586,707 | 4.32% | 25,299,666 | 3.14% | 11,287,041 | 44.61% |
| Debt instruments at fair value through other comprehensive income | 7,900,595 | 0.93% | 4,857,284 | 0.60% | 3,043,311 | 62.65% |
| Equity instruments at fair value through other comprehensive income | 241,587 | 0.03% | 163,138 | 0.02% | 78,449 | 48.09% |
| Financial assets at fair value through profit or loss | 10,142,583 | 1.20% | 9,896,339 | 1.23% | 246,244 | 2.49% |
| Refundable deposits | 42,706,777 | 5.04% | 27,627,129 | 3.42% | 15,079,648 | 54.58% |
| Deferred tax assets | 596,499 | 0.07% | 654,651 | 0.08% | (58,152) | (8.88)% |
| Other non-current assets | 300,664 | 0.04% | 282,227 | 0.03% | 18,437 | 6.53% |
| **Total non-current assets** | 135,755,043 | 16.04% | 103,898,290 | 12.88% | 31,856,753 | 30.66% |
| **Current assets** | | | | | | |
| Accounts receivable | 7,804,341 | 0.92% | 10,287,174 | 1.28% | (2,482,833) | (24.14)% |
| Other receivables, prepayments and other current assets | 2,157,529 | 0.25% | 2,122,246 | 0.26% | 35,283 | 1.66% |
| Margin accounts receivable | 100,648,375 | 11.89% | 116,942,245 | 14.50% | (16,293,870) | (13.93)% |
| Debt instruments at amortised cost | 11,965,863 | 1.41% | 7,121,850 | 0.88% | 4,844,013 | 68.02% |
| Financial assets held under resale agreements | 34,824,221 | 4.11% | 11,751,970 | 1.46% | 23,072,251 | 196.33% |
| Debt instruments at fair value through other comprehensive income | 2,603,784 | 0.31% | 4,457,415 | 0.55% | (1,853,631) | (41.59)% |
| Financial assets at fair value through profit or loss | 340,661,962 | 40.24% | 345,362,833 | 42.81% | (4,700,871) | (1.36)% |

| Item | As at December 31, 2022 | | As at December 31, 2021 | | Increase/decrease | |
|---|---|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Derivative financial assets | 15,788,301 | 1.86% | 15,247,805 | 1.89% | 540,496 | 3.54% |
| Clearing settlement funds | 8,716,506 | 1.03% | 8,580,941 | 1.06% | 135,565 | 1.58% |
| Cash held on behalf of brokerage clients | 140,460,346 | 16.59% | 143,640,263 | 17.81% | (3,179,917) | (2.21)% |
| Cash and bank balances | 45,180,745 | 5.34% | 37,237,801 | 4.62% | 7,942,944 | 21.33% |
| **Total current assets** | 710,811,973 | 83.96% | 702,752,543 | 87.12% | 8,059,430 | 1.15% |
| **Total assets** | 846,567,016 | 100.00% | 806,650,833 | 100.00% | 39,916,183 | 4.95% |
| **Current liabilities** | | | | | | |
| Short-term bank loans | 7,997,434 | 1.18% | 8,492,290 | 1.30% | (494,856) | (5.83)% |
| Short-term debt instruments issued | 25,772,604 | 3.80% | 53,598,658 | 8.19% | (27,826,054) | (51.92)% |
| Placements from other financial institutions | 25,877,713 | 3.81% | 14,018,721 | 2.14% | 11,858,992 | 84.59% |
| Accounts payable to brokerage clients | 152,551,723 | 22.48% | 147,501,833 | 22.53% | 5,049,890 | 3.42% |
| Employee benefits payable | 5,304,177 | 0.78% | 5,757,598 | 0.88% | (453,421) | (7.88)% |
| Other payables and accruals | 108,096,572 | 15.93% | 106,620,755 | 16.29% | 1,475,817 | 1.38% |
| Contract liabilities | 218,943 | 0.03% | 265,637 | 0.04% | (46,694) | (17.58)% |
| Current tax liabilities | 524,997 | 0.08% | 1,245,374 | 0.19% | (720,377) | (57.84)% |
| Financial assets sold under repurchase agreements | 144,117,998 | 21.23% | 130,710,001 | 19.97% | 13,407,997 | 10.26% |
| Financial liabilities at fair value through profit or loss | 43,005,621 | 6.34% | 28,289,462 | 4.32% | 14,716,159 | 52.02% |
| Derivative financial liabilities | 9,638,125 | 1.42% | 10,643,222 | 1.63% | (1,005,097) | (9.44)% |
| Long-term bonds due within one year | 29,062,749 | 4.28% | 35,372,308 | 5.40% | (6,309,559) | (17.84)% |
| **Total current liabilities** | 552,168,656 | 81.35% | 542,515,859 | 82.88% | 9,652,797 | 1.78% |
| **Net current assets** | 158,643,317 | – | 160,236,684 | – | (1,593,367) | (0.99)% |
| **Total assets less current liabilities** | 294,398,360 | – | 264,134,974 | – | 30,263,386 | 11.46% |
| **Non-current liabilities** | | | | | | |
| Long-term bonds | 110,356,589 | 16.26% | 97,966,119 | 14.97% | 12,390,470 | 12.65% |
| Long-term bank loans | 804,903 | 0.12% | 722,816 | 0.11% | 82,087 | 11.36% |
| Non-current employee benefits payable | 6,588,448 | 0.97% | 7,057,339 | 1.08% | (468,891) | (6.64)% |
| Deferred tax liabilities | 2,203,855 | 0.32% | 2,619,161 | 0.40% | (415,306) | (15.86)% |
| Financial liabilities at fair value through profit or loss | 5,569,938 | 0.82% | 2,833,456 | 0.43% | 2,736,482 | 96.58% |
| Other payables and accruals | 1,025,918 | 0.15% | 900,299 | 0.14% | 125,619 | 13.95% |

| Item | As at December 31, 2022 | | As at December 31, 2021 | | Increase/decrease | |
|---|---|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| **Total non-current liabilities** | 126,549,651 | 18.65% | 112,099,190 | 17.12% | 14,450,461 | 12.89% |
| **Net assets** | 167,848,709 | 100.00% | 152,035,784 | 100.00% | 15,812,925 | 10.40% |
| **Shareholders' equity** | | | | | | |
| Share capital | 9,075,589 | 5.41% | 9,076,650 | 5.97% | (1,061) | (0.01)% |
| Other equity instruments | 19,200,000 | 11.44% | 9,996,425 | 6.58% | 9,203,575 | 92.07% |
| Treasury share | (1,202,324) | (0.72)% | (1,231,547) | (0.81)% | 29,223 | – |
| Reserves | 100,090,636 | 59.63% | 95,021,503 | 62.50% | 5,069,133 | 5.33% |
| Retained profits | 37,923,300 | 22.59% | 35,559,779 | 23.39% | 2,363,521 | 6.65% |
| Total equity attributable to shareholders of the Company | 165,087,201 | 98.35% | 148,422,810 | 97.62% | 16,664,391 | 11.23% |
| Non-controlling interests | 2,761,508 | 1.65% | 3,612,974 | 2.38% | (851,466) | (23.57)% |
| **Total shareholders' equity** | 167,848,709 | 100.00% | 152,035,784 | 100.00% | 15,812,925 | 10.40% |

As of December 31, 2022, total non-current assets of the Group amounted to RMB135,755 million, representing an increase of RMB31,857 million as compared to the beginning of the year, which was mainly due to the increase in refundable deposits of RMB15,080 million as well as the increase in total amount of debt instruments at amortised cost and debt instruments at fair value through other comprehensive income of RMB14,330 million as compared to the beginning of the year. As of December 31, 2022, total non-current liabilities of the Group amounted to RMB126,550 million, representing an increase of RMB14,450 million as compared to the beginning of the year, which was mainly due to the increase in long-term bonds of RMB12,390 million.

As of December 31, 2022, total current assets of the Group amounted to RMB710,812 million, representing an increase of RMB8,059 million as compared to the beginning of the year, which was mainly due to the increase of RMB23,072 million in financial assets held under resale agreements, the decrease of RMB16,294 million in margin accounts receivable, decrease of RMB3,180 million in cash held on behalf of brokerage clients and the increase of RMB7,943 million in cash and bank balances. As of December 31, 2022, total current liabilities of the Group amounted to RMB552,169 million, representing an increase of RMB9,653 million as compared to the beginning of the year, which was mainly due to the increase of RMB14,716 million in financial liabilities at fair value through profit or loss as well as the decrease in the total amount of short-term debt instruments issued, placements from other financial institutions, financial assets sold under repurchase agreements and long-term bonds due within one year of RMB8,869 million as compared to the beginning of the year.

*2. Major restricted assets as of the end of the Reporting Period*

As of the end of the Reporting Period, major restricted assets of the Group totaled RMB197,434,806 thousand, including cash and bank balances, financial assets at fair value through profit or loss, debt investment at amortised cost, debt instruments at fair value through other comprehensive income and interest in associates. Except for the above assets, no major assets of the Group were seized, detained, frozen, mortgaged or pledged so that they could or could not be realized, or could not be used to pay the debts only under a certain condition. There was no circumstance or arrangement under which the major assets were occupied, used or benefited or the disposal of them was limited.

*3. Description of changes in the measurement of assets measured at fair value and prime assets*

Fair value refers to the price received for selling one asset or the price payable for transferring one liability by a market participant in an orderly transaction on the measurement date.

When estimating the fair value, the Group considers the characteristics that the market participants consider when they price the related assets or liabilities on the measurement date (including the asset status and the limitation on selling or using the assets), and adopts the currently available valuation techniques that are supported by adequate available data and other information. The main valuation techniques used include market approach, income approach and cost approach.

The impact of gains and losses of changes in fair value on the Group's profit during the Reporting Period is as follows:

Unit: Thousand Yuan Currency: RMB

| Item | Impact on profit for 2022 | Impact on profit for 2021 |
|---|---|---|
| Financial assets at fair value through profit or loss | (13,037,891) | (8,812,676) |
| Financial liabilities at fair value through profit or loss | 612,267 | 118,087 |
| Derivative financial instruments | 18,974,293 | 9,003,658 |
| Total | 6,548,669 | 309,069 |

*4. Structure and quality of assets*

As of December 31, 2022, total shareholders' equity of the Group amounted to RMB167,849 million, representing an increase of RMB15,813 million or 10.40% as compared to that of the end of 2021, which was mainly due to the realization of profit retention and issuance of perpetual bonds by the Group during the Reporting Period.

The asset structure of the Group continued to be optimized and the assets maintained good quality and liquidity. As of December 31, 2022, total assets of the Group amounted to RMB846,567 million, representing an increase of RMB39,916 million or 4.95% as compared to the beginning of the year. Specifically, cash and bank balances, cash held on behalf of brokerage clients and clearing settlement funds of the Group amounted to RMB194,358 million, accounting for 22.96% of the total assets; margin accounts receivable amounted to RMB100,648 million, accounting for 11.89% of the total assets; financial assets at fair value through profit or loss amounted to RMB350,805 million, accounting for 41.44% of the total assets; debt instruments at amortised cost and financial assets at fair value through other comprehensive income amounted to a total of RMB59,299 million, accounting for 7.00% of the total assets; property and equipment, investment properties and other intangible assets accounted for 2.04% of the total assets. Most of the assets have strong cashability. The Group's assets have strong liquidity and the asset structure is reasonable.

During the Reporting Period, the Group's debt-to-assets ratio decreased. As of December 31, 2022, the total liabilities of the Group amounted to RMB678,718 million, representing an increase of RMB24,103 million or 3.68% as compared to the beginning of the year. The debt-to-assets ratio was 75.81% (excluding the impact of customer funds), representing a decrease of 1.12 percentage points as compared to the beginning of the year.

As of December 31, 2022, the Group obtained funds through borrowings and debt financing instruments. As of the end of the Reporting Period, total principal of the placements from other financial institutions of the Group amounted to RMB199,872 million. Details are shown as follows:

Unit: Thousand Yuan Currency: RMB

| **Borrowings and debt financing plans** | **As of December 31, 2022** |
|---|---|
| Placement from China Securities Finance Corporation Limited | – |
| Placement from other financial institutions | 25,877,713 |
| Short-term borrowings | 7,997,434 |
| Short-term financing funds payable | 25,772,604 |
| Long-term borrowings | 804,903 |
| Bonds payable | 139,419,338 |
| **Total principal** | 199,871,992 |

Borrowings and debt financing with a financing maturity of more than one year were RMB144,330 million, accounting for 72.21%. Among them, programs with a financing maturity of one to two years were RMB121 million, those with a financing maturity of two to five years were RMB94,331 million, and those with a financing maturity of over five years were RMB49,878 million. Borrowings and debt financing with a financing maturity of less than one year were RMB55,542 million, accounting for 27.79%.

As of December 31, 2022, the Group's borrowings and debt financing with fixed interest rate were RMB197,069 million. In particular, the balance of short-term borrowings was RMB7,997 million; the balance of long-term borrowings was RMB805 million; the balance of placement from other financial institutions was RMB25,878 million; the balance of income receipts with fixed interest rate was RMB11,306 million; the balance of corporate bonds was RMB109,303 million; the balance of subordinated debts was RMB14,397 million; and the balance of foreign debts was RMB27,383 million.

As of December 31, 2022, cash and cash equivalents of the Group amounted to RMB75,549 million, of which RMB cash and cash equivalents accounted for 83.57%.

As of December 31, 2022, the Group's short-term bank borrowings included balance of credit borrowings of RMB7,711 million, and that of pledge borrowings of RMB286 million.

As of December 31, 2022, all of the Group's long-term bank borrowings were credit borrowings.

*5. Analysis of profitability*

In 2022, confronted with an unfavorable market environment, the Group firmly implemented the "two-pronged" (雙輪驅動) core strategy of wealth management and institutional services under technology empowerment, and constantly enhanced its digital operation capability with its operating results greatly outperforming the industry average. Its comprehensive strength soundly ranked in the forefront of the industry.

*6. Explanations on the changes in the scope of consolidation of the statements*

For details of the explanations on the changes in the scope of consolidation of the statements of the Group, please refer to Note 24 to the financial statements of this report headed "Investment in Subsidiaries".

*7. Analysis of income tax policy*

During the Reporting Period, the Company's income tax was subject to the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得税法》) and the Enforcement Regulations of Corporate Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》). The calculation and payment methods of the income tax shall be subject to the Announcement of the State Administration of Taxation on Issuing the Measures for the Consolidated Collection of Corporate Income Tax on Trans-regional Business Operations (Announcement [2012] No. 57 of the State Administration of Taxation) (《國家税務總局關於印發<跨地區經營匯總納税企業所得税徵收管理辦法>的公告》(國家税務總局公告[2012]57號)). The income tax rate applicable to the Company and its domestic subsidiaries is 25%. The Company enjoys the preferential policy of calculating and deducting research and development expenses, and the profit tax rate applicable to the Hong Kong subsidiary of the Company is 16.5%. Other overseas subsidiaries of the Company are subject to income taxes at tax rates applicable in their jurisdictions.

*8. Analysis of financing channels and financing capacity*

| | |
|---|---|
| Financing channels | In terms of financing methods, the Company has two financing channels, equity financing and debt financing. In China, the Company's short-term financing channels included credit lending via interbank market, bond repurchasing via interbank market and stock exchange market, issuing short-term financing bills, short-term corporate bonds, issuing income credential via quotation and service system for inter-institutional private placement products and self-built counter market, carrying out margin refinancing and income rights financing in relation to margin financing and securities lending from securities and financial companies, banks and other financial institutions, etc., and the Company's medium and long-term financing channels included issuing corporate bonds, private corporate bonds, financial bonds, subordinated debt, perpetual subordinated debt and equity refinancing, etc. In addition, the Company can also introduce foreign funds through the issuance of overseas bonds and medium-term notes as well as syndicated loan to support the business development of the Company. After years of effective efforts, the Company explored and established the short, medium and long-term diversified financing channels, which played a key role in the rapid development process of the Company's business. |
| Liquidity management policies and measures | The Company has always attached great importance to liquidity management. As for funds management, it adhered to the principle of "full amount concentrated, allocated in a unified way, valued by classification and monitored timely". In terms of management and development strategies, it paid attention to matching business scale with liabilities. Based on reasonable asset allocation and diversified debt financing, the Company ensured reasonable matching of duration, scale of assets and liabilities and proper liquidity.<br><br>The Company followed the general principles of comprehensiveness, prudency, predictiveness for liquidity risk management according to the centralized management and hierarchical prevention and control management model, established a liquidity risk management system based on comprehensive risk management framework, as well as a sound liquidity risk management system appropriate to the Company's strategy, and implemented liquidity risk management policy with the preference for "steadiness and safety". The Company ensured no liquidity risk that would cause significant impacts on sustainable operation, so as to fully guarantee the steady and safe development of the business of the Company. |

In order to ensure its liquidity, the Company has adopted various measures mainly including: 1) constantly improving the capital planning system, establishing a daytime liquidity monitoring system and realizing a daytime monitoring of the management of capital position and cash flow through platforms, so as to ensure the security of daytime liquidity; 2) strengthening the management for the matching between durations of assets and liabilities and establishing high-quality current asset reserves, in order to enhance the diversity and stability of financing; 3) upgrading and transforming the treasury management platform, and achieving effective identification, measurement, monitoring and controlling on liquidity risks through information system, in order to ensure that the liquidity risks are measurable, controllable and tolerable; 4) analyzing supervisory indicators of cash flow and liquidity risk under certain stress scenarios to evaluate the tolerance level of the Company for liquidity risks and analyzing the stress test results to constantly improve the Company's response capacity for liquidity risks; 5) leveraging the consolidation supervision to continuously strengthen the subsidiary liquidity risk guidance and to implement vertical management for overseas subsidiaries' fund and liquidity risks while also to propose a package of management and control measures for core risk points to improve subsidiaries' response capacity for liquidity risks and the Group's prevention and control for liquidity risks; 6) organizing the formulation, exercise and evaluation of a liquidity risk contingency plan, in order to improve the Company's emergency capacity for liquidity risks; and 7) improving the liquidity risk reporting system, so as to ensure that the management is able to keep abreast of the Group's liquidity risk level and management situation.

During the Reporting Period, the Company's liquidity coverage ratio (LCR) and net stable funding ratio (NSRF) continued to meet regulatory requirements and maintained enough safe space.

| | |
|---|---|
| Analysis of financing capability and financing strategy | The Company has operated in compliance with regulations, enjoyed sound reputation as well as strong capital strength, profitability and debt repayment ability, maintained good cooperation relationships with commercial banks, and had sufficient bank credit. As of the end of the Reporting Period, the total credit line obtained by the Company from commercial banks amounted to approximately RMB530 billion, demonstrating a strong short-term and medium-to-long term financing abilities. As of the end of the Reporting Period, after assessment by China Lianhe Credit Rating Co., Ltd., the credit rating of the Company was AAA and the credit rating outlook is stable. After comprehensive assessment by Shanghai Brilliance, the credit rating of the Company was AAA and the credit rating outlook is stable. After comprehensive assessment by Standard & Poor's, the long-term credit rating of the Company was BBB+ and the credit rating outlook is stable. After comprehensive assessment by Moody's, the long-term credit rating of the Company was Baa1 and the credit rating outlook is stable. As a listed securities dealer, the Company can also meet the fund demand for long-term development by means such as equity refinancing.<br><br>Taking into consideration both liquidity and profitability, the Company held a certain number of fixed-income products. Interest rate changes will bring direct impact to the interest income of the cash and the market price and investment income of the bond investment held by the Company. Margin financing and securities lending and other capital-based intermediary business, corporate debt financing and other businesses which directly relate to interest rates may directly impact corresponding interest income and financing interest expenses. At the same time, the Company's stock investment was also indirectly affected by interest rate changes. In addition, as the Company has registered overseas subsidiaries whose capital is contributed in foreign currency, the Company holds foreign currency funds and assets, and the changes of exchange rate will have certain impact on the Company's financial situation. The Company optimized the distribution of assets and liabilities structure by timely adjusting all kinds of asset structure, strengthened the research on the interest rate and exchange rate market, and used appropriate interest rate, exchange rate and other derivative financial tools to avoid risks and reduce the influence of these factors. |
| Contingencies and their impacts on the financial situation of the Company | – |

### *(III) Analysis of industry operation*

For details, please refer to "Management Discussion and Analysis and Report of the Board" in this report.

### *(IV) Analysis of investments*

*1. Overall analysis of external equity investments*

As of the end of the Reporting Period, the Group's investment in associates amounted to RMB18,276 million, representing an increase of RMB7 million or 0.04% as compared to RMB18,269 million at the beginning of the period; and the investment in joint ventures amounted to RMB1,706 million, representing a decrease of RMB43 million or 2.46% as compared to RMB1,749 million at the beginning of the period. For details of the overall situation of the Group's external equity investment, please refer to Note 25 "Interest in associates" and Note 26 "Interest in joint ventures" to the financial statements in this report.

(1) Significant equity investment of the Company

For significant equity investment of the Company, please refer to Note 24 to the financial statements of this report headed "Investment in Subsidiaries".

(2) The Company had no significant non-equity investment

(3) Financial assets measured at fair value

Unit: Thousand Yuan Currency: RMB

| Item | Balance at the end of last year | Balance at the end of this year | Investment income during the Reporting Period | The changed amount of fair value during the Reporting Period |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss | 355,259,172 | 350,804,545 | (4,134,693) | (8,903,199) |
| Debt instruments at fair value through other comprehensive income | 9,314,699 | 10,504,379 | (197,789) | (55,867) |
| Equity instruments at fair value through other comprehensive income | 163,138 | 241,587 | – | (59,673) |
| Derivative financial instruments | 4,604,583 | 6,150,176 | 28,025,651 | 4,961,468 |

(4) There was no major asset restructuring and integration by the Company during the Reporting Period

*2. Information about the use of raised funds*

(1) Overview of the use of raised funds

① Overview of the use of funds raised from the issuance of A Shares

(a) Information about the use of funds raised from the Initial Public Offering of A Shares

Under the Approval for the Initial Public Offering by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2010] No. 138) (《關於核准华泰证券股份有限公司首次公開發行股票的批覆》(證監許可[2010] 138號)) issued by the CSRC, the Company publicly issued 784,561,275 ordinary shares in RMB to the public on February 9, 2010, each stock of which was RMB1.00 at an offering price of RMB20.00, and the total amount of funds raised was RMB15,691,225,500.00. The raised funds after deducting the underwriting fee and sponsoring fee of RMB130,000,000.00 amounted to RMB15,561,225,500.00, which were all in place on February 12, 2010, and verified by Jiangsu Talent Certified Public Accountants with the capital verification report (Tian Heng Yan Zi (2010) No. 009) issued. As of December 31, 2012, all the principal of the funds raised from the IPO was used up and the accumulative amount of RMB15.681 billion of the raised funds (including interest of raised funds of RMB119.8082 million) were used. All of the accounts designated for the use of raised funds of the Company had been cancelled with settlement of interests.

(b) Information about the use of funds raised from the Non-Public Issuance of A Shares

Upon the Approval for the Non-Public Issuance of Shares by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2018] No. 315) (《關於核准华泰证券股份有限公司非公開發行股票的批覆》(證監許可[2018] 315號)) issued by the CSRC, the Company completed the non-public issuance of 1,088,731,200 RMB-denominated ordinary shares (A Shares) in July 2018 in total, each with a nominal value of RMB1.00 at an offering price of RMB13.05 and the total amount of funds raised was RMB14,207,942,160.00. After deducting the issuing fees of RMB74,736,488.79 related to the non-public offering (including underwriting sponsorship fee, attorney fee, accountant fee, information disclosure fee, issuance registration fee, stamp duty and other fees), the net funds raised were RMB14,133,205,671.21, which were all in place on July 31, 2018 and were verified by KPMG Huazhen LLP with the capital verification report (KPMG Huazhen Yan Zi No. 1800286) issued. As of December 31, 2019, all the funds raised from the Non-Public Issuance of the Company were used up and the accumulative amount of RMB14.184 billion of the raised funds (including interest income generated by raised funds) was used. Accounts designated for the use of raised funds of the Company have been cancelled.

② Overview of the use of funds raised from the issuance of H Shares

Approved by the CSRC, the Company completed the issuance of H Shares in 2015. Funds raised from the issuance of H Shares were verified by KPMG Huazhen LLP with the capital verification report (KPMG Huazhen Yan Zi No. 1501031) issued. According to the Capital Verification Report issued by KPMG Huazhen LLP, the net funds raised from the initial public issuance of H Shares in 2015 were RMB30,587,689,604.94 in total (excluding related listing fees), and raised funds after deducting the underwriting and issuing fees were RMB30,015,054,696.76 in total. As of December 31, 2020, all the funds raised from the H Share issuance of the Company were used up and the accumulative amount of RMB30.666 billion of the funds raised from the H Share issuance (including interest income generated by raised funds) was used and relevant accounts have been cancelled.

③ Overview of the use of funds raised from the issuance of GDRs

Upon the Approval for Issuance and Admission of Global Depository Receipts on London Stock Exchange by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2018] No. 1993) (《關於核准华泰证券股份有限公司發行全球存託憑證並在倫敦證券交易所上市的批覆》(證監許可[2018] 1993號)) issued by the CSRC, the Company completed the total issuance of 82,515,000 GDRs in June 2019, each of which at an offering price of USD20.50 and the total amount of funds raised was USD1,691,557,500.00. After deducting the issuing fees of USD39,961,513.72 related to the GDR offering, the net funds raised were USD1,651,595,986.28, equivalent to RMB11,313,036,931.20 at the central parity of RMB against the U.S. dollar on the date when transferred to the account. The abovementioned funds raised were all in place on June 28, 2019 and were verified by KPMG Huazhen LLP with the capital verification report (KPMG Huazhen Yan Zi No. 1900393) issued. As of December 31, 2021, all the funds raised from the GDR issuance of the Company were used up and the accumulative amount of USD1.674 billion of the funds raised from the GDR issuance (including interest arising from the funds raised) was used and relevant accounts have been cancelled.

**Overview of the use of raised funds**

Unit: Ten Thousand Yuan Currency: RMB

| Raising year | Raising method | Total amount of raised funds | Total amount of raised funds used in the Reporting Period | Total amount of raised funds used accumulatively | Total amount of raised funds yet to be used | Usage and whereabouts of raised funds unused |
|---|---|---|---|---|---|---|
| 2019 | GDR offering | 1,131,303.69 | - | 1,158,666.14 | - | - |
| 2018 | Non-Public offering (A Shares) | 1,420,794.22 | - | 1,418,421.26 | - | - |
| 2015 | Initial offering (H Shares) | 3,058,768.96 | - | 3,066,604.63 | - | - |
| 2010 | Initial offering (A Shares) | 1,556,122.55 | - | 1,568,103.37 | - | - |
| Total | - | 7,166,989.42 | - | 7,211,795.40 | - | - |

(2) There was no commitment in raised funds of the Company during the Reporting Period

(3) There was no change in raised funds of the Company during the Reporting Period

*3. Projects not funded by raised funds*

During the Reporting Period, the Company did not have any project funded by non-raised funds whose total investment was more than 10% of the audited net assets of the Company as at the end of the previous year.

***(V) There were no sales of significant assets or equities by the Company during the Reporting Period***

***(VI) There was no bankruptcy or restructuring, merger or division, major disposal, acquisition, replacement or stripping of assets or restructuring of other companies by the Company during the Reporting Period***

### *(VII)Analysis of Key Subsidiaries*

Unit: Ten Thousand Yuan Currency: RMB

| Company name | Shareholding percentage of the Company | Registered capital | Total assets | Net assets | Operating revenue | Total profit | Net profit |
|---|---|---|---|---|---|---|---|
| Huatai Securities (Shanghai) Asset Management Co., Ltd. | 100% | 260,000.00 | 864,466.22 | 762,136.30 | 192,142.91 | 140,463.81 | 106,886.33 |
| | Main businesses: securities asset management; publicly offered securities investment funds management. (Businesses that need to be approved by law shall be carried out upon the approval of relevant authorities). | | | | | | |
| Huatai International Financial Holdings Company Limited | 100% | HK$ 10,200,000,002.00 | HK$ 179,156,056,000 | HK$ 18,243,644,100 | HK$ 10,868,553,400 | HK$ 2,232,909,600 | HK$ 1,968,489,300 |
| | Main business: holding company. | | | | | | |
| Huatai Purple Gold Investment Co., Ltd. | 100% | 600,000.00 | 1,383,479.15 | 991,939.79 | -80,721.87 | -92,620.24 | -68,590.17 |
| | Main businesses: equity investment, debt investment, other fund investments associated with equity investment and debt investment; investment consulting and investment management for equity investment and debt investment, and financial consulting. (Businesses that need to be approved by law shall be carried out upon the approval of relevant authorities). | | | | | | |
| Huatai Innovative Investment Co., Ltd. | 100% | 350,000.00 | 446,191.17 | 379,468.72 | 7,457.94 | -6,152.69 | -4,087.78 |
| | Main businesses: project investment, investment management, sale of precious metal, hotel management; the followings are permitted to be operated only by branches: accommodation, catering services, sale of foods, fitness services, swimming pool, laundry collection, typing and copying, motor vehicle public parking services, conference services, undertaking exhibitions, tourism information consultation, ticket agent service. (1. Public fund-raising shall not be conducted without approval by relevant authorities; 2. trading activities of securities products and financial derivatives shall not be publicly carried out; 3. no loans shall be granted; 4. no guarantee shall be provided to any other enterprises except for its invested enterprises; promises shall not be made to investors that the principal of their investments will not be subject to any loss or that they will get a minimum return; enterprises shall independently select business items and carry out operations according to law; businesses that need to be approved by law shall be carried out in accordance with the approved contents upon the approval of relevant authorities; business activities classified as prohibited or restricted items by industrial policies of this city shall not be carried out). | | | | | | |

| Company name | Shareholding percentage of the Company | Registered capital | Total assets | Net assets | Operating revenue | Total profit | Net profit |
|---|---|---|---|---|---|---|---|
| Huatai Futures Co., Ltd. | 100% | 393,900.00 | 7,708,995.25 | 465,876.02 | 417,545.67 | 42,533.20 | 31,204.63 |
| Main businesses: commodities futures brokerage, financial futures brokerage, futures investment consultancy, asset management and fund sales. (Businesses that need to be approved by law shall be carried out upon the approval of relevant authorities). | | | | | | | |
| Huatai United Securities Co., Ltd. | 99.92% | 99,748.00 | 823,142.62 | 551,739.22 | 351,055.91 | 82,492.25 | 61,600.89 |
| Main businesses: securities underwriting and sponsorship (excluding treasury bonds, non-financial corporate debt financing instruments and financial bond underwriting); financial advisory for securities trading and investment related activities; other businesses approved by the CSRC. | | | | | | | |
| Jiangsu Equity Exchange Co., Ltd. | 52% | 20,000.00 | 66,937.51 | 44,878.30 | 10,854.66 | 5,917.80 | 4,390.81 |
| Main businesses: provision of premises, facilities and services for approved listing, registration, custody, trading, financing, settlement, transfer, dividend distribution and pledge of equity interests, bonds, assets and related financial products and financial derivatives of unlisted companies, organization and monitoring of trading activities, issuance of market information, trading of listed products in the trading market as an agent, and provision of consultation services for market participants. (Businesses that need to be approved by law shall be carried out upon the approval of relevant authorities). | | | | | | | |
| China Southern Asset Management Co., Ltd. | 41.16% | 36,172.00 | 1,413,332.61 | 888,559.35 | 646,948.68 | 227,231.03 | 177,058.63 |
| Main businesses: fund raising, fund sales, asset management and other businesses approved by the securities regulatory authority under the State Council. | | | | | | | |
| Huatai-PineBridge Fund Management Co., Ltd. | 49% | 20,000.00 | 249,952.64 | 158,321.16 | 140,747.06 | 50,864.35 | 37,926.60 |
| Main businesses: fund raising, fund sales, asset management and other businesses approved by the CSRC. | | | | | | | |
| Bank of Jiangsu Co., Ltd. | 5.88% | 1,154,445.00 | 298,040,300.00 | 20,874,100.00 | 7,057,000.00 | 3,277,300.00 | 2,549,400.00 |

| Company name | Shareholding percentage of the Company | Registered capital | Total assets | Net assets | Operating revenue | Total profit | Net profit |
|---|---|---|---|---|---|---|---|
| | Main businesses: deposits taking from the general public; granting short-term, medium-term and long-term loans; handling domestic settlements; handing acceptance and discounting of negotiable instruments; issuing financial bonds; acting as an agent for the issue, honoring and underwriting of government bonds and underwriting of short-term financing bills; buying and selling government bonds, financial bonds, corporate bonds; engaging in interbank lending; providing letter of credit services and guaranty; acting as an agent for receipts/payments and insurance business, wealth management, fund sales, precious metal sales, receipts/payments and custody of collective fund trust scheme; provision of safe deposit boxes; handing entrusted deposits and loans; bank card services; foreign currency deposits; foreign currency loans; foreign exchange remittances; currency exchange; settlement and sales of foreign exchange, acting as an agent for forward settlement and sales of foreign exchange; international settlement; proprietary trading and agency for trading of foreign exchange; interbank foreign exchange lending; trading or acting as an agent for trading in foreign currency securities other than stocks; credit investigation, consultation and witness services; online banking, and other services approved by the banking regulatory bodies and relevant authorities. (Businesses that need to be approved by law shall be carried out upon the approval of relevant authorities). | | | | | | |

Notes: 1. In February 2023, according to the management regulation of registration of relevant market entities and the requirements of Market Supervision Administration in Shanghai Changning District, the scope of business of Huatai Innovative Investment Co., Ltd. was changed to "General Items: Investment activities with own capital; investment management; sale of metal chains and other metal products; hotel management; fitness and leisure activities [branch operation]; laundry services [branch operation]; typing and copying service [branch operation]; parking lot service [branch operation]; conference and exhibition service [branch operation]; tourism development project planning and consultation [branch operation]; ticketing agency service [branch operation]. (Except for items subject to approval in accordance with the law, the business activities shall be carried out on their own in accordance with the business license). Permitted items: accommodation service [branch operation]; catering service [branch operation]; food sales [branch operation]; high-risk sports (swimming) [branch operation]. (Items subject to approval in accordance with the law, the business activities shall be carried out upon the approval of the relevant departments, and specific business items shall be subject to the approval documents or permits of the relevant departments)".

2. On February 22, 2023, the Bank of Jiangsu convened the 2023 first extraordinary general meeting, which considered and approved the Resolution on Change of the Registered Capital of Bank of Jiangsu Co., Ltd. Its registered capital was changed to RMB14,769,656,700. Such matter is still subject to approval by the Jiangsu Regulatory Bureau of the CBIRC.

3. On February 22, 2023, the Bank of Jiangsu convened the 2023 first extraordinary general meeting, which considered and approved the Resolution on Amendments of the Articles of Association of Bank of Jiangsu Co., Ltd. The amended Article 19 of the Articles of Association of Bank of Jiangsu Co., Ltd. is "The scope of business of the company is: deposits taking from the general public; granting short-term, medium-term and long-term loans; handling domestic settlements; handing acceptance and discounting of negotiable instruments; issuing financial bonds; acting as an agent for the issue, honoring and underwriting of government bonds; buying and selling government bonds, financial bonds, corporate bonds; engaging in interbank lending; providing letter of credit services and guaranty; acting as an agent for receipts/payments and sales of wealth management products, fund sales, precious metal sales, receipts/payments and custody of collective fund trust scheme; provision of safe deposit boxes; bank card services; foreign currency deposits; foreign currency loans; foreign exchange remittances; currency exchange; settlement and sales of foreign exchange, acting as an agent for forward settlement and sales of foreign exchange; international settlement; proprietary trading and agency for trading of foreign exchange; interbank foreign exchange lending; trading or acting as an agent for trading in foreign currency securities other than stocks; credit investigation, consultation and witness services; derivatives trading; securities investment funds and insurance funds custodian; domestic securities investments custody for qualified foreign institutional investors; insurance agency; personal pension business; and other services approved by the banking regulatory bodies and relevant authorities." Such matter is still subject to approval by the Jiangsu Regulatory Bureau of the CBIRC.

4. The financial data of the Bank of Jiangsu was extracted from its express report of 2022 annual results. The data of net assets represents owner's equity attributable to shareholders of the listing company, and the data of net profit represents net profit attributable to shareholders of the listing company.

### *(VIII) Structured entities controlled by the Company*

The structured entities consolidated by the Group mainly refer to the asset management plans with the Group concurrently as the manager or investment advisor and the investor. The Group carries out a comprehensive assessment of whether the Group will be significantly affected by variable returns due to the return which the Group is entitled to for the shares held by it and its remuneration as the manager or investment advisor of the asset management plan, and according to which, determines whether the Group is the main responsible party for the asset management plan. As at December 31, 2022, the Group has consolidated 61 structured entities with its total assets reaching RMB71,869,706,994.01. The amount of the trading financial assets in the balance sheet, which embodied the equity of the Group in the above consolidated structured entities, was RMB69,504,863,433.19.

### *(IX) Other information*

*1. Establishment and disposal of subsidiaries by the Company during the Reporting Period*

(1) Establishment and disposal of subsidiaries by the Company during the Reporting Period

For details of the establishment and disposal of subsidiaries by the Company during the Reporting Period, please refer to Note 24 to the financial statements of this report headed "Investments in subsidiaries".

(2) Capital increase and equity change in Huatai Futures during the Reporting Period

During the Reporting Period, upon consideration and approval at the shareholders' general meeting of Huatai Futures, it was approved to convert RMB1,330 million in the audited undistributed profit on December 31, 2021 into the registered capital at the shareholding proportion of shareholders. The registered capital of Huatai Futures will change to RMB2,939 million after the capital increase. Huatai Futures has completed the industrial and commercial registration modification and other procedures on the capital increase.

During the Reporting Period, Huatai Futures completed the industrial and commercial registration modification procedures for equity change, and the Company acquired 40% equity interest held by Deluxe Family Co., Ltd., another shareholder of Huatai Futures, after which the Company's equity interest in Huatai Futures has been changed to 100%.

At the same time, during the Reporting Period, the Company increased the registered capital of Huatai Futures of RMB1,000 million to enhance the capital strength of Huatai Futures and facilitate its business development. The registered capital of Huatai Futures will change to RMB3,939 million after the capital increase. Huatai Futures has completed the industrial and commercial registration modification and other procedures on the capital increase.

*2. The establishment and disposal of the Company's securities branch offices and securities branches during the Reporting Period*

During the Reporting Period, the Company relocated three securities branch offices, and no securities branch offices were newly established or cancelled; 2 securities branches were cancelled and 23 were relocated, and no securities branches were newly established.

As of the end of the Reporting Period, the Company has 28 securities branch offices and 243 securities branches. For details, please refer to "Appendix II: List of Branch Offices and Securities Branches" in this report.

(1) Relocation of securities branch offices during the Reporting Period

| No. | Name of branches | Address after relocation | Issue Date of License |
|---|---|---|---|
| 1 | Xuzhou Branch of Huatai Securities | 1-301# to 1-308#, Building B, Baolong Square, No. 99 Heping Road, Yunlong District, Xuzhou City | March 29, 2022 |
| 2 | Tianjin Branch of Huatai Securities | Block C-I, 5/F, North Finance Building, No. 5 Youyi Avenue, Hexi District, Tianjin City | April 13, 2022 |
| 3 | Zhejiang Branch of Huatai Securities | Rooms 2801-2808, Xingguangcheng, No. 1766 Binsheng Road, Changhe Street, Binjiang District, Hangzhou City, Zhejiang Province | November 29, 2022 |

(2) Cancelled securities branches during the Reporting Period

| No. | Name of Securities Branches | Address | Date of Cancellation of License |
|---|---|---|---|
| 1 | Securities Branch of Huatai Securities in Tiyu North Road, Sihong, Suqian | Room 103, Building 23, Fuyuan Tianjun, Tiyu North Road, Qingyang Town, Sihong County, Jiangsu Province (Sihong County Economic Development Zone, Jiangsu Province) | December 30, 2022 |
| 2 | Securities Branch of Huatai Securities in Middle Beijing Road, Siyang, Suqian | No. 1 Middle Beijing Road, Zhongxing Town, Siyang County | December 30, 2022 |

(3) Relocation of securities branches during the Reporting Period

| No. | Name of the branch before relocation | Name of the branch after relocation | Address after relocation | Issue Date of License |
|---|---|---|---|---|
| 1 | Securities Branch of Huatai Securities in Xidi 3rd Road, Wuzhou | Securities Branch of Huatai Securities in Xidi 3rd Road, Wuzhou | Business office No. 3-2 and business apartment No. 2801-2809, 1/F, No. 19 Xidi 3rd Road, Wuzhou City | January 14, 2022 |
| 2 | Securities Branch of Huatai Securities in Huayang North Road, Jurong, Zhenjiang | Securities Branch of Huatai Securities in Huayang North Road, Jurong, Zhenjiang | No. 1 Huayang North Road, Huayang Town, Jurong City | January 14, 2022 |
| 3 | Securities Branch of Huatai Securities in Xinhua Road, Wuhan | Securities Branch of Huatai Securities in Xinhua Road, Wuhan | No. 314 Xinhua Road, Jianghan District, Wuhan City | March 4, 2022 |
| 4 | Securities Branch of Huatai Securities in Guyang Avenue, Dantu, Zhenjiang | Securities Branch of Huatai Securities in Guyang Middle Avenue, Dantu, Zhenjiang | Rooms 131-133, Hengyu Building, Guyang Middle Avenue, Dantu District, Zhenjiang City | March 29, 2022 |
| 5 | Securities Branch of Huatai Securities in Heping Road, Xuzhou | Securities Branch of Huatai Securities in Heping Road, Xuzhou | Room 1-104, Building B, Baolong Square, No. 99 Heping Road, Yunlong District, Xuzhou City | March 15, 2022 |
| 6 | Securities Branch of Huatai Securities in Zhengdong Central Street, Tianfu New District, Chengdu | Securities Branch of Huatai Securities in Tianfu Avenue, Chengdu | Rooms 1401 and 04, 14/F, Block 1, No. 588 Middle Section of Tianfu Avenue, Hitech Zone, Chengdu City, China (Sichuan) Pilot Free Trade Zone | March 21, 2022 |
| 7 | Securities Branch of Huatai Securities in West Main Street, Yingcheng | Securities Branch of Huatai Securities in West Main Street, Yingcheng | Shop 20, Gucheng Xindu, Gucheng Avenue, Chengzhong Sub-district, Yingcheng City, Xiaogan City, Hubei Province | April 18, 2022 |
| 8 | The Second Securities Branch of Huatai Securities in South First Ring Road, Chengdu | Securities Branch of Huatai Securities in Tianfu Square, Chengdu | Nos. 02 and 03, 21/F, Unit 1, Block 1, No. 5 Xiyu Street, Qingyang District, Chengdu City, Sichuan Province | April 19, 2022 |
| 9 | Securities Branch of Huatai Securities in Shujin Road, Chengdu | Securities Branch of Huatai Securities in Shujin Road, Chengdu | Rooms 1901 and 1905, Block B, Jinsha Wanrui Center, No. 1 Shujin Road, Qingyang District, Chengdu City, Sichuan Province | April 19, 2022 |

| No. | Name of the branch before relocation | Name of the branch after relocation | Address after relocation | Issue Date of License |
|---|---|---|---|---|
| 10 | Securities Branch of Huatai Securities in Baota Road, Gaochun, Nanjing | Securities Branch of Huatai Securities in Baota Road, Gaochun, Nanjing | No. 188-6, Baota Road, Chunxi Town, Gaochun District, Nanjing City, Jiangsu Province | May 28, 2022 |
| 11 | Securities Branch of Huatai Securities in Wanda Plaza, Panyu District, Guangzhou | Securities Branch of Huatai Securities in Pazhou Avenue, Guangzhou | Rooms 2304, 2305, 2306 and 2307, No. 109 Pazhou Avenue, Haizhu District, Guangzhou City | June 21, 2022 |
| 12 | Securities Branch of Huatai Securities in Renmin South Road, Chengdu | Securities Branch of Huatai Securities in Renmin South Road, Chengdu | Rooms 1506 and 1507, 15/F, Unit 1, Building 1, Xinxiwang Building, No. 45, Renmin Road South Section IV, Wuhou District, Chengdu City, Sichuan Province | June 14, 2022 |
| 13 | Securities Branch of Huatai Securities in Zhonghua North Road, Guiyang | Securities Branch of Huatai Securities in Zhonghua North Road, Guiyang | No. 16-3, Guizhou Post Building, No. 2 Zhonghua North Road, Yuxiu Sub-district, Yunyan District, Guiyang City, Guizhou Province | June 24, 2022 |
| 14 | Securities Branch of Huatai Securities in Zhujiang Road, CBD, Wuhan | Securities Branch of Huatai Securities in Jianghan Road, Wuhan | R1, 1/F and R1-R3, 2/F, Chuanbo International Square, No. 250 Jianghan Road, Jianghan District, Wuhan City | July 11, 2022 |
| 15 | Securities Branch of Huatai Securities in Middle Yanzheng Avenue, Changzhou | Securities Branch of Huatai Securities in Huayuan Street, Changzhou | A-101 and 201, No. 137 Huayuan Street, Wujin District, Changzhou City, Jiangsu Province | July 26, 2022 |
| 16 | Securities Branch of Huatai Securities in Wuzhong Avenue, Suzhou | Securities Branch of Huatai Securities in Wuzhong Avenue, Suzhou | Rooms 106, 111 and 112, 1/F and Rooms 202 and 203, 2/F, Wuzhong Commercial Center, Building 1, No. 198 Su Street, Yuexi Subdistrict, Wuzhong Economic Development Zone, Suzhou | July 26, 2022 |

| No. | Name of the branch before relocation | Name of the branch after relocation | Address after relocation | Issue Date of License |
|---|---|---|---|---|
| 17 | Securities Branch of Huatai Securities in Denghu East Road, Foshan | Securities Branch of Huatai Securities in Denghu East Road, Foshan | Units 1203-1206, 12/F, Huaya Financial Center, No. 8 Denghu East Road, Guicheng Street, Nanhai District, Foshan City (Declaration of Domicile) | August 17, 2022 |
| 18 | Securities Branch of Huatai Securities in Jiuyi Street, Quanzhou | Securities Branch of Huatai Securities in Jinhuai Street, Quanzhou | Units 705-707, Building 1, Zhongjun Square, No. 16 Jinhuai Street, Fengze District, Quanzhou City, Fujian Province | September 23, 2022 |
| 19 | Securities Branch of Huatai Securities in Tianhecheng, Guangzhou | Securities Branch of Huatai Securities in Tianhecheng, Guangzhou | Units 03-1, 05, 06 and 07, 36/F, Yuehai Tianhecheng Building (namely, Tianhecheng East Tower), No. 208 Tianhe Road, Tianhe District, Guangzhou City | September 7, 2022 |
| 20 | Securities Branch of Huatai Securities in Hongri Avenue, Lianshui, Huaian | Securities Branch of Huatai Securities in Hongri Avenue, Lianshui, Huaian | Rooms 103 and 104, Building Z02, Xin Lian Yi Pin, Zhong Lian One City, Lianshui County, Huaian | September 1, 2022 |
| 21 | Securities Branch of Huatai Securities in Gonghe New Road, Shanghai | Securities Branch of Huatai Securities in Guangzhong West Road, Jingan District, Shanghai | Rooms 1103 and 1105, Nos. 359 and 365 Guangzhong West Road, Jingan District, Shanghai City | September 26, 2022 |
| 22 | Securities Branch of Huatai Securities in Jingshi Road, Jinan | Securities Branch of Huatai Securities in Jiefang East Road, Jinan | 203, 2/F, Podium of Shandong Port Land-Sea Logistics Building, No. 25-6 Jiefang East Road, Lixia District, Jinan City | September 29, 2022 |
| 23 | Securities Branch of Huatai Securities in Jiefang East Road, Hangzhou | Securities Branch of Huatai Securities in Jiefang East Road, Hangzhou | Room 14102, Building 3, GTland Plaza, Shangcheng District, Hangzhou City, Zhejiang Province | November 29, 2022 |

*3. Standardization of accounts such as unqualified accounts, judicially frozen accounts, risk disposal accounts, and pure fund accounts*

As of December 31, 2022, the Company had 4,009 unqualified securities accounts, 3,245 judicially frozen securities accounts, 83,712 risk disposal securities accounts, and 724,318 pure capital accounts.

Account standardization has reached the following quality standards: (1) Except for restricted use of dormant securities accounts, remaining unqualified securities accounts, judicially frozen accounts, risk disposal accounts, etc., the accounts engaging in normal trading activities are all qualified accounts. (2) Regular comparison of funds and securities account information was made to verify the consistency of key information such as customer names and numbers to prevent the addition of unqualified accounts. Key information inconsistencies due to special circumstances such as differences in information rules between the depository bank and the registered company or unusual word processing have been explained on a case-by-case basis.

Relevant measures for long-term and standardized management of accounts: the daily management of accounts was strengthened and the real-name system requirements for account business was strictly implemented. Through face recognition technology, combined with ID card readers, public security network verification, mobile phone number verification by relevant operator, the Group has strengthened investor identity information identification, continued to innovate account management measures and improve standard long-term management mechanisms of accounts. It further improved management on consistency of customers' basic information, built a unified management platform for customers' basic information, upgraded customers' file management system, optimized the unified management platform by protocol, strengthened the management of business handling files of customer accounts through Internet channels, and continued to do its best in the physical and electronic management of customer account business files.

## VII. DISCUSSION AND ANALYSIS OF THE COMPANY'S FUTURE DEVELOPMENT

### *(I) Competition landscape and trend of the industry*

At present, China is at the key stage of economic development and transformation. Under the major strategic deployment of accelerating the establishment of a new "dual circulation" development pattern in which domestic economic cycle plays a leading role with both the domestic and international economic cycles promoting each other, the construction of a modern capital market with Chinese characteristics is under continuous progress. With the implementation of the comprehensive registration-based IPO system reform, the capital market further displays its role in supporting the development of the real economy and facilitating the virtuous cycle of capitals and the real economy with increasing momentum in serving industrial transformation and upgrading and the high-quality economic and social development. The securities industry will embrace major strategic opportunities for development. Meanwhile, the development of domestic and overseas financial markets still faces various complexities and uncertainties, which will also bring new challenges to the steady development of the securities industry.

First, the comprehensive deepening of the reform of the capital market will provide a broader development space for the securities industry. In recent years, the comprehensive deepening reform of the capital market has continuously accelerated and the functions of the capital market have been constantly improved. With an increasing proportion of direct financing and the continuously establishment and improvement of the multi-layered capital market system, the adaptability of the capital market to the real economy was significantly improved and its breadth and depth in serving the real economy were remarkably expanded. Currently, China's capital market has embarked on a new journey of reform and development with fundamental systems continuously improved, the market structure increasingly optimized and the market resilience significantly enhanced. The capability of the capital market in serving national strategies is increasing boosted and the securities industry of China will continue to enjoy the policy benefits released from the reform of the capital market.

Second, the new pattern of institutional two-way opening up will drive the securities industry to transform in the direction of high-quality development. With the implementation of laws, regulations, policies and guidelines on the two-way opening up of the capital market one after another, the interconnection of onshore and offshore capital markets is continuously deepened and cross-border investment and financing channels are increasingly expanded. As the development of the institutional and systematic two-way opening up of the capital market deepens, the internationalization of the securities industry speeds up and securities companies should continue to expand international businesses and speed up in promoting the transformation and upgrading of the business structure. Oriented by customer needs, building a systematic and platform-based comprehensive strength actively, and transforming to a comprehensive financial service provider with complete business chain, industrial chain and service chain, will become the only way for large securities companies to achieve high-quality development.

Third, FINTECH empowerment and digital transformation will facilitate the reform of the business operation model of the securities industry. Currently, China is under a period of historical convergence featuring a new round of technological revolution and industrial evolution and the change of the development model. With highly value in and widely application of FINTECH in the securities industry, online, digital and intelligent development is becoming the trend of FINTECH in the securities industry. The application of advanced FINTECH and new digital concepts in the transformation and iteration of business and management models of securities companies, the establishment and improvement of ecosystems on the full FINTECH chains and the achievement of the in-depth integration of FINTECH and business development will be effective way for securities companies to innovate service models and enhance comprehensive financial service capabilities.

### *(II) The Company's development strategy*

1. Strategic vision: Striving to become a first-class investment bank with both domestic advantages and global influence, and a financial institution with international competitiveness, brand influence and system importance.

2. Values and operation philosophy: By adhering to the core values of "high efficiency, integrity, stability and innovation" and committing to the operation philosophy of "centered on customer services, oriented by customers' needs and purposed on customer satisfaction", to be accountable to all clients, shareholders, staff and society to achieve harmony and unity.

3. Strategic orientation: By adhering to the development ideas of marketization and openness and consistently following the strategic thread of business platform-based development to continue to promote integrated and international development and create a brand-new business model of two-pronged, cross-border linkage and ecological interaction of wealth management and institutional services with technology empowerment; implementing a differentiated competitive tactic of "investment banking gene + full business chain" to build core competitiveness of future-oriented digital and intelligent development and develop significant leading edge and brand influence in key customer groups, key industries and key regions with an commitment to being a pioneer of industry reform and innovation and a promoter of sustainable development to become a first-class investment bank with innovative vitality and technological characteristics.

### *(III) Business operation plan*

Please refer to "Management Discussion and Analysis and Report of the Board" in this report.

### *(IV) The Company's capital needs to sustain the current business and complete the ongoing investment projects*

During the Reporting Period, all businesses of the Company were carried out in an orderly manner. The capital-based intermediary business and the investment and trading business are capital-intensive businesses with a huge capital demand and change with market fluctuations. The Company continuously enhances capital management, improves the efficiency in resources allocation, constantly diversifies financing varieties, expands financing channels and reasonably arranges financing maturity to guarantee the capital needs for various businesses. As of the end of the Reporting Period, the total balance of onshore and offshore long-term and short-term borrowings, bonds payable and short-term financing funds payable of the Company was RMB173.994 billion. The Company will continue to enhance onshore and offshore capital management and select appropriate financing instruments to raise funds based on the needs in business development. It will continue to explore new financing varieties and methods, improve the financing capability and optimize the capital structure of the Company to guarantee the fund demand for business development.

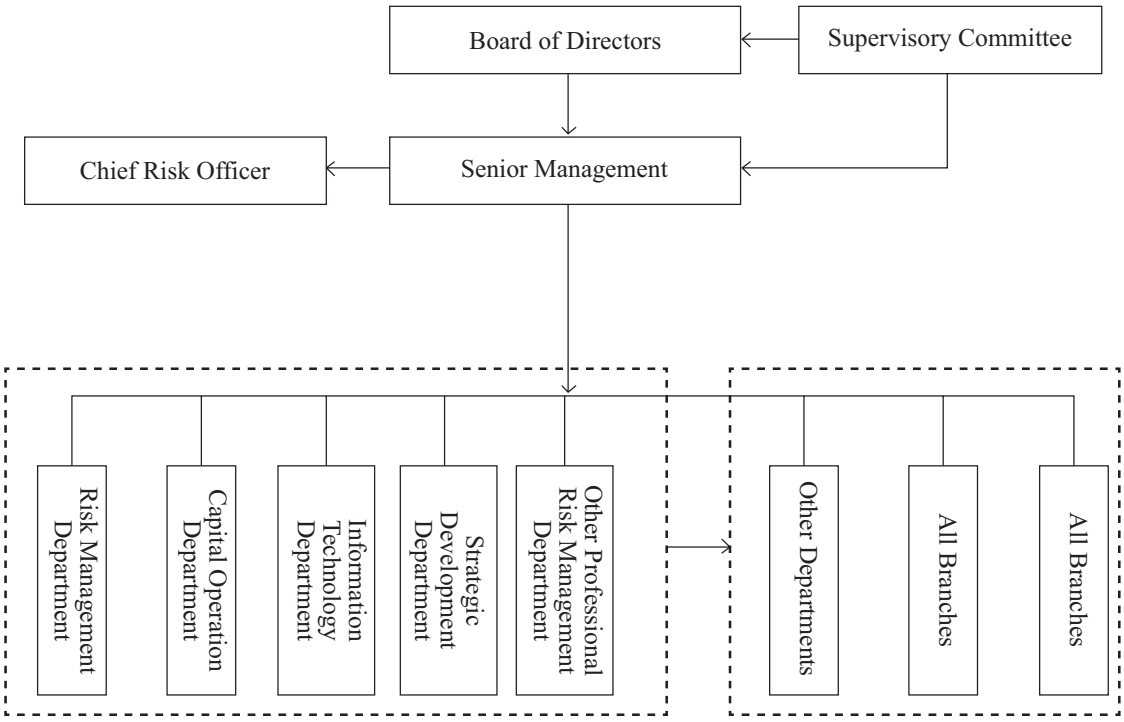
## *(V) Potential risks (including the implementation of overall risk management and the investment in compliance risk control and information technology)*

### *1. Overview of risk management*

The Company attached great importance to risk management. According to regulatory requirements and the actual situation of business development, the Company established a relatively comprehensive overall risk management system based on the core concepts of full staff engagement, full coverage and full penetration. The Company has a solid and effective risk management framework with clearly defined responsibilities and staff at all levels performing their duties effectively; the Company worked out a risk appetite and tolerance system, which is organically integrated with the development strategy, and established a multi-level comprehensive risk management system covering all aspects of business operation and management; in addition, the Company vigorously promoted the construction of group-wide risk-management technology system and established centralized, time-based, quantitative and penetrable pillars for risk management technologies, to improve the effectiveness of risk management of the Group and further strengthen the Group's overall risk identification, quantitative evaluation and risk control capabilities. The Company incorporated its subsidiaries into the overall risk management system of the Group, explored the construction of effective risk management model for subsidiaries, vigorously deepened the management mindset of centralized and unified professional risk lines on a look through basis, and built a professional risk management system. The overall risk management system of the Company ran effectively, which earnestly guaranteed the continuous and healthy development of various businesses of the Company.

During the Reporting Period, the Company comprehensively pushed forward various risk management tasks with the focus on the in-depth and full penetration of business risks management and control, the consolidation of the cross-border integrated risk management system and the building of digitalized risk management. The Company deepened precise management and control in key businesses and risk areas, strengthened prospective identification and real-time monitoring of business risks and built the risk management capability penetrating into business substance and covering the full life cycle. The Company further penetrated into the risk control of its overseas subsidiaries to strengthen the construction of a cross-border integrated risk management system to provide solid safeguard for the internationalization of the Group. The Company continued to promote risk management empowered by digitization, deepened all dimensional risk perception of the Group, achieved the linkage of management and control procedures and continuously improved capabilities and efficiency on risk management and control.

*2. Risk management structure*




The risk management organizational structure of the Company covers five major parts: the Board and Compliance and Risk Management Committee; Supervisory Committee; the Senior Management and Risk Control Committee; Risk Management Department and various professional risk management departments; other departments, branches and subsidiaries.

The Board is ultimately responsible for the overall risk management and is responsible for reviewing and approving the basic system relating to the overall risk management of the Company, approving the risk appetite, risk tolerance and major risk limits of the Company, and reviewing periodic risk assessment reports of the Company. The Compliance and Risk Management Committee is set up by the Board to undertake risk management responsibilities including reviewing and making recommendations on overall risk management targets and fundamental policies; evaluating and making recommendations on the risks of major decisions which require the Board's review, as well as the solutions to these risks; reviewing and making recommendations on risk assessment reports which require the Board's review.

The Supervisory Committee of the Company is responsible for supervising overall risk management, supervising and inspecting the Board and the senior management on the performance of their duties of risk management, and urging them to make rectifications. Based on the authorization and approval of the Board and the operation objectives of the Company, the senior management is specifically responsible for the implementation of risk management and assumes the primary responsibility for overall risk management. Upon authorization of the senior management, the Risk Control Committee under the senior management is mainly responsible for the decision-making on risk management matters in the course of operation and authorizing on risk undertakings in various business lines. Chief risk officer of the Company is responsible for leading the overall risk management of the Company.

The Company appoints the risk management department to perform the overall risk management duties and take the lead in managing the market risk, credit risk and operational risk of the Company; appoints the capital operation department to take the lead in managing the liquidity risk of the Company; appoints the information technology department to take the lead in managing the information technology risk of the Company; and appoints the strategic development department to take the lead in managing the reputation risk of the Company. Other departments, branches and subsidiaries of the Company are responsible for the management of various risks in their respective lines, implementing various policies, procedures and measures formulated by the Company and various leading professional risk management departments, accepting guidance from various leading risk management departments and assigning the risk management duties and implementation responsibilities. The audit department incorporates overall risk management into the audit scope, makes independent and objective review and evaluation on the adequacy and effectiveness of overall risk management, and is responsible for taking the lead or entrusting external professional institutions to evaluate the overall risk management system of the Company regularly.

*3. Market Risk*

Market risk refers to the risk of asset loss of the Company resulting from fluctuations in risk factors, including stock prices, interest rates, exchange rates and commodities.

During the Reporting Period, the global capital market fluctuated significantly due to the ongoing Russia-Ukraine conflict and the expected changes in the interest rate hikes by the Federal Reserve. The Company adhered to the concept of value creation through trading and risk control through hedging, actively controlled its risk exposure and managed the market risk of holding assets through various risks control measures. The Company has built up a unified risk limitation system to control business risks from various aspects, such as Market Value at Risk (VAR), stop-loss, stress testing, sensitivity, etc. The Company continued to improve its stress testing system and regularly calculated and appraised the impacts of various extreme risks. In respect of investments in equity securities, the Company actively managed risk exposures through various hedge manners to avoid significant market fluctuations. While ensuring the downside risks of assets controllable, the Company actively explored trading opportunities and paid attention to the

market liquidity of investment targets and high diversification of asset positions. In respect of fixed-income securities investment, the Company effectively hedged market risk with interest rate derivatives and adjusted the position structure to respond to the impacts of interest rate fluctuations on the term and structure of investment portfolios, and actively sought opportunities for pricing deviations to enhance overall income while controlling overall duration, basis point value and VAR value. In respect of derivatives business, the Company adopted market neutral strategy for the OTC derivatives business and controlled the Greeks values (such as Delta, Gamma, Vega, etc.) exposure risks within acceptable limits. It created profit opportunities with risks under control.

**Market Value at Risk (VAR) of the Company**

Currency: RMB

Forward-looking Period: 1 day; Confidence: 95%; Historical Analogical Method; Unit (Ten Thousand Yuan)

| | The Company | | The Group | |
|---|---|---|---|---|
| | As at the end of 2022 | As at the end of 2021 | As at the end of 2022 | As at the end of 2021 |
| Equity-sensitive Financial Instruments | 3,365 | 15,177 | 10,939 | 25,047 |
| Interest-sensitive Financial Instruments | 4,172 | 2,298 | 5,115 | 2,528 |
| Commodity-sensitive Financial Instruments | 304 | 201 | 407 | 294 |
| Overall Portfolio Risk Value | 5,977 | 15,803 | 10,381 | 26,175 |

Source: Internal statistics of the Company.

**During the Reporting Period, Sequence Descriptive Statistics of Market Value at Risk (VAR) of the Company**

Currency: RMB

Forward-looking Period: 1 day; Confidence: 95%; Historical Analogical Method; Unit (Ten Thousand Yuan)

| | At the beginning of the period | At the end of the period | Maximum value | Minimum value |
|---|---|---|---|---|
| The Group | 29,504 | 10,381 | 33,173 | 11,074 |
| The Company | 21,719 | 5,977 | 25,146 | 6,475 |

Source: Internal statistics of the Company.

*4. Credit risk*

Credit risk refers to the risk of asset loss of the Company resulting from the default of a product or bond issuer or counterparty (customer).

In terms of financing business, the Company implemented strict and continuous monitoring of clients and assets at risk and the management measures of timely risk resolution, and strengthened dynamic counter-cyclical regulation mechanisms to control business risks and adjust business structures. During the Reporting Period, under the market volatility, the risks on the Company's margin financing and securities lending and stock pledge repurchase businesses were not affected significantly. In terms of investment business, the Company deepened risk management and control of the entire process of credit bonds, established a regular screening and disposal mechanism for risky bonds, and continued to strengthen the monitoring and pre-warning mechanisms for bond positions, improving the credit risk prevention and control effectiveness of the Group on credit bond investment. In terms of transaction business, the Company further promoted the establishment of a unified management system and the optimization of the management systems for counterparties and further enhanced the credit management of counterparties based on internal and external public opinions to strictly control tail risks. In terms of guarantee settlement business, the Company continued to improve front-end management and control of risk indicator design and promoted systematic construction, and strengthened the management and control capabilities of risk handling and transmission. The Company continued to optimize and improve the unified management system for credit risks, and improved the ability to deal with the external complicated credit environment, therefore providing strong risk control guarantee for the development of various credit businesses. During the Reporting Period, there was no major credit risk event in the Company and all businesses ran smoothly.

*5. Liquidity risk*

Liquidity risk refers to the risk that the Company cannot obtain sufficient funds at reasonable costs in time to repay due debts, perform other payment obligations and meet the capital requirements for carrying out ordinary businesses.

The Company has always attached importance to liquidity safety, preferred a "sound and safe" liquidity risk preference, followed the general principle of comprehensiveness, importance, applicability, effectiveness, prudence and foresight, and continued to strengthen the identification, measurement, monitoring and control mechanisms of liquidity risks through a management model of centralized management and hierarchical prevention and control, to improve the Company's liquidity risk management capability. On the basis of controlling overall liquidity risks, the Company identified potential liquidity risks of all business lines by regular analysis of existing liquidity risk and ad-hoc new business assessment and proposed targeted control measures. The Company has established a liquidity indicator analysis framework including cash flow, and appropriately set risk limits and implemented daily monitoring through the information technology system, to improve the monitoring frequency and control level of liquidity risks. At the same time, the Company continued to improve the capital planning system by strengthening capital position management and

establishing a liquidity daytime monitoring system to keep abreast of capital usage in business and day-time payment progress in a timely manner, further moving forward the frontline of liquidity risk prevention and control. The Company regularly and occasionally conducted special stress tests on liquidity risks to assess the Company's liquidity risk tolerance under stress from the perspective of cash flow and liquidity indicators, and took targeted measures to improve the Company's liquidity risk resilience. In order to ensure that liquidity needs can be met in a timely manner under stress, the Company has established high-quality liquid asset reserve of an appropriate scale based on risk preferences. At the same time, it has expanded its debt financing channels and quotas from multiple perspectives, and continued to improve the Company's emergency financing capabilities. The Company developed liquidity risk emergency plans to ensure that liquidity risk events, once occurred, can be solved quickly and efficiently, and it also carried out regular liquidity risk emergency drills. In addition, the Company leveraged the consolidation supervision to strengthen the subsidiary liquidity risk guidance, in particularly to conduct vertical management on its Hong Kong subsidiaries with emphasizes on their liquidity management, to improve the subsidiaries' response capability to liquidity risks and the Group's prevention and control of overall liquidity risks. During the Reporting Period, the Company's liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) continued to remain at a level that can meet regulatory requirements and far beyond the safety requirements.

*6. Operational risks*

Operational risk refers to risk on the Company's losses caused by inadequate or problematic internal procedures, personnel, systems or external events.

During the Reporting Period, with system and process control as the foundation, the Company continued to strengthen the accuracy and precision of operational risk identification and improved the quality and effectiveness of the Group's operational risk control with various channels. Taking the opportunity of the digital transformation, the Company intensified the front-end control of systems and pressed ahead with the management of operational risk at earlier steps. With the flight test and special inspections on sectors with high residual risk as the starting point, the Company focused on key businesses and links, positioned key weaknesses in control and promoted the optimization of management mechanisms. With process control as the means, the Company achieved the closed-loop control link covering risk perception, identification and assessment, response and handling as well as rectification and tracking. Based on operational risk management tools, the Company carried out traceability and analysis on multi-dimensional classifications of data and further refined control requirements for the three major tools based on the effectiveness of application. With the publicity of the risk culture as the driver, it empowered business development, smoothened channels for two-way feedbacks and experience sharing, upgraded efforts in the penetration of publicity and trainings and facilitated the operational risk management risk to deeply take root in the Group. The Company solidly advanced the normalized and standardized management of business continuity to enhance the effectiveness of disruption prevention and control and emergency response and guarantee the continuous business operation without abnormal conditions.

*7. Compliance risk*

Compliance risk refers to exposure to property loss or business reputation loss as a result of bearing legal responsibility, supervisory measures or disciplinary sanctions imposed on securities companies due to violation of laws, regulations and standards by operational management or professional conduct performed by securities companies or their employees.

During the Reporting Period, the Company continued to improve its compliance management system in terms of system development, working mechanism and staff management, so as to effectively promote the full coverage of compliance management. The Company accelerated the development of digital compliance and stereoscopic compliance, continued to enhance its self-research ability for core systems and was committed to achieving early discovery of compliance risk. The Company kept up with industry development trends and regulatory dynamics, and prudently carried out business compliance reviews to facilitate the stable implementation of new businesses and new products; proactively researched and actively promoted compliance control of key businesses through compliance assessment, prompt supervision, and meeting attendance. In addition, the Company also continued to enhance professional risk control of staff, improved investment behavior management systems and mechanisms of employees, strengthened anti-corruption promotion and training as well as warning education, and promoted the implementation of the cultural development of the securities industry; intensified compliance inspections based on problems and risks, focused on key businesses and critical parts, and tracked and implemented rectification status; and improved the group-wide compliance management mechanism, in particularly its overseas subsidiaries to strengthen compliance communication and control among members of the Group; and intensified the capacity building of compliance staff and enhanced the ability to create value of compliance.

*8. Information technology risk*

Information technology risk refers to exposure to losses caused by the failure of the information system to continuously ensure the stable and safe operation of transaction and business management in terms of business realization, timely response, solving capacity and data security, resulting from technical problems or data leakage out of internal or external reasons.

The business lines and the middle and back-office management of the Company are highly depended on the information system, which has become the key support to the operation of businesses of the Company. During the Reporting Period, the Company continued to improve information technology governance and increased investment in information technology to strengthen the management system and process platform-based development of information technology risks, strengthened the identification, evaluation, monitoring and report of information technology risks, and carried out special ratification, further improving the level and effectiveness of risk management. During the Reporting Period, the Company's information system was operated safely and stably. No major information technology risk events occurred.

*9. Reputational risk*

Reputational risk mainly refers to exposure to risks that are detrimental to the normal operation of the Company exposed by the negative judgments from relevant media caused by the Company's operation, management and other conducts or external events.

During the Reporting Period, the Company's reputational risk management mechanism was running steadily without occurrence of any significant reputational risk events. Focusing on its strategy and key business, the Company continued to intensify its precaution, monitoring and handling of reputational risks, which created a good public sentiment for the Company's development. At the same time, the Company continued to strengthen group management, prior management and fast response mechanisms, further enhancing its awareness on preventing and the ability on response to reputational risk.

*10. Model risk*

Model risk refers to the risk of adverse consequence or loss to the Company's businesses resulting from incorrect or inappropriate model design, development or use.

During the Reporting Period, the Company continued to improve risk management policies and mechanisms based on the life cycle of model and constantly promoted model risk management and control by approaches and measures including model validation, assessment and monitoring before and during events. The Company developed and improved the model risk management system adaptive to its own business development while optimizing risk management system and organizational structure as well as the model's information and data management module function, and systematized model validation and evaluation processes. During the Reporting Period, the Company's model risk management was operated safely and stably. No major model risk events occurred.

*11. Implementation of overall risk management of the Company during the Reporting Period*

The Company attached great importance to the overall risk management. Adhering to the steady risk management culture and with controlling risks, improving efficiency and promoting development as the targets of risk management, the Company sticks to the core risk management idea with high engagement, full coverage and deep penetration and the management approach of collectivization, specialization and platformization and continuously enhances the core competitiveness on risk management.

For the full coverage of risks, the comprehensive risk management of the Company covers all domestic and overseas subsidiaries, branches and business lines for major risk types. The Company established a risk management system for subsidiaries by combining centralized management and control and hierarchical authorization, raised clear requirements to subsidiaries on issues including the construction of the risk management system, risk management policies and indicator system, risk management personnel allocation and assessment and risk

reports, and set up differentiated and detailed rules for risk management. All risk management departments of the Company fulfilled the management responsibility on market risk, credit risk, liquidity risk, operational risk, reputational risk and information technology risk through in-depth linkage and conducted risk identification, prudent assessment, dynamic monitoring, timely reporting and response for all risks and businesses before, during and after each operation.

For the surveillance of risks, the Company continued to improve the promptness and accurate presentation of risk surveillance and analysis. The Company continued to deepen the multi-dimensional and multi-layered risk limitation system with top-to-bottom breakdown and bottom-to-top summarization and achieved accurate calculation, dynamic monitoring and timely alarming on risk indicators through platformization to speed up in realizing integrated and real-time risk monitoring in the Group.

For the measurement of risks, the Company realized the measurement on the market, credit and liquidity risks, and continuously improved the risk measurement model management to develop core technological competitiveness on risk measurement. The Company carried out evaluation and verification of valuation model and risk measurement model, and continuously perfected and iterated the measurement model and built the bottom of technological competence to improve the accuracy of measurement results and provide measurable technological and fundamental guarantees for risk management.

For the analysis of risks, the Company established and improved a multi-level risk reporting system, further strengthened the breadth and depth of risk analysis, so as to ensure the timely and effective transfer of risk information among various levels and departments. The Company increased investment in pressure test, continued to improve the establishment of the pressure test system and systematic functions and further integrated and consolidated the bottom capability on pressure test. In combination with the results of pressure tests on regular comprehensive and professional risk and drivers of irregular matters, the Company identified tail risks through forward-looking analysis to provide supports to the management and decision-making of the Company.

For risk response, the Company has, based on risk monitoring and analysis results, formulated certain response strategies including risk avoidance, reduction, transfer and tolerance matched with different risk appetites and established reasonable and effective response mechanisms on asset impairment, risk hedging, capital supplement, scale adjustment, asset and liability management. At the same time, the Company developed practical risk and crisis response mechanisms and schemes and continuously improved them through regular exercises to enhance the capability of the Company on preventing, reacting and resolving risks. The Company continued to consolidate the systematic implementation of front-end control and achieve process-based rules and platform-based processes to practically prevent risks.

The Company provided sufficient support and protection for its comprehensive risk management in aspects of cultivating a culture, developing policies, increasing investment, improving the system and recruiting talents. The Company continued to carry out themed trainings on risk management and risk management culture publicity activities covering all employees and intensified efforts in the publicity and penetration of risk management and the depth of reaching among all employees. The Company further implemented and optimized risk management assessment, giving full play to the guiding role of risk assessment. The Company established a three-dimensional risk management system covering basic systems, management guidelines and implementation rules and developed a regular evaluation and revision mechanism for the system, through which the implementation of the system was included into the risk assessment. The Company attached great importance to risk management and information technology system construction, and implemented guarantees of resources on risk management and the establishment of systems. It adhered to the concept of digital transformation, accumulated the risk management capability through systems and platforms and continuously established a cross-border and integrated platform for risk management with group-wide coverage and deep penetration, empowering the risk management. The Company intensified its efforts in training and engaging risk management personnel, enabling the risk management personnel of the Company continuously meet regulatory requirements.

*12. The investment of the Company in compliance risk control during the Reporting Period*

The Company attached great importance to its compliance operation and risk management by continuously enhancing the construction of the compliance risk control system, optimizing the composition of compliance risk control personnel, and increasing investment in the construction of the compliance risk control system to improve our professional abilities in compliance risk control with technology as the driving force. The Company's investments in compliance risk control mainly include: investment in compliance risk control personnel, the daily operating costs of compliance risk control and investment in construction of compliance risk control related systems. In 2022, on Parent Company basis, the total investment in compliance risk control of the Company amounted to RMB757,115,900.

*13. The investment of the Company in information technology during the Reporting Period*

The Company has always valued innovation in information technology, adhered to the concept of "return to the origin of financial services with technology empowerment to achieve the co-creation of technology and business" and focused on the target of "client's success, business innovation, operation optimization and employee empowering" to comprehensively promote the Company's digital transformation and strive to creating a leading core technology competitiveness in the forefront of the industry. The Company's investments in information technology mainly include: IT capital expenditure, daily expenses for operation and maintenance of IT, leasing and depreciation cost of computer rooms, circuit leasing cost and remuneration of IT personnel. In 2022, on Parent Company basis, the total investment in information technology of the Company amounted to RMB2,724,079,500.

## *(VI) Establishment of the monitoring and complementary mechanism of the Company's dynamic risk control indicators*

*1. Establishment of the monitoring and complementary mechanism of the dynamic risk control indicators*

The dynamic risk control index monitoring and replenishment mechanism is one of the important measures for the Company to control risks. During the Reporting Period, to further perfect the management mechanism on the dynamic monitoring system for risk control indicators and improve the timeliness and accuracy of the calculation results in the statements of risk control indicators, the Company amended the Administration Measures for Dynamic Monitoring on Risk Control Indicators. With full data, complete functions and normal operation, the dynamic monitoring system for risk control indicators of the Company can effectively support the monitoring on the net capital, liquidity and other risk control indicators of the Company. The Company solidly promoted the monitoring and alarming on various risk control indicators, continuously improved the dynamic monitoring mechanism for risk control indicators mainly based on net capital and liquidity and assigned full-time operators to conduct daily monitoring, duly report and handle various abnormalities; with stricter corporate monitoring standards as the monitoring threshold based on the regulatory standards and pre-warning standards for risk control indicators specified by the CSRC, launched corresponding reporting route and response plan according to different pre-warning level and ensured that the net capital, liquidity and other risk control indicators always comply with the regulatory requirements; constantly optimized the function of the net capital and liquidity dynamic monitoring system to ensure that the dynamic monitoring system can effectively support the monitoring of the Company's net capital, liquidity and other risk control indicators.

The Company has established a dynamic complementary mechanism for net capital and liquidity. The Company's complementary pathways of net capital include but not limited to capital fund raising for increase in capital and share, issuance of subordinated bonds, compression of highly-risky investment types and scale, and reduction or suspension of profit distribution, etc. The Company's complementary pathways of liquidity include but not limited to external financing (interbank borrowing, bond repurchase, corporate bond, short-term corporate bond, subordinated debt, short-term financing bill, income receipts, refinancing integrated fund, gold lease, etc.), realization of part of the liquid reserve, control or adjustment of business scale, etc.

*2. Conditions of risk control indicators triggering the pre-warning criteria or not conforming to the required standards, and corrective measures adopted and rectification effects during the Reporting Period*

During the Reporting Period, the Company conducted prospective estimation or pressure tests of risk control indicators for profit distribution, capital increase in and guarantee provision to subsidiaries, engagement in new businesses and other major events. The above-mentioned matters were implemented under the condition that the analysis and test results meet the regulatory requirements. During the Reporting Period, main risk control indicators of the Company were all in line with the regulatory requirements, and there were no such circumstances where the risk control indicators violated the pre-warning standards or were not in compliance with the provided standards.

## VIII. THERE WERE NO CIRCUMSTANCES IN THE COMPANY'S FAILURE TO MAKE DISCLOSURE IN ACCORDANCE WITH THE STANDARDS DUE TO INAPPLICABILITY OF THE STANDARDS REQUIREMENTS OR SPECIAL REASONS INCLUDING NATIONAL SECRETS AND TRADE SECRETS AND THE EXPLANATIONS OF REASONS THEREOF

## IX. OTHER DISCLOSURES

### *(I) Share capital*

For the Company's share capital for the year ended December 31, 2022 and the details of changes therein, please refer to "Changes in Shares and Shareholders" in this report.

### *(II) Arrangement of pre-emptive rights*

According to the provisions of the PRC laws and the Articles of Association, none of the shareholders of the Company has any pre-emptive rights.

### *(III) Repurchase and Cancellation of Part of the Restricted A Shares*

On February 8, 2021, a series of resolutions including the Resolution on the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd. (Draft) and its Summary was considered and approved at the Company's first extraordinary general meeting of 2021. On March 23, 2021, upon consideration and approval at the fourteenth meeting of the fifth session of the Board of Directors of the Company, the Company made adjustment to the Restricted Share Incentive Scheme of A Shares and agreed to grant restricted A Shares to the incentive participants. On April 7, 2021, the Company received the Certificate of Registration of Changes in Securities issued by China Securities Depository and Clearing Corporation Limited Shanghai Branch to set out the record date being April 6, 2021 and granted 45,488,000 restricted A Shares to 810 eligible incentive participants at the grant price of RMB9.10 per Share. The Company has completed the registration of the grant of the restricted A Shares. From the grant of the restricted A Shares by the Company to February 28, 2022, a total of 22 incentive participants of the grant were no longer qualified as incentive participants due to their resignations for personal reasons and termination their employment contracts with the Company. The restricted A Shares that had been granted to them but not yet unlocked were repurchased and cancelled by the Company.

During the Reporting Period, the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company was considered and approved at the 2021 Annual General Meeting, the 2022 First A Share Class Meeting, and the 2022 First H Share Class Meeting of the Company, respectively, which agreed that the Company shall repurchase and cancel a total of 1,060,973 restricted A Shares granted but not yet unlocked from 22 incentive participants of the grant who are no longer qualified as incentive participants. During the Reporting Period, the Company has completed the repurchase and cancellation of the 1,060,973 restricted A shares. The total share capital of the Company after the cancellation was 9,075,589,027 shares, including 7,356,543,347 A Shares, which accounted for 81% of the total number of shares; and 1,719,045,680 H Shares, which accounted for 19% of the total number of shares.

### *(IV) Sufficient public float*

As at the latest practicable date before printing of this annual report, based on the information available to the public and as far as the Directors are aware of, the Directors believe that the Company's public float satisfies the requirements for minimum public float under Rule 8.08 of the Hong Kong Listing Rules.

### *(V) Directors' interests in competing business with the Company*

None of the Directors of the Company has any interest in business that competes or is likely to compete, either directly or indirectly, with the business of the Company.

### *(VI) Service contracts of Directors and Supervisors*

According to rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, the Company has entered into a contract with each of the Directors and Supervisors in respect of (among other matters) compliance of relevant laws and regulations, as well as the Articles of Association and provisions on arbitration. Save as disclosed above, none of the Directors or Supervisors of the Company has entered into or is proposed to enter into any service contracts with the Company in their respective capacities as Directors/ Supervisors (other than contracts expiring or terminable by the employers within one year without the payment of compensation other than statutory compensation).

### *(VII) Directors' and Supervisors' interests in material contracts, transactions or arrangements*

During the Reporting Period, the Directors or Supervisors of the Company or entities that are connected to them did not have material interests, whether directly or indirectly, in any material contract, transaction or arrangement entered into by the Company or its subsidiaries.

### *(VIII) Permitted indemnity provision-liability insurance for Directors, Supervisors and senior management*

As authorized in 2014 annual general meeting, the Company has provided liability insurance for Directors, Supervisors, senior management, and other relevant competent persons. Appropriate insurance coverage has been arranged for Directors, Supervisors and senior management of the Company against potential legal actions and liabilities that arise from performing their duties to reasonably avoid management and legal risks faced by Directors, Supervisors and senior management of the Company and to promote the full discharge of duties by the Directors, Supervisors and senior management of the Company.

### *(IX) Profile of Directors, Supervisors and senior management*

For profiles of Directors, Supervisors and senior management of the Company, please refer to "Primary work experience" under "Changes in shareholding structure and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period" in "Directors, Supervisors and Senior Management" in the section headed "Corporate Governance" in this report.

### *(X) Remuneration policy*

For the remuneration and share incentive scheme of Directors, Supervisors and senior management of the Company, please refer to "Changes in shareholding structure and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period" and "Remuneration of the Directors, Supervisors and Senior Management" under "Directors, Supervisors and Senior Management" in the section headed "Corporate Governance" in this report.

### *(XI) Share option scheme*

The Company did not establish any share option scheme.

### *(XII) Major customers and suppliers*

The Group provides services to a wide range of institutional and individual clients across various sectors. The Group's clients range from retail customers, wealth clients, high-net-worth individuals, institutional clients to corporate clients, who are primarily located in China. The successful listing in Hong Kong and London and smooth implementation of its deployment strategies in the international market will facilitate the Group in carrying out its overseas operations, exploring customer resources and boosting for further development of the Group's businesses. In 2022, the revenue attributable to the five largest clients of the Group accounted for less than 30% of the total operating revenue of the Group.

The Group has no major supplier due to the nature of its business.

### *(XIII) Relationship with employees, customers, suppliers and persons with important relationships*

For details of the employees' remuneration and training plans of the Company, please refer to "Remuneration policy" and "Training programs" under "Information about the Staff of the Parent Company and Major Subsidiaries at the end of the Reporting Period" in the section headed "Corporate Governance" in this report. For the relationship between the Company and its major customers and suppliers, please refer to "Major customers and suppliers" under "Other Disclosures" in the section headed "Management Discussion and Analysis and Report of the Board" in this report.

### *(XIV) Business review*

For analysis of business using key financial performance indicators, please refer to "Company Profile and Key Financial Indicators" of this report.

### *(XV) Corporate governance*

For the corporate governance condition of the Company, please refer to "Corporate Governance" of this report.

## *(XVI)* ***Tax relief***

### *1. Shareholders of A Shares*

According to the provisions in the Notice on Issues Regarding Differentiated Individual Income Tax Policy for Dividends and Bonuses of Listed Company (Cai Shui [2015] No. 101) (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)) and the Notice on Issues Regarding the Implementation of Differentiated Individual Income Tax Policy for Dividends and Bonuses of Listed Company (Cai Shui [2012] No. 85) (《關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2012]85號)) jointly issued by the Ministry of Finance, State Administration of Taxation and the CSRC, for individual shareholders of the Company, if the term of shareholding (a period from the date when the individual acquires the listed shares on public offering and transferring markets to the date one day before the shares are transferred and settled) is within one month (inclusive), all the dividend and bonus incomes thereof are counted as taxable income at the effective tax rate of 20%; if the term of shareholding is between one month and one year (inclusive), temporarily, 50% of the dividend and bonus incomes are counted as taxable income at the effective tax rate of 10%; if the term of shareholding exceeds one year, temporarily, the dividend and bonus incomes are exempted from individual income taxes. When dividends and bonus incomes are distributed by a listed company, such company, temporarily, shall not withhold or pay any individual income taxes on behalf of the individuals whose term of shareholding is within one year (inclusive); instead, the taxable incomes shall be calculated by a securities registration and settlement company based on the term of shareholding when the individual transfers those shares and the Company shall withhold and pay the taxes through the securities registration and settlement company. For dividend and bonus incomes obtained by securities investment funds from listed companies, the individual income taxes thereof are calculated and levied pursuant to the provisions in the document of Cai Shui [2012] No. 85.

For QFII, according to the provisions in the Notice on Issues Regarding Withholding and Payment of Corporate Income Taxes when PRC Resident Enterprises Distribute Dividends, Bonuses and Interests to the QFII (Guo Shui Han [2009] No. 47) (《關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》(國稅函[2009]47號)) issued by State Administration of Taxation, the listed company withholds and pays corporate income taxes at a uniform tax rate of 10%. If the dividend and bonus incomes obtained by QFII shareholders are entitled to the treatment as stipulated in tax treaties (arrangements), application for tax refund can be submitted to the governing tax authority after the acquisition of such dividends and bonuses according to regulations.

According to the provisions in the Notice on Tax Policy Regarding Shanghai-Hong Kong Stock Connect Pilot Programs (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關税收政策的通知》(財税[2014]81號)) issued by the Ministry of Finance, State Administration of Taxation and the CSRC, for the dividend and bonus incomes obtained by investors (including enterprises and individuals) on Hong Kong market from investing in A Shares listed on Shanghai Stock Exchange, the implementation of differentiated taxation is suspended before Hong Kong Securities Clearing Company Limited meets the conditions to provide CSDC with the investors' identifications, terms of shareholding and other specific data. The listed company withholds and pays the income taxes at the tax rate of 10%, which should be duly declared to the governing taxation authority. For Hong Kong investors who are tax residents of foreign countries that have entered a tax treaty with the PRC specifying an income tax rate for dividend and bonus incomes below 10%, the enterprises or individuals can, by themselves or entrust a withholding agent to apply to the governing tax authorities of the listed company for the treatment as stipulated in such tax treaties. The governing tax authorities shall refund the taxes according to the discrepancy between the levied taxes and taxes payable based on the rate specified in the tax treaty after verifying and approving the application.

For the qualified investors who invest in the GDR issued by the Company on London Stock Exchange and comply with the relevant domestic and foreign regulatory rules (GDR Investors), according to the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得税法》) and other relevant tax regulations, the Company shall withhold and pay income taxes at a tax rate of 10%. Citibank and National Association, as the nominal holders of domestic basic A Shares corresponding to GDR, receive the cash dividends distributed by the Company. If the dividend and bonus incomes obtained by GDR Investors are entitled to the treatment as stipulated in relevant tax treaties (arrangements), applications can be submitted to the governing tax authority according to regulations.

For other institutional investors, the taxes on their dividends and bonus incomes shall be paid on their own.

*2. Shareholders of H Shares*

According to the provisions in the Notice by the State Administration of Taxation on Issues Regarding the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家税務總局關於國税發[1993] 045號文件廢止後有關個人所得税徵管問題的通知》(國税函[2011]348號)), for the dividend and bonus incomes acquired by individual shareholders as overseas residents from the issuance of shares in Hong Kong by domestic non-foreign investment enterprises, the withholding agent shall legally withhold and pay the individual income taxes according to item "interest, dividend and bonus income". For the issuance of shares in Hong Kong by domestic non-foreign investment enterprises, the individual shareholders as overseas residents can enjoy relevant tax preferences according to the provisions in the tax treaty signed by the country to which the resident identity belongs and the PRC and in the tax arrangements between Mainland China and Hong Kong (Macao). According to relevant tax treaties

and tax arrangements, the tax rates for dividends are normally 10%. To simplify administration of tax collection, when the domestic non-foreign investment enterprises issuing shares in Hong Kong distribute dividends and bonuses, the individual income taxes are generally withheld at the tax rate of 10% without application. If the dividend tax rate is not 10%, individual income taxes shall be withheld as per the following provisions: (1) for residents subject to tax rate below 10% pursuant to relevant treaties, the withholding agent can apply related treatment under such treaties on behalf of the residents and the governing tax authority will refund the additional tax payments after approving the application; (2) for residents subject to tax rate over 10% but lower than 20% pursuant to relevant treaties, when the withholding agent distributes dividend and bonus, the individual income tax shall be withheld and paid at the actual tax rate specified in the treaties and application for approval is not necessary; (3) for residents from the country which did not enter into any tax treaty with the PRC and other situations, when the withholding agent distributes dividend and bonus, the individual income tax shall be withheld and paid at the tax rate of 20%.

According to the provisions in the Notice on Issues regarding Withholding of Enterprise Income Taxes when PRC Resident Enterprises Distribute Dividends to Overseas Non-resident Enterprise shareholders of H Shares (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》(國税函[2008]897號)) issued by the State Administration of Taxation, when Chinese resident enterprises distribute annual dividends to overseas non-resident enterprise shareholders of H Shares for 2008 and subsequent years, the corporate income tax shall be withheld and paid at the uniform tax rate of 10%.

According to the provisions in the Notice on Tax Policy Regarding Shanghai-Hong Kong Stock Connect Pilot Programs (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關税收政策的通知》(財税[2014]81號)) issued by the Ministry of Finance, State Administration of Taxation and the CSRC, for dividends and bonuses acquired by Mainland individual investors by investing in listed H Shares on the Hong Kong Stock Exchange via Shanghai-Hong Kong Stock Connect, such H Share companies shall withhold the individual income tax at a tax rate of 20%. For dividends and bonuses acquired from Mainland securities investment funds by investing in listed shares on the Hong Kong Stock Exchange via Shanghai-Hong Kong Stock Connect, the individual income tax shall be levied as per above regulations. For dividends and bonuses acquired by Mainland enterprise investors by investing in listed shares on the Hong Kong Stock Exchange via Shanghai-Hong Kong Stock Connect, such H Share companies shall not withhold any income taxes on the dividends and bonuses, and such income tax shall be declared and paid by the enterprises on their own. Meanwhile, for the dividends and bonuses acquired by Mainland resident enterprises for continuous holding of H Shares for 12 months, the corporate income tax shall be exempted according to laws.

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

The shareholders of the Company shall pay relevant taxes and/or be entitled to tax reliefs according to the above provisions.

### *(XVII) Environmental policies and performance of the Company*

For the environmental policies and performance of the Company, please refer to "Environment and Social Responsibility" in this report.

### *(XVIII) Compliance with relevant laws and regulations*

As a public company listed at home and abroad, the Company abides, in a strict manner, by the requirements of the laws, regulations and normative documents of domestic and foreign places where the Company is listed including the Company Law, Securities Law, Regulation on the Supervision and Administration of Securities Companies, Rules for Governance of Securities Companies, Code of Corporate Governance for Listed Companies in China, Corporate Governance Code in Appendix 14 of Hong Kong Listing Rules and the Articles of Association. The Company established and perfected its rules and regulations to standardize the operation of the Company, and devoted itself to maintaining and improving its sound market image. Please refer to "Suspected Violations of Laws and Regulations by, Punishment on and Rectification of the Company and its Directors, Supervisors, Senior Management, Controlling Shareholders and de facto Controllers" in the section headed "Major Events" in this report for the punishment and public denouncement received by the Company during the Reporting Period.

### *(XIX) Reserves and distributable reserves*

Please refer to the consolidated statements of changes in equity and Note 55 to the financial statements of this report for changes in reserves and distributable reserves.

### *(XX) Property and equipment and investment properties*

Changes in properties and equipment and investment properties of the Group during the year are set out separately in Notes 20 and 21 to the consolidated financial statements. As at December 31, 2022, the Group did not own any investment properties or properties for development and/or for sale with one or more ratio (as defined in the Rule 14.04(9) of the Hong Kong Listing Rules) over 5%.

### *(XXI) Management contracts*

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2022.

### *(XXII) Donations*

The Company actively performed its social responsibilities in 2022 by investing RMB42,828,900 (2021: RMB46,001,600) in public activities including public service advertising and charitable contribution.

### *(XXIII)* ***Five-year financial highlight***

For the highlight of operating results, assets and liabilities of the Group in the past five financial years, please refer to "Key Accounting Data and Financial Indicators for the Past Five Years" under "Key Accounting Data and Financial Indicators" in the section headed "Company Profile and Key Financial Indicators" in this report. This summary does not constitute a part of the audited consolidated financial statements.

### *(XXIV)* ***Auditors***

1. Upon approval by the Company's 2019 Annual General Meeting held on June 18, 2020, the Company employed KPMG Huazhen LLP as the audit service institute of the Company and its holding subsidiaries for the 2020 annual financial statements and internal control to issue A Share audit report and internal control audit report and GDR audit report; and employed KPMG as the audit service institute of the Company's H Share to issue H Share audit report. The audit service fee was capped at RMB6.00 million. In 2020, KPMG Huazhen LLP issued a standard unqualified opinion audit report on the annual financial report prepared by the Company in accordance with the China Accounting Standards for Business Enterprises. Certified public accountants Cheng Hailiang and Qian Ruwen signed the report; KPMG issued a standard unqualified opinion audit report on the annual financial report prepared by the Company in accordance with the International Financial Reporting Standards. Certified public accountant Lee Lok Man signed the report.

2. Upon approval by the Company's 2020 Annual General Meeting held on June 22, 2021, the Company employed KPMG Huazhen LLP as the audit service institute of the Company and its holding subsidiaries for the 2021 annual financial statements and internal control to issue A Share audit report, internal control audit report and GDR audit report; and employed KPMG as the audit service institute for the Company's H Shares to issue H Share audit report. The audit service fee was capped at RMB6.00 million (of which the internal control audit fee was capped at RMB0.50 million). In 2021, KPMG Huazhen LLP issued a standard unqualified opinion audit report on the annual financial report prepared by the Company in accordance with the China Accounting Standards for Business Enterprises. Certified public accountants Cheng Hailiang and Qian Ruwen signed the report; KPMG issued a standard unqualified opinion audit report on the annual financial report prepared by the Company in accordance with the International Financial Reporting Standards. Certified public accountant Lee Lok Man signed the report.

3. Upon approval by the Company's 2021 Annual General Meeting held on June 22, 2022, the Company employed Deloitte Touche Tohmatsu Certified Public Accountants LLP as the audit service institute of the Company and its holding subsidiaries for the 2022 annual financial statements and internal control to issue A Share audit report, internal control audit report and GDR audit report; and employed Deloitte Touche Tohmatsu as the audit service institute for the Company's H Shares to issue H Share audit report. The audit fee amounted to RMB4.20 million (of which the internal control audit fee was RMB0.35 million). In 2022, Deloitte Touche Tohmatsu Certified Public Accountants LLP issued a standard unqualified opinion audit report on the annual financial report prepared

by the Company in accordance with the China Accounting Standards for Business Enterprises. Certified public accountants Hu Xiaojun and Han Jian signed the report; Deloitte Touche Tohmatsu issued a standard unqualified opinion audit report on the annual financial report prepared by the Company in accordance with the International Financial Reporting Standards. Certified public accountant Eric Tong signed the report.

4. Upon approval by the Company's second meeting of the sixth session of the Board of Directors held on March 30, 2023, the Company proposed to employ Deloitte Touche Tohmatsu Certified Public Accountants LLP as the audit service institute of the Company and its holding subsidiaries for the 2023 annual financial statements and internal control to issue A Share audit report, internal control audit report and GDR audit report; and employ Deloitte Touche Tohmatsu as the audit service institute for the Company's H Shares to issue H Share audit report. The audit service fee was capped at RMB4.60 million (of which the internal control audit fee was RMB0.40 million). This issue is yet to be approved at the 2022 Annual General Meeting of the Company.

   There have been changes in auditor of the Company in the past three years. According to the Administrative Measures for Selection and Appointment of Accounting Firms by State-owned Financial Enterprises (Cai Jin [2020] No. 6) (《國有金融企業選聘會計師事務所管理辦法》(財金[2020]6號)) issued by the Ministry of Finance, the service term of the accounting firm previously appointed by the Company expired after the completion of the audit on the 2021 Annual Report. On June 22, 2022, the Resolution on the Change of the Accounting Firm of the Company for 2022 was considered and approved at the 2021 Annual General Meeting, which approved the Company to engage Deloitte Touche Tohmatsu Certified Public Accountants LLP as the audit service institute for the 2022 annual accounting statements and internal control audit services of the Company and its controlled subsidiaries, and issued the A Share Audit Report, the Internal Control Audit Report and the GDR Audit Report, and appoint Deloitte Touche Tohmatsu as the H Share audit service institute of the Company and issue the H Share Audit Report.

### *(XXV) Auditor's remuneration*

For auditor's audit service fee during the Reporting Period, please refer to "Auditors" under "Other Disclosures" in the section headed "Management Discussion and Analysis and Report of the Board" in this report.

During the Reporting Period, the Company employed Deloitte to provide non-auditing services, such as agreed procedures and advisory service, and the fees for such non-auditing services were RMB1.0692 million.

### *(XXVI)* ***Review of Annual Results***

This annual financial report has been audited. The Audit Committee under the Board of Directors has reviewed the Company's audited annual financial statement and annual report as of December 31, 2022, and did not raise any objections to the accounting policy and convention adopted by the Company.

### *(XXVII)* ***Publication of the Annual Report***

This annual report will be released on the Company's website (www.htsc.com.cn) and the HKEXnews website (www.hkexnews.hk).

The 2022 annual report of the Company which contains all the information required by the Hong Kong Listing Rules will be sent to shareholders and published on the Company's website (www.htsc.com.cn) and the HKEXnews website (www.hkexnews.hk).

By order of the Board
**Zhang Wei**
*Chairman*

March 30, 2023

## CORPORATE GOVERNANCE

## I. DESCRIPTION OF CORPORATE GOVERNANCE

As a public company listed in both domestic and overseas, the Company has been operating business in a standard manner and in strict compliance with the requirements set forth in the laws, regulations and regulatory documents of the PRC and the overseas jurisdiction where the shares of the Company are listed, and has made continuous efforts to maintain and enhance the good image of the Company in the market. The Company keeps improving its corporate governance structure, compliance risk control and internal control system according to the requirements under the Company Law, the Securities Law, the Regulations on Supervision and Management of Securities Companies, the Rules for Governance of Securities Companies, the Rules for Corporate Governance of Listed Companies, the Corporate Governance Code (the relevant code is set out on https://en-rules.hkex.com.hk/sites/default/files/net_file_store/new_rulebooks/h/k/HKEX4476_3828_VER10.pdf) as set out in Appendix 14 to the Hong Kong Listing Rules and other relevant laws and regulations as well as the Articles of Association, in order to establish a modern corporate system, and shape a corporate governance structure where checks and balances among the general meeting, the Board, the Supervisory Committee and the operation management are maintained, with each of them being separated from the other and performing its own functions and responsibilities corresponding to its position within the specified terms of reference, thereby ensuring all the operational activities of the Company are carried out smoothly and in accordance with relevant laws and regulations.

### *(I) Corporate governance*

During the Reporting Period, the Company conducted its operations and management in a standard and orderly manner. Various rules and regulations have been formulated and continuously refined in strict compliance with the requirements of laws, regulations and regulatory documents to regulate the Company's operations. During the Reporting Period, in order to further improve corporate governance, the Company amended and improved the Articles of Association in accordance with the relevant requirements of the Constitution of the Communist Party of China (《中國共產黨章程》), the Regulations on the Work of the Communist Party of China for its Grassroots Organizations at State-owned Enterprises (Trial) (《中國共產黨國有企業基層組織工作條例(試行)》), the Securities Law, the Company Law, the Regulation on the Supervision and Administration of Securities Companies (《證券公司監督管理條例》), the Provisions on the Administration of Equity of Securities Companies (《證券公司股權管理規定》), the Provisions on Issues Concerning the Implementation of the Provisions on the Administration of Equity of Securities Companies (《關於實施<證券公司股權管理規定>有關問題的規定》), Code of Corporate Governance for Securities Companies (《證券公司治理準則》), the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》), the Provisions on Strengthening the Supervision of Listed Securities Companies (《關於加強上市證券公司監管的規定》), and the Ten Elements of Cultural Construction of the Securities Industry (《證券行業文化建設十要素》) issued by the Securities Association of China and other relevant laws, regulations and normative documents as well as the Approval for the Qualification for Market Making and Trading Business of Listed Securities by Huatai Securities Co., Ltd. (《關於核准华泰证券股份有限公司上市證券做市交易業務資格的批覆》) issued by the CSRC and the

relevant requirements of market regulation administration authorities on standardized description of business scope and in light of repurchase and cancellation of part of the restricted A Shares under the equity incentive scheme of the Company; in order to safeguard the legitimate rights and interests of all shareholders of the Company, ensure the standardized and efficient operation of the general meetings of the Company and ensure that shareholders can exercise their powers and functions equally and effectively, the Company amended and improved the Rules of Procedures for General Meetings in accordance with the Rules for the General Meetings of Shareholders of Listed Companies (《上市公司股東大會規則》) and other relevant requirements; in order to further perfect the corporate governance structure of the Company and protect the rights and interests of minority shareholders and stakeholders, the Company amended and improved the Working System for Independent Directors in accordance with the Rules for the Independent Directors of Listed Companies (《上市公司獨立董事規則》), the Measures for the Supervision and Administration of Directors, Supervisors, Senior Management Officers and Practitioners of Securities Fund Operating Institutions (《證券基金經營機構董事、監事、高級管理人員及從業人員監督管理辦法》) and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》) and other relevant requirements; and in order to continue to standardize the decision making on related-party transactions of the Company and improve its standardized operation, the Company amended and improved the Management System for Related-party Transactions in accordance with the Provisions on the Administration of Equity of Securities Companies and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other relevant requirements. All amendments to such systems were considered and approved at the general meetings of the Company. Meanwhile, in order to improve the corporate governance structure and strengthen the decision-making functions of the Board, the Company amended and improved the Terms of Reference of Special Committees under the Board in accordance with the Articles of Association and other relevant requirements; in order to safeguard the legitimate rights and interests of the Company and investors, and regulate the information disclosure behaviour of the Company and relevant information disclosure obligators, the Company amended and improved the Management Measures for Information Disclosure in accordance with the Administrative Measures for the Disclosure of Information of Listed Companies (《上市公司信息披露管理辦法》) and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other relevant requirements; in order to further enhance the communications between the Company and investors and potential investors, and promote investors' understandings of the Company, the Company amended and improved the Administrative System Regarding Investor Relationship in accordance with the Work Guidelines for the Investor Relations Management of Listed Companies (《上市公司投資者關係管理工作指引》) and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other relevant requirements; and in order to strengthen the management of the Shares of the Company held by Directors, Supervisors and senior management of the Company and the changes therein, the Company amended and improved the Administrative System regarding the Shares of the Company Held by Directors, Supervisors and Senior Management in accordance with the Management Rules for Company's Shares Held by Directors, Supervisors and Senior Management of Listed Companies and Movements of Their Shares (《上市公司董事、監事和高級管理人員所持本公司股份及其變動管理規則》) and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other relevant requirements. All amendments to such systems were considered and approved by the Board of the

Company. In addition, during the Reporting Period, as considered and approved by the Board and the Supervisory Committee of the Company, and at the general meeting of the Company and according to the election by the congress of workers and staff of the Company, the Company formed the sixth session of the Board and the sixth session of the Supervisory Committee. Through the establishment and improvement as well as the full implementation of the above systems, the Company's governance structure and level have been continuously standardized and improved.

The convening, holding and voting procedures of the general meeting, the Board and the Supervisory Committee of the Company were standard, legal and valid, and the Company disclosed truthful and accurate information in a complete, timely and fair manner. The Company carried out investor relationship management in a standard and professional manner, and carried out inside information management and registration of insiders in strict compliance with the requirements of the System regarding Insider Registration and Management and Confidentiality of the Company and other relevant rules. The Company adhered to the principle of scientificity, standardization and transparency when practicing corporate governance. During the Reporting Period, the Company was rated as the highest level A in the 2021-2022 information disclosure evaluation of listed companies organized by the Shanghai Stock Exchange, and won the Best Practice Award in the 2022 Best Practice for Board Office of Public Companies organized by China Association for Public Companies. At the same time, the secretary of the Board of the Company was rated as 5A in the 2022 Performance Evaluation of the Secretary of the Board of Directors of Listed Companies organized by China Association for Public Companies. In addition, in 2022, the Company maintained its annual MSCI ESG rating of A for two consecutive years, currently the highest rating for a domestic securities company.

*1. Shareholders and the General Meeting*

The shareholders' general meeting is the organ of the highest authority of the Company, and the shareholders exercise their rights through the shareholders' general meeting. The Company convenes and holds shareholders' general meetings in strict accordance with the relevant provisions of the Articles of Association and the Rules of Procedures for General Meetings to ensure the equal status of all shareholders, in particular the minority shareholders, and enable them to exercise their rights completely. The largest shareholder and the de facto controller of the Company exercised their rights in accordance with the laws, regulations and the Articles of Association, and neither directly or indirectly intervened in the decisions and operations of the Company beyond the general meeting nor appropriated any fund of the Company or requested the Company to provide any external guarantee. The Company was completely independent from its largest shareholder and de facto controller in terms of staff, assets, finance, organization and business.

*2. Directors and the Board*

The election and change of Directors were in strict compliance with the Articles of Association. The number and composition of the Board conformed to the requirements of the relevant laws and regulations. The Board has continuously improved its rules of procedures. All the Board meetings were duly convened and held, and all voting procedures at the meetings were legal and valid. The Company has established the Working System for Independent Directors, and all the independent Directors have independently and objectively worked to protect the legitimate rights and interests of the Company and its shareholders, and played a role of check and balance in the decision-making process of the Board. The Board has the following mechanism in place to ensure independent views and input from Directors are conveyed to the Board. Meanwhile, the Board reviews the implementation and effectiveness of this mechanism every year: The Board of the Company comprises 13 Directors, of whom 5 are independent non-executive Directors, representing more than 1/3 of the Board. The independent Directors of the Company are required to issue independent opinions on significant matters of the Company and report to the Board for disclosure concurrently with relevant announcements of the Company. Each year, all independent Directors of the Company submit an annual performance report to the Board and the shareholders' general meeting for consideration, and disclose relevant information on their positions in other listed companies or organizations in the annual report. The Company has established Special Committees under the Board that are responsible to the Board and submit the voting results of the meetings to the Board, among which the majority members of the Audit Committee and the Nomination Committee are independent Directors who host the posts of chairman. All members of the Remuneration and Appraisal Committee are independent Directors. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board each year, reviewing and making recommendations on the qualifications of Directors and senior management and reviewing the independence of independent non-executive Directors and other matters.

The Company ensures that independent Directors have the right to information equivalent to that of other Directors and are provided with the necessary working conditions to perform their duties, and for matters that need to be decided by the Board, the Company shall notify independent Directors in advance pursuant to statutory limit of time and provide true, accurate and sufficient information at the same time. If independent Directors consider that the information is insufficient, they may request the Company to supplement.

All Directors of the Company are able to perform their duties with due diligence in accordance with the relevant regulations to safeguard the interests of the Company and all shareholders.

There is no financial, business, family or other significant/related relationship between the Directors, Supervisors and senior management of the Company.

The Company believes that the increasing diversity of the Board is one of the key factors that help support its strategic objectives and maintain sustainable development. Therefore, the Company has, when determining the composition of the Board, adopted the following measures to maintain or enhance its balance and diversity:

(1) consider the diversity of Board members in several aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and popularity in service. The determination of the members should be based on the value of the candidates and the contribution that they could make to the Board. All nominations of the Board should be in the principle of "merit-based". When the candidates are selected, the benefits from the diversity of Board members should be taken into full consideration according to their objective conditions.

(2) The Nomination Committee will report annually on the diversified composition of the Board in the annual report, inspect the implementation of the abovementioned policy on diversification of Board members and review such policy every year so as to ensure its effectiveness.

In 2022, the Company set up the sixth session of the Board of Directors, with members including strategic Shareholder representatives introduced through the non-public issuance of A Shares, forming a Board with diversified composition and complementary advantages.

As of the end of the Reporting Period, the composition of the Board of the Company is as follows:

By age group

Aged 50 and below: 5 persons; aged 51-55: 6 persons; aged 56-60: 1 person; aged over 60: 1 person

By category of Directors

Executive Directors: 3 persons; non-executive Directors: 5 persons; independent non-executive Directors: 5 persons

By gender

Female Directors: 2 persons; male Directors: 11 persons

Professional background

Finance, economics, accounting, laws, business administration, economic management, enterprise management, industrial economics, electronic communication, English, etc.

The Board considers that the current composition of the Board is diversified regarding skills, gender, experience and knowledge and that the nomination policy of the Company ensures that the Board will have potential alternate candidates to continue the established diversity of the Board.

*3. Supervisors and the Supervisory Committee*

The election and change of the Supervisors were in strict compliance with the Articles of Association. The number and composition of the Supervisory Committee conformed to the requirements of the relevant laws and regulations. The Supervisory Committee has continuously improved its rules of procedure. All the meetings of the Supervisory Committee were duly convened and held, and all voting procedures at the meetings were legal and valid. The Supervisory Committee is responsible to the general meeting. Based on the principle of being responsible to all shareholders, the Supervisory Committee effectively supervised the legality and compliance of the Company's finance and the performance of duties by the Board and the management of the Company. All Supervisors diligently performed their duties, attended all meetings of the Supervisory Committee and sat in the meetings of the Board as non-voting delegates, made reports to the general meeting and submitted its work report.

*4. Senior Management of the Company*

The election and change of the senior management were in strict compliance with the Articles of Association. The procedures for appointment of senior management complied with the Company Law and the Articles of Association. The Company has formulated the Terms of Reference of the CEO and the Executive Committee and the Terms of Reference of the Secretary to the Board and other rules and regulations. The senior management of the Company conducted operations and performed their duties legally and diligently in accordance with the laws, regulations and authorizations of the Board, in order to maximize shareholders' benefits and social benefits.

*5. Information Disclosure and Transparency of the Company*

The Company disclosed information in a truthful, accurate, complete and timely manner in strict compliance with the requirements of laws, rules and relevant regulations, and ensured that all shareholders had an equal access to the relevant information of the Company, thereby ensuring the transparency of the Company. The Company strengthened the management of inside information, worked to ensure the confidentiality of inside information, and safeguarded the principle of fairness in information disclosure in strict compliance with the System regarding Insider Registration and Management and Confidentiality of the Company. The Board designated the secretary to the Board to be responsible for the Company's information disclosure, and the Office of the Board also assisted the secretary in information disclosure. Meanwhile, the Company also arranged dedicated personnel to answer telephone enquiries of investors and questions from investors via e-mails and the SSE interactive E-platform, actively interacted with institutional investors during their on-site surveys, and set up an investor relations section on the Company's website.

*6. Stakeholders*

The Company gave full respects to the shareholders, customers, staff and other stakeholders and protected their legitimate rights and interests from the perspective of system building and in each link of business operation, ensured the development of the Company in a sustainable, harmonious, healthy and standard way, in order to achieve all-win results for the Company and all stakeholders, thus maximizing the Company's profits and social benefits.

During the Reporting Period, according to the requirements of the regulatory departments, the Company further improved its organizational structure, institutional building and strengthened management of inside information, and ensured that the actual status of the corporate governance of the Company complied with the requirements of the regulatory documents published by the CSRC regarding the corporate governance of listed companies. Meanwhile, the Company strictly complied with all the code provisions as set out in the Corporate Governance Code, and met most of the recommended best practices in the Corporate Governance Code.

## *(II) Formulation and Implementation of Insider Registration and Management System*

The Company formulated the System regarding Insider Registration and Management and Confidentiality in April 2010 in accordance with the requirements of relevant laws and regulations, regulatory documents and the Articles of Association and in light of the actual situation of the Company, which was considered and approved at the seventeenth meeting of the first session of the Board, in order to strengthen the management of inside information, maintain the confidentiality of inside information, ensure fair information disclosure and protect the legitimate rights and interests of investors.

In December 2011, according to the Provisions on the Establishment of an Insider Registration and Management System by Listed Companies (CSRC Announcement [2011] No. 30) (《關於上市公司建立內幕信息知情人登記管理制度的規定》(證監會公告[2011]30號)) by the CSRC, the Circular on Filing Records of Insiders by Listed Companies (Shang Zheng Gong Han [2011] No. 1501) (《關於做好上市公司內幕信息知情人檔案報送工作的通知》(上證公函[2011]1501號)) by the Shanghai Stock Exchange and other relevant requirements issued by regulators, the Company made amendments to the System Regarding Insider Registration and Management and Confidentiality, which were considered and approved at the seventh meeting of the second session of the Board.

In March 2015, in order to meet the relevant regulatory requirements regarding the listing of the H Shares of the Company, the Company made amendments to the System Regarding Insider Registration and Management and Confidentiality, which were considered and approved at the sixteenth meeting of the third session of the Board.

In March 2019, for consistency with the Articles of Association, the Company made amendments to the System regarding Insider Registration and Management and Confidentiality, which was considered and approved at the twentieth meeting of the fourth session of the Board.

In August 2020, according to relevant requirements of the revised Securities Law, the Guidelines on Insiders Reporting by Listed Companies of the SSE as well as relevant laws, regulations and regulatory documents, the Company made amendments to the System regarding Insider Registration and Management and Confidentiality, which was considered and approved at the seventh meeting of the fifth session of the Board.

During the Reporting Period, the Company made more efforts to maintain the confidentiality of inside information, performed its obligation of insider registration, management and confidentiality diligently, kept records of the names of insiders who had accessed to the inside information at the stage of negotiation, planning, demonstration and consultation and contracting as well as in the processes of reporting, delivery, preparation, auditing, resolution and disclosing before its final disclosure in strict compliance with the requirements of System regarding Insider Registration and Management and Confidentiality, and kept records of information relating to insiders and memos of progress of major events, in order to effectively prevent insider dealing and properly carry out information disclosure.

During the Reporting Period, the Company organized internal investigation into the dealing of shares and derivatives of the Company by insiders, and found that none of the holders of inside information had made use of inside information in share transactions before any significant-price-sensitive-nature information disclosure that may affect the share price of the Company, and the Company has not received any punishment or administrative measure imposed by regulatory departments due to the implementation of the Insider Registration and Management System or the possible involvement in insider dealing.

### *(III) Corporate Governance Policies and the Board's Responsibilities for Corporate Governance*

The Company has been in strict compliance with the Hong Kong Listing Rules, and followed all the principles in the Corporate Governance Code to be its own corporate governance policies. In respect of the corporate governance function, the terms of reference of the Board shall at least include:

(1) to formulate and review the corporate governance policies and practices of the Company;

(2) to review and monitor the training and continuous professional development of the Directors and the senior management;

(3) to review and monitor the Company's policies and practices on compliance with laws and regulatory requirements;

(4) to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to monitor employees and Directors;

(5) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

### *(IV) Securities Transactions by Directors, Supervisors and Employees*

During the Reporting Period, the Company adopted the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules as the code of conduct for securities transactions of the Company by all Directors and Supervisors. According to the domestic regulatory requirements, the Company convened the thirteenth meeting of the third session of the Board on November 25, 2014 to consider and approve the Administrative System regarding the Shares of the Company Held by Directors, Supervisors and Senior Management (the "Administrative System") in order to regulate the holding and dealing in the shares of the Company by Directors, Supervisors and senior management. On March 6, 2015, the Company made amendments to the Administrative System in order to meet the relevant regulatory requirements regarding the listing of H Shares of the Company, which were considered and approved at the sixteenth meeting of the third session of the Board. On October 28, 2022, the Company made amendments to the Administrative System in order to strengthen the management of the Shares of the Company held by Directors, Supervisors and senior management of the Company and the changes therein, which were considered and approved at the twenty-seventh meeting of the fifth session of the Board of the Company. The compulsory provisions contained in the Administrative System are stricter than those under the Model Code. Having made all enquiries with Directors, Supervisors and senior management, the Company confirmed that all Directors, Supervisors and senior management had strictly complied with the relevant requirements under the Administrative System and Model Code during the Reporting Period. The Board of the Company will, from time to time, carry out inspection on corporate governance and operation of the Company, in order to ensure the relevant provisions under the Hong Kong Listing Rules are well observed and to protect the interests of the shareholders. Please refer to "Changes in shareholding structure and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period" under "Directors, Supervisors and Senior Management" under "Corporate Governance" in this report for details of the shareholding of the Directors, Supervisors and senior management of the Company.

## II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY IN TERMS OF ASSETS, PERSONNEL, FINANCE, ORGANIZATION AND BUSINESS, AND THE SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLANS THAT INFLUENCE THE INDEPENDENCE OF THE COMPANY

The shareholding structure of the Company is relatively decentralized without controlling shareholders. The de facto controller of the Company is Jiangsu SASAC. Since its inception, the Company has been operating in strict compliance with relevant laws and regulations including the Company Law and the Securities Law as well as the requirements of the Articles of Association. The Company is completely separated from its shareholders in respect of business, staff, assets, organization and finance, owns a complete business system and is capable of operating independently in the market.

### *1. Information about the independence of business*

In accordance with the requirements of the Company Law and the Articles of Association, the Company conducts business on its own pursuant to the law within the operating scope approved by the CSRC, and has obtained various business materials required for securities business operation with an independent and complete business system and the ability of self-operation. Its business operation is not controlled or affected by its shareholders or related parties. The Company can compete in the market independently. Shareholders and related parties of the Company did not breach the Company's working procedures or intervene in the Company's internal management or the making of its operational decisions.

### *2. Information about the independence of the staff*

The Company set up a dedicated human resources department, and established independent and complete systems for labor employment, personnel management, salary management and social security. The Directors, Supervisors, and senior management of the Company were selected and employed in compliance with relevant requirements of the Company Law, the Securities Law, the Measures for the Supervision and Administration of Directors, Supervisors, Senior Management Officers and Practitioners of Securities Fund Operating Institutions and the Articles of Association. The current Directors, Supervisors and senior management of the Company meet the corresponding qualifications. The senior management of the Company held no positions in its largest shareholder and de facto controller and other enterprises under its control. The Company adopts an appointment system for the senior management, a labor contract system for all staff, and enters into Labor Contract with all the staff in accordance with the law. The Company owns independent rights for labor employment and its staff are independent from the shareholders and enterprises under their control without any interference from the shareholders.

### *3. Information about the integrity of the assets*

The Company owns main business qualifications, land, real estate, vehicles and other operating equipment required for business operation. The above assets are subject to no mortgage, pledge or other guarantees, and the Company is the legal owner of these assets. The assets of the Company are independent from its largest shareholder and other shareholders. As of the end of the Reporting Period, the Company provided no guarantees for the debts of any of its shareholders and their subsidiaries by using its assets or reputation as the collateral. The Company had full control and use right over its assets, and there had been no circumstance under which the interests of the Company were damaged due to the largest shareholder's occupation of any of its assets and funds.

### *4. Information about organizational independence*

In strict compliance with the requirements of the Company Law and the Articles of Association, the Company has set up a sound corporate governance structure, under which the general meeting, the Board of Directors, the Supervisory Committee, the senior management and relevant operating management departments have been formed. The general meeting, the Board of Directors, the Supervisory Committee and the senior management are in good operation and exercise their respective functions and powers pursuant to the law. The Company owns an independent and complete system for securities business operation and management, and conducts business on its own. The organizations are set up and run in compliance with the relevant requirements of the CSRC. The existing offices and premises of the Company are totally separate from its shareholders without the circumstances of sharing organizations with them or their direct intervention in the Company's business activities.

### *5. Information about financial independence*

As required by the Accounting Standards for Business Enterprises and the Financial Systems of Securities Firms, the Company has established an independent financial accounting and management system, set up an independent accounting department, and employed independent financial accountants. The chief financial officer and financial personnel of the Company held no positions in its shareholders. The Company has opened an independent bank account, applied for an independent tax registration and paid taxes in accordance with laws and regulations. The Company shared no accounts and taxes with its shareholders and related parties.

As of the end of the Reporting Period, the Company provided no guarantees for its shareholders and other related parties. During the Reporting Period, the Company experienced no peer competition and related-party transactions resulted from shareholding reform, features of the industry and national policies or mergers and acquisitions.

*CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLERS AND OTHER UNITS UNDER THEIR CONTROL ENGAGED IN SAME OR SIMILAR BUSINESSES AS THE COMPANY AND IMPACTS OF HORIZONTAL COMPETITIONS OR SIGNIFICANT CHANGES IN HORIZONTAL COMPETITIONS ON THE COMPANY, SOLUTIONS ADOPTED, SOLVING PROGRESS AND SUBSEQUENT SOLUTIONS*

In July 2010 and with the approval of the People's Government of Jiangsu Province, Jiangsu SASAC decided to transfer the state-owned equities in Jiangsu Sainty International Group Limited to Guoxin Group, the largest shareholder of the Company. Guoxin Group directly and indirectly held 78.5% equities of Jintai Futures Co., Ltd., and became the controlling shareholder of Jintai Futures Co., Ltd. Jintai Futures Co., Ltd. is principally engaged in commodities futures brokerage, financial futures brokerage, futures investment consultancy and asset management, which has horizontal competition with Huatai Futures, a subsidiary by the Company.

To avoid the abovementioned horizontal competition, on June 10, 2014, the Company organized the convening of the sixth meeting of the third session of the Board and the fourth meeting of the third session of the Supervisory Committee, which considered and approved the Resolution on Avoiding Horizontal Competition in Futures Businesses Between Jiangsu Guoxin and Huatai Securities and submitted to the 2014 second extraordinary general meeting convened on June 26, 2014 for consideration and approval. Meanwhile, the independent Directors of the Company expressed independent opinions on the resolution. They believed that such horizontal competition has no significant effect on the operation and development of Huatai Securities and the interests of minority shareholders and the resolution is in line with relevant regulations of the CSRC and beneficial to the legitimate interests of investors, small and medium investors in particular, and meets the requirements of Huatai Securities on maximizing shareholders' interests.

On June 27, 2014, Guoxin Group re-signed the Letter of Undertaking on Waiving Horizontal Competition and Conflict of Interests based on relevant regulations and the requirements of the resolutions at the 2014 second extraordinary general meeting of the Company. For the details of the announcement on the change of such undertaking, please refer to the announcement (Lin No. 2014-047) on the performance and change of undertaking by the Company's shareholder dated June 28, 2014.

## III. BRIEF INTRODUCTIONS TO THE GENERAL MEETINGS

| Meeting | Convening date | Resolutions | Enquiry index of the websites designated for publication of the resolutions | Date of disclosure of the publication of the resolutions | Status |
|---|---|---|---|---|---|
| 2021 Annual General Meeting | June 22, 2022 | 1. To consider the Resolution on Amendments to the Articles of Association of Huatai Securities Co., Ltd.;<br>2. To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company;<br>3. To consider the 2021 Work Report of the Board of the Company;<br>4. To consider the 2021 Work Report of the Supervisory Committee of the Company;<br>5. To consider the 2021 Final Financial Report of the Company;<br>6. To consider the Resolution on the 2021 Annual Report of the Company;<br>7. To consider and approve the 2021 Profit Distribution Plan of the Company;<br>8. To consider the Resolution on the Estimated Ordinary Transactions with Related Parties of the Company for 2022;<br>9. To consider the Resolution on the Estimated Investment Amount for the Proprietary Business of the Company for 2022;<br>10. To consider the Resolution on the Change of the Accounting Firm of the Company for 2022;<br>11. To consider the Resolution on the Election of an Independent Non-executive Director of the Fifth Session of the Board of the Company;<br>12. To consider the Report on Performance of Duties of the Independent Non-executive Directors of the Company for 2021;<br>13. To consider the Resolution on the Election of a Non-executive Director and an Executive Director of the Fifth Session of the Board of the Company;<br>14. Debriefing of the Report on Performance Assessment and Remuneration of the Directors of the Company for 2021;<br>15. Debriefing of the Report on Performance Assessment and Remuneration of the Supervisors of the Company for 2021;<br>16. Debriefing of the Report on Performance of Duties, Performance Assessment and Remuneration of the Senior Management of the Company for 2021. | http://www.sse.com.cn<br>http://www.hkexnews.hk<br>http://www.londonstockexchange.com<br>http://www.htsc.com.cn | June 23, 2022 | All resolutions were considered and approved |

| Meeting | Convening date | Resolutions | Enquiry index of the websites designated for publication of the resolutions | Date of disclosure of the publication of the resolutions | Status |
|---|---|---|---|---|---|
| 2022 First A Share Class Meeting | June 22, 2022 | To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company. | http://www.sse.com.cn<br>http://www.hkexnews.hk<br>http://www.londonstockexchange.com<br>http://www.htsc.com.cn | June 23, 2022 | The resolution was considered and approved |
| 2022 First H Share Class Meeting | June 22, 2022 | To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company. | http://www.sse.com.cn<br>http://www.hkexnews.hk<br>http://www.londonstockexchange.com<br>http://www.htsc.com.cn | June 23, 2022 | The resolution was considered and approved |
| 2022 First Extraordinary General Meeting | December 30, 2022 | 1. To consider the Resolution on Amendments to the Articles of Association of Huatai Securities Co., Ltd.;<br>2. To consider the Resolution on Amendments to Rules of Procedure for General Meeting of Huatai Securities Co., Ltd.;<br>3. To consider the Resolution on the Change of Business Scope and Amendments to the Articles of Association of Huatai Securities Co., Ltd.;<br>4. To consider the Resolution on the Amendments to the Working System for Independent Directors of Huatai Securities Co., Ltd.;<br>5. To consider the Resolution on the Amendments to the Management System for Related-party Transactions of Huatai Securities Co., Ltd.;<br>6. To consider the Resolution on the Election of Executive Directors and Non-executive Directors of the Sixth Session of the Board of the Company;<br>7. To consider the Resolution on the Election of Independent Non-executive Directors of the Sixth Session of the Board of the Company;<br>8. To consider the Resolution on the Election of Non-employee Representative Supervisors of the Sixth Session of the Supervisory Committee of the Company. | http://www.sse.com.cn<br>http://www.hkexnews.hk<br>http://www.londonstockexchange.com<br>http://www.htsc.com.cn | December 31, 2022 | All resolutions were considered and approved |

Description of general meetings

The 2021 Annual General Meeting of the Company, with on-site & network voting methods adopted, was held at the Conference Room of Renaissance Nanjing Olympic Centre Hotel (No. 139, Aoti Street, Jianye District, Nanjing). The general meeting was organized by the Board of Directors and hosted by the Chairman – Mr. Zhang Wei. Certain Directors, Supervisors and the secretary to the Board attended the meeting and certain senior management of the Company and witnessing lawyers employed by the Company and relevant personnel of Computershare Hong Kong Investor Services Limited sat in the meeting. The meeting was convened and held, and its voting method was in conformity with relevant regulations such as the Company Law and the Articles of Association and so on. Details of relevant announcements on the resolutions of the general meeting can be found on the website of the Shanghai Stock Exchange (http://www.sse.com.cn), the HKEXnews website of the HKEX (http://www.hkexnews.hk), the website of the London Stock Exchange (http://www.londonstockexchange.com) and our Company's website (http://www.htsc.com.cn) and China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times.

The 2022 First A Share Class Meeting of the Company, with on-site & network voting methods adopted, was held at the Conference Room of Renaissance Nanjing Olympic Centre Hotel (No. 139, Aoti Street, Jianye District, Nanjing). The general meeting was organized by the Board of Directors and hosted by the Chairman – Mr. Zhang Wei. Certain Directors, Supervisors and the secretary to the Board attended the meeting and certain senior management of the Company and witnessing lawyers employed by the Company and relevant personnel of Computershare Hong Kong Investor Services Limited sat in the meeting. The meeting was convened and held, and its voting method was in conformity with relevant regulations such as the Company Law and the Articles of Association and so on. Details of relevant announcements on the resolutions of the general meeting can be found on the website of the Shanghai Stock Exchange (http://www.sse.com.cn), the HKEXnews website of the HKEX (http://www.hkexnews.hk), the website of the London Stock Exchange (http://www.londonstockexchange.com) and our Company's website (http://www.htsc.com.cn) and China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times.

The 2022 First H Share Class Meeting of the Company, with on-site voting methods adopted, was held at the Conference Room of Renaissance Nanjing Olympic Centre Hotel (No. 139, Aoti Street, Jianye District, Nanjing). The general meeting was organized by the Board of Directors and hosted by the Chairman – Mr. Zhang Wei. Certain Directors, Supervisors and the secretary to the Board attended the meeting and certain senior management of the Company and witnessing lawyers employed by the Company and relevant personnel of Computershare Hong Kong Investor Services Limited sat in the meeting. The meeting was convened and held, and its voting method was in conformity with relevant regulations such as the Company Law and the Articles of Association and so on. Details of relevant announcements on the resolutions of the general meeting can be found on the website of the Shanghai Stock Exchange (http://www.sse.com.cn), the HKEXnews website of the HKEX (http://www.hkexnews.hk), the website of the London Stock Exchange (http://www.londonstockexchange.com) and our Company's website (http://www.htsc.com.cn) and China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times.

The 2022 First Extraordinary General Meeting of the Company, with on-site & network voting methods adopted, was held at the Conference Room of Renaissance Nanjing Olympic Centre Hotel (No. 139, Aoti Street, Jianye District, Nanjing). The general meeting was organized by the Board of Directors, and Mr. Zhou Yi, a Director, was elected by more than half of the Directors to preside over the general meeting in accordance with the Articles of Association as Mr. Zhang Wei, the Chairman, was unable to preside in person. Certain Directors, Supervisors and the secretary to the Board attended the meeting and certain senior management of the Company and witnessing lawyers employed by the Company and relevant personnel of Computershare Hong Kong Investor Services Limited sat in the meeting. The meeting was convened and held, and its voting method was in conformity with relevant regulations such as the Company Law and the Articles of Association and so on. Details of relevant announcements on the resolutions of the general meeting can be found on the website of the Shanghai Stock Exchange (http://www.sse.com.cn), the HKEXnews website of the HKEX (http://www.hkexnews.hk), the website of the London Stock Exchange (http://www.londonstockexchange.com) and our Company's website (http://www.htsc.com.cn) and China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times.

None of the shareholders of the Company are holders of preference shares with voting rights recovered. Therefore, none of the extraordinary general meetings was convened by holders of preference shares with voting rights restored, nor was any general meeting proposed to be convened, convened or chaired by the holders of preference shares with voting rights recovered during the Reporting Period.

## IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Currency: RMB Unit: Ten thousand shares

| Name | Position (note) | Gender | Age | Start of the term of office | Expiration of the term of office | Number of Shares held at the beginning of the year | Number of Shares held at the end of the year | Changes in shareholding during the year | Reason for change | Total pre-tax remuneration received from the Company during the Reporting Period (Ten Thousand Yuan) | Whether received remuneration from any connected party of the Company or not |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Zhang Wei | Chairman | Male | 58 | 2019-12-16 | 2025-12-29 | – | – | – | – | 145.85 | No |
| Zhou Yi | Executive Director | Male | 53 | 2007-12-06 | 2025-12-29 | 72 | 72 | – | – | 367.58 | No |
| | Employee representative Director | | | 2022-12-30 | 2025-12-29 | | | | | | |
| | Chief executive officer, Chairman of the Executive Committee | | | 2019-10-29 | 2025-12-29 | | | | | | |
| Ding Feng | Non-executive Director | Male | 54 | 2018-10-22 | 2025-12-29 | – | – | – | – | – | Yes |
| Chen Zhongyang | Non-executive Director | Male | 55 | 2022-06-22 | 2025-12-29 | – | – | – | – | – | Yes |

| Name | Position (note) | Gender | Age | Start of the term of office | Expiration of the term of office | Number of Shares held at the beginning of the year | Number of Shares held at the end of the year | Changes in shareholding during the year | Reason for change | Total pre-tax remuneration received from the Company during the Reporting Period (Ten Thousand Yuan) | Whether received remuneration from any connected party of the Company or not |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Ke Xiang | Non-executive Director | Male | 48 | 2021-02-08 | 2025-12-29 | – | – | – | – | – | Yes |
| Hu Xiao | Non-executive Director | Female | 43 | 2018-10-22 | 2025-12-29 | – | – | – | – | – | No |
| Zhang Jinxin | Non-executive Director | Male | 51 | 2022-12-30 | 2025-12-29 | – | – | – | – | – | No |
| Yin Lihong | Executive Director | Female | 52 | 2022-06-22 | 2025-12-29 | – | – | – | – | 42.79 | No |
| Wang Jianwen | Independent non-executive Director | Male | 48 | 2020-06-18 | 2025-12-29 | – | – | – | – | 24.00 | No |
| Wang Quansheng | Independent non-executive Director | Male | 54 | 2022-06-22 | 2025-12-29 | – | – | – | – | 14.00 | No |
| Peng Bing | Independent non-executive Director | Male | 50 | 2022-12-30 | 2025-12-29 | – | – | – | – | 2.00 | No |
| Wang Bing | Independent non-executive Director | Male | 44 | 2022-12-30 | 2025-12-29 | – | – | – | – | 2.00 | No |
| Tse Yung Hoi | Independent non-executive Director | Male | 70 | 2022-12-30 | 2025-12-29 | – | – | – | – | 2.00 | No |
| Gu Chengzhong | Employee representative Supervisor | Male | 57 | 2019-04-26 | 2025-12-29 | – | – | – | – | 356.20 | No |
| | Chairman of the Supervisory Committee | | | 2021-10-29 | 2025-12-29 | | | | | | |
| Li Chongqi | Supervisor | Female | 45 | 2022-12-30 | 2025-12-29 | – | – | – | – | – | Yes |
| Yu Lanying | Supervisor | Female | 51 | 2018-10-22 | 2025-12-29 | – | – | – | – | – | Yes |
| Zhang Xiaohong | Supervisor | Female | 55 | 2019-12-16 | 2025-12-29 | – | – | – | – | – | Yes |
| Zhou Hongrong | Supervisor | Female | 50 | 2022-12-30 | 2025-12-29 | – | – | – | – | – | Yes |
| Wang Ying | Employee representative Supervisor | Female | 43 | 2019-12-16 | 2025-12-29 | – | – | – | – | 247.20 | No |
| Wang Juan | Employee representative Supervisor | Female | 44 | 2021-10-29 | 2025-12-29 | – | – | – | – | 196.40 | No |
| Han Zhencong | Member of the Executive Committee, Chief information officer | Male | 55 | 2022-04-08 | 2025-12-29 | 60 | 60 | – | – | 259.90 | No |
| Sun Hanlin | Member of the Executive Committee | Male | 57 | 2019-12-16 | 2025-12-29 | 60 | 60 | – | – | 294.48 | No |
| Jiang Jian | Member of the Executive Committee | Male | 56 | 2019-12-16 | 2025-12-29 | 60 | 60 | – | – | 294.48 | No |

| Name | Position (note) | Gender | Age | Start of the term of office | Expiration of the term of office | Number of Shares held at the beginning of the year | Number of Shares held at the end of the year | Changes in shareholding during the year | Reason for change | Total pre-tax remuneration received from the Company during the Reporting Period (Ten Thousand Yuan) | Whether received remuneration from any connected party of the Company or not |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Zhang Hui | Member of the Executive Committee | Male | 47 | 2019-12-16 | 2025-12-29 | 60 | 60 | – | – | 287.20 | No |
| | Secretary of the Board | | | 2017-04-26 | 2025-12-29 | | | | | | |
| Chen Tianxiang | Member of the Executive Committee | Male | 44 | 2020-02-18 | 2025-12-29 | 60 | 60 | – | – | 294.48 | No |
| Jiao Xiaoning | Chief financial officer | Female | 52 | 2020-03-05 | 2025-12-29 | 50 | 50 | – | – | 324.13 | No |
| Jiao Kai | Chief compliance officer | Male | 48 | 2020-02-17 | 2025-12-29 | 50 | 50 | – | – | 319.23 | No |
| | General legal counsel | | | 2019-12-16 | 2025-12-29 | | | | | | |
| Wang Chong | Chief risk officer | Male | 50 | 2017-03-16 | 2025-12-29 | 50 | 50 | – | – | 391.82 | No |
| Sun Yan | Director of human resources | Female | 50 | 2022-12-30 | 2025-12-29 | 8 | 8 | – | – | – | No |
| Chen Yongbing | Non-executive Director (resigned) | Male | 48 | 2018-10-22 | 2022-06-22 | – | – | – | – | – | No |
| Wang Tao | Non-executive Director (resigned) | Male | 54 | 2019-12-16 | 2022-04-14 | – | – | – | – | – | Yes |
| Zhu Xuebo | Executive Director (resigned) | Male | 60 | 2018-10-22 | 2022-06-22 | – | – | – | – | – | Yes |
| Chen Chuanming | Independent non-executive Director (resigned) | Male | 65 | 2016-03-18 | 2022-06-22 | – | – | – | – | 12.00 | No |
| Liu Yan | Independent non-executive Director (resigned) | Female | 49 | 2016-12-21 | 2022-12-30 | – | – | – | – | 24.00 | No |
| Chen Zhibin | Independent non-executive Director (resigned) | Male | 57 | 2018-06-13 | 2022-12-30 | – | – | – | – | 24.00 | Yes |
| Au King Chi | Independent non-executive Director (resigned) | Female | 63 | 2021-06-22 | 2022-12-30 | – | – | – | – | 24.00 | No |
| Zhang Ming | Supervisor (resigned) | Male | 48 | 2019-12-16 | 2022-12-30 | – | – | – | – | – | Yes |
| Fan Chunyan | Supervisor (resigned) | Female | 46 | 2019-12-16 | 2022-12-30 | – | – | – | – | – | No |
| Li Shiqian | Member of the Executive Committee (resigned) | Male | 54 | 2020-03-10 | 2022-12-30 | 60 | 60 | – | – | 294.48 | No |
| Total | / | / | / | / | / | 590 | 590 | / | / | 4,244.22 | / |

Notes:

1. On April 8, 2022, as considered and approved at the twenty-second meeting of the fifth session of the Board of the Company, Mr. Han Zhencong was appointed as a member of the Executive Committee and chief information officer of the Company.

2. On April 14, 2022, the Board of the Company received a written resignation report from Mr. Wang Tao, a non-executive Director. Mr. Wang Tao has proposed to resign from his positions as a non-executive Director of the fifth session of the Board of the Company and as a member of the Development Strategy Committee of the Board due to work reasons, upon which he no longer holds any position in the Company. There is no disagreement between Mr. Wang Tao and the Board of the Company, and there is no matter in relation to his resignation that needs to be brought to the attention of the shareholders of the Company. Mr. Wang Tao has also confirmed that he is not a party involved in any on-going or pending litigation or dispute against the Company.

3. On June 22, 2022, the Resolution on the Election of an Independent Non-executive Director of the Fifth Session of the Board of the Company and the Resolution on the Election of a Non-executive Director and an Executive Director of the Fifth Session of the Board of the Company were considered and approved at the 2021 Annual General Meeting of the Company, pursuant to which Mr. Wang Quansheng, Mr. Chen Zhongyang and Ms. Yin Lihong were elected as an independent non-executive Director of the fifth session of the Board of the Company, a non-executive Director of the fifth session of the Board and an executive Director of the fifth session of the Board, respectively. Mr. Wang Quansheng has replaced Mr. Chen Chuanming to perform his duties as an independent non-executive Director of the fifth session of the Board of the Company; Mr. Chen Zhongyang has replaced Mr. Chen Yongbing to perform his duties as a non-executive Director of the fifth session of the Board of the Company; and Ms. Yin Lihong has replaced Mr. Zhu Xuebo to perform her duties as an executive Director of the fifth session of the Board of the Company from June 22, 2022; all for a term of office until the end of the fifth session of the Board.

4. On December 28, 2022, as considered and approved at the employee representatives' meeting of the Company, Mr. Zhou Yi was elected as an employee representative Director of the sixth session of the Board of the Company, and Mr. Gu Chengzhong, Ms. Wang Ying and Ms. Wang Juan were elected as employee representative Supervisors of the sixth session of the Supervisory Committee of the Company. The terms of office of the above-mentioned persons shall be effective from the date on which the Resolution on the Election of Executive Directors and Non-executive Directors of the Sixth Session of the Board of the Company, the Resolution on the Election of Independent Non-executive Directors of the Sixth Session of the Board of the Company and the Resolution on the Election of Non-employee Representative Supervisors of the Sixth Session of the Supervisory Committee of the Company were considered and approved at the 2022 first extraordinary general meeting of the Company until the end of the sixth session of the Board and the Supervisory Committee.

5. On December 30, 2022, the Resolution on the Election of Executive Directors and Non-executive Directors of the Sixth Session of the Board of the Company, the Resolution on the Election of Independent Non-executive Directors of the Sixth Session of the Board of the Company and the Resolution on the Election of Non-employee Representative Supervisors of the Sixth Session of the Supervisory Committee of the Company were considered and approved at the 2022 first extraordinary general meeting of the Company, pursuant to which Mr. Zhang Wei, Mr. Ding Feng, Mr. Chen Zhongyang, Mr. Ke Xiang, Ms. Hu Xiao, Mr. Zhang Jinxin, Ms. Yin Lihong, Mr. Wang Jianwen, Mr. Wang Quansheng, Mr. Peng Bing, Mr. Wang Bing and Mr. Tse Yung Hoi were elected as Directors of the sixth session of the Board of the Company; and Ms. Li Chongqi, Ms. Yu Lanying, Ms. Zhang Xiaohong and Ms. Zhou Hongrong were elected as non-employee representative Supervisors of the Company, respectively. The above-mentioned persons shall perform the duties of Directors of the sixth session of the Board of the Company and the duties of Supervisors of the sixth session of the Supervisory Committee from December 30, 2022, and shall hold office until the end of the sixth session of the Board and the Supervisory Committee. On the same day, as considered and approved at the first meeting of the sixth session of Board of the Company, Mr. Zhang Wei was elected as the chairman of the sixth session of the Board of the Company; it was agreed to appoint Mr. Zhou Yi as the chief executive officer and the chairman of the Executive Committee of the Company; it was agreed to appoint Mr. Han Zhencong, Mr. Sun Hanlin, Mr. Jiang Jian, Mr. Zhang Hui and Mr. Chen Tianxiang as members of the Company's Executive Committee; it was agreed to appoint Mr. Han Zhencong as chief information officer (concurrent) of the Company; it was agreed to appoint Ms. Jiao Xiaoning as chief financial officer of the Company; it was agreed to appoint Mr. Jiao Kai as chief compliance officer and general legal counsel of the Company; it was agreed to appoint Mr. Wang Chong as chief risk officer of the Company; it was agreed to appoint Ms. Sun Yan as director of human resources of the Company; and it was agreed to appoint Mr. Zhang Hui as secretary to the Board of the Company (concurrent).The terms of office of the above-mentioned persons are three years commencing from the date of consideration and approval by the sixth session of the Board (i.e. December 30, 2022). On the same day, as considered and approved at the first meeting of the sixth session of Supervisory Committee of the Company, Mr. Gu Chengzhong was elected as the chairman of the sixth session of the Supervisory Committee of the Company, with a term of office of three years from the date of consideration and approval by the sixth session of the Supervisory Committee (i.e. December 30, 2022).

6. Total pre-tax remuneration received by Directors, Supervisors and senior management from the Company during the Reporting Period was implemented in accordance with relevant policies of governing authorities and the Company's relevant remuneration assessment and deferred compensation system.

7. The remuneration of the Directors that are the persons in charge of provincial financial enterprises shall be implemented in accordance with the Interim Measures for the Administration of Remuneration of Persons in Charge of Provincial Financial Enterprises in Jiangsu Province (《江蘇省省管金融企業負責人薪酬管理暫行辦法》).

8. The pre-tax remuneration received from the Company during the Reporting Period represents the remuneration received during the period of holding the position of Directors, Supervisors and senior management, excluding pension insurance, enterprise annuity and restricted equity incentive.

9. Mr. Zhu Xuebo, a former executive director of the Company, received remuneration from China Southern Asset Management.

| Name | Primary work experience |
|---|---|
| Zhang Wei | Master of business administration, senior engineer and senior economist. He once worked in Jiangsu Electronic Industry Research Institute (江蘇省電子工業綜合研究所). He also served as cadre at department level of Jiangsu Electronic Industry Bureau and the deputy director of Asset Management Division. He worked as secretary to the board of directors and assistant general manager, deputy general manager, general manager and deputy secretary of the party committee of Jiangsu Hiteker High-tech Co., Ltd. (江蘇宏圖高科技股份有限公司). He also served as director, general manager, deputy secretary of the party committee, secretary of the party committee and chairman of the board of Govtor Capital Group Co., Ltd. (江蘇高科技投資集團有限公司). Mr. Zhang served as secretary of the party committee of the Company from March 2019 to December 2019 and has been chairman of the Board of Directors and secretary of the party committee of the Company since December 2019 with a term of office in current session of the Board from December 2022 to December 2025. |
| Zhou Yi | Bachelor of computer communications. Mr. Zhou once taught at Jiangsu Posts & Telecommunications School (江蘇省郵電學校); engaged in technology management at the Telecommunications Center of Jiangsu Posts & Telecommunications Bureau (江蘇省郵電管理局電信中心) and administrative management at Jiangsu Mobile Communication Co., Ltd. (江蘇移動通信有限公司); served as the chairman of the board of directors of Jiangsu Bei' er Communication System Co., Ltd. (江蘇貝爾通信系統有限公司) and Nanjing Xinwang Telecom Tech Co., Ltd. (南京欣網視訊科技股份有限公司), deputy general manager of Shanghai Fortune Communications Company (上海富欣通信公司), director and deputy secretary of the party committee of Huatai Securities Limited Liability Company (华泰证券有限责任公司) from August 2006 to February 2007 and director, president and deputy secretary of the party committee of the same company from February 2007 to December 2007. Mr. Zhou served as Director, President and deputy secretary of the party committee of the Company from December 2007 to October 2011; Director, President and secretary of the party committee of the Company from November 2011 to June 2016; chairman of the Board of Directors, President, and secretary of the party committee of the Company from June 2016 to March 2019; chairman of the Board of Directors, President and party committee member of the Company from March 2019 to October 2019; chairman of the Board of Directors, chief executive officer, chairman of the Executive Committee and party committee member of the Company from October 2019 to December 2019, and has been Director, chief executive officer, chairman of the Executive Committee and party committee member of the Company since December 2019 with a term of office in current session of the Board and senior management from December 2022 to December 2025. |

| Name | Primary work experience |
|---|---|
| Ding Feng | Master of business administration and senior accountant. He served as accountant of the finance department of China Songhai Industrial Corporation (中國嵩海實業總公司) in Xiamen Special Economic Zone from August 1990 to November 1992; chief accountant of the finance department of China North Industries Corporation Xiamen Branch (中國北方工業廈門公司) from December 1992 to September 1995; deputy section chief of the finance department of Jiangsu International Trust and Investment Company (江蘇省國際信託投資公司) from October 1995 to August 2002; project manager of the finance department of Guoxin Group from August 2002 to September 2004; head of the finance department (manager assistant) and deputy general manager of Jiangsu International Trust Corporation Limited (江蘇省國際信託有限責任公司) from September 2004 to December 2009; deputy general manager of the finance department of Guoxin Group from December 2009 to December 2010; (standing) vice president of Jiangsu Guoxin Group Finance Co., Ltd. (國信集團財務有限公司) from December 2010 to December 2011; president and deputy secretary of the Party Committee of Jiangsu Guoxin Group Finance Co., Ltd. from January 2012 to March 2018; and has served as the general manager of finance department of Guoxin Group since March 2018. He has been a Director of the Company since October 2018 with a term of office in current session of the Board from December 2022 to December 2025. |
| Chen Zhongyang | Master's degree in highway, urban road and airport engineering and is a senior engineer of the researcher rank. He served as a staff member and the Deputy Section Chief (presiding over the work) of the Planning Division of the Jiangsu Expressway Command Office from June 1992 to November 2000; and the deputy manager (presiding over the work) of the Operation and Development Department of Jiangsu Jinghu Expressway Co., Ltd. (江蘇京滬高速公路有限公司) from November 2000 to August 2001; an employee (senior engineer), the Deputy Director and Director of the Road Assets and Interests Section of Jiangsu Communications Industry Group Co., Ltd. (江蘇交通產業集團有限公司) from August 2001 to October 2004; the Deputy Director of the Operation Safety Department, Deputy Director of the Engineering Technology Department, Deputy Director of the Engineering Technology Department, Deputy Director of the Expansion Project Office, Director of the Expansion Project Office, Deputy Director of the Engineering Technology Department, and Director of Corporate Management and Legal Affairs Department of Jiangsu Communications Holding Co., Ltd. (江蘇交通控股有限公司) from October 2004 to November 2017; the Chairman, Party Secretary and General Manager, and Chairman and Party Secretary of Jiangsu Jinghu Expressway Co., Ltd. from November 2017 to April 2019; the Party Secretary and Director of Jiangsu Expressway Operation and Management Center (江蘇省高速公路經營管理中心) and the assistant to the General Manager of Jiangsu Communications Holding Co., Ltd. from April 2019 to July 2020. He has served as the Deputy General Manager, member of the Party Committee and general counsel of Jiangsu Communications Holding Co., Ltd. since July 2020. He has served as a Director of the Company since June 2022 with a term of office in current session of the Board from December 2022 to December 2025. |

| Name | Primary work experience |
|---|---|
| Ke Xiang | Doctoral degree in corporate management and senior engineer. From August 1996 to October 2002, he successively served as staff member of the infrastructure investment division, staff member and deputy senior staff member of the agriculture division of Jiangsu Provincial Department of Finance. From October 2002 to August 2020, he worked at Jiangsu Communications Holding Co., Ltd. and successively served as assistant to the director of the office, deputy director of the office, deputy director of the operation and safety department, deputy director of the Toll Management Center of Expressway Network of Jiangsu Province, director of the Information Center and deputy director of the office, director of the development strategy and policy regulation research office, deputy director of the investment and development department, director of the strategic research office, deputy director of the corporate management and legal affairs department, and director of the strategic planning department. Since August 2020, he has been deputy general manager and member of the party committee of Govtor Capital Group Co., Ltd. Since November 2020, he has been deputy general manager, member of the party committee and general counsel of Govtor Capital Group Co., Ltd. He has been a Director of the Company since February 2021 with a term of office in current session of the Board from December 2022 to December 2025. |
| Hu Xiao | Master of business administration. Ms. Hu served as accountant of KPMG Huazhen LLP from September 2002 to July 2003; assistant analyst of the stock research department of China International Capital Corporation Limited from July 2003 to July 2006; manager and vice president of Citigroup Global Markets Asia Limited from July 2008 to July 2012; vice president and then director of Merrill Lynch (Asia Pacific) Limited from July 2012 to March 2017; and has successively served as director of the strategic investment department and managing director of Alibaba Group Holding Limited since March 2017. She has been Director of the Company since October 2018 with a term of office in current session of the Board from December 2022 to December 2025. |
| Zhang Jinxin | Doctoral degree in industrial economics. From July 1994 to September 1997, he served as intern researcher in the Institute of Occupational Medicine of the General Research Institute of Coal Science (煤炭科學研究總院職業醫學研究所); from March 2000 to September 2001, he served as analyst in the development strategy department of Lenovo Group Limited; from July 2005 to September 2017, he served as the lecturer and associate professor of accounting and deputy head of the accounting department at the School of Economics and Management of Beijing Jiaotong University; from September 2017 to present, he has served as the deputy general manager of the research and planning department of Chengtong Fund Management Company Limited (誠通基金管理有限公司) (presiding over the work). He has served as a Director of the Company since December 2022 with a term of office in current session of the Board from December 2022 to December 2025. |

| Name | Primary work experience |
|---|---|
| Yin Lihong | Bachelor of national economic management. She worked at Bank of China Nanjing Branch and Bank of China Jiangsu Branch from August 1991 to August 2007; worked at Bank of Jiangsu and successively served as the assistant to the General Manager of Planning and Finance Department, the Deputy General Manager of Human Resources Department, and the General Manager of Human Resources Department and Head of Organization Department of Party Committee from September 2007 to June 2021; and joined Huatai Securities in June 2021 and served as Deputy Secretary of the Party Committee of the Company from June 2021 to June 2022. She has been a Deputy Secretary of the Party Committee and a Director of the Company since June 2022 with a term of office in current session of the Board from December 2022 to December 2025. |
| Wang Jianwen | Doctoral degree in civil and commercial law. From August 1998 to May 2006, he taught at Nanjing Tech Law School. From May 2006 to May 2016, he taught at Hohai University School of Law. From May 2016 to April 2021, he has been a professor, doctor-postgraduate supervisor and dean at the College of Humanities and Social Sciences of Nanjing University of Aeronautics and Astronautics, and has been a professor and doctor-postgraduate supervisor at the Law School of Nanjing University since May 2021. At present, he concurrently serves as member of the legal expert pool of Jiangsu Provincial Party Committee, decision-making advisory expert of the Standing Committee of Jiangsu Provincial People's Congress, legal advisor of Jiangsu Political Consultative Conference, non-permanent member of the selection committee of judges and prosecutors of Jiangsu Province, specially invited advisory expert of Nanjing Intermediate People's Court, legal advisor of Nanjing Qinhuai District Party Committee and other positions. He has been independent Director of the Company since June 2020 with a term of office in current session of the Board from December 2022 to December 2025. |
| Wang Quansheng | Doctoral degree in business management. He served as a teaching assistant in the Information Center of the Business School of Nanjing University from September 1993 to August 1995; a lecturer in the Information Center of the Business School of Nanjing University from September 1995 to March 2001; an associate professor and the Deputy Dean of the Department of E-commerce of the Business School of Nanjing University from April 2001 to September 2008; an associate professor and the Dean of the Department of E-commerce of the Business School of Nanjing University from September 2008 to December 2010; a professor and the Dean of the Department of E-commerce of the Business School of Nanjing University from January 2011 to July 2013; a professor and the Dean of the Department of Marketing and E-commerce of the Business School of Nanjing University from July 2013 to September 2016; and a professor and the Deputy Dean of the Management School of Nanjing University from September 2016 to November 2020. He has been a professor and the Deputy Dean of the Business School of Nanjing University since November 2020. He has served as independent Director of the Company since June 2022 with a term of office in current session of the Board from December 2022 to December 2025. |

| Name | Primary work experience |
|---|---|
| Peng Bing | Doctoral degree in international law. From July 1993 to August 1994, he served as employee of Chuzhou Sub-branch, Anhui Branch of the Industrial and Commercial Bank of China; from April 2000 to July 2005, he served as lecturer at the Law School of Peking University; from July 2005 to July 2017, he served as associate professor at the Law School of Peking University; from July 2017 to present, he has served as professor at the Law School of Peking University. At present, Mr. Peng Bing concurrently serves as arbitrator of Shenzhen Court of International Arbitration, arbitrator of Beijing Arbitration Commission, mediator of Shenzhen Securities and Futures Dispute Resolution Centre, and vice president and secretary general of China Business Law Society. He has served as independent Director of the Company since December 2022 with a term of office in current session of the Board from December 2022 to December 2025. |
| Wang Bing | Doctoral degree in accounting. From July 2007 to December 2011, he served as lecturer in the Department of Accounting of Nanjing University; since December 2011, he served as associate professor in the Department of Accounting of Nanjing University; from December 2016 to present, he served as associate professor and secretary of the party branch of the Department of Accounting of Nanjing University; from January 2022 to present, he has served as associate professor, deputy head of the Department and secretary of the party branch of the Department of Accounting of Nanjing University. He has served as independent Director of the Company since December 2022 with a term of office in current session of the Board from December 2022 to December 2025. |
| Tse Yung Hoi | Bachelor's degree in English. From September 1975 to December 1979, he worked in the Foreign Affairs Bureau of the Chinese Academy of Social Sciences; from December 1979 to October 1981, he worked in the Funds Department of the Head Office of the Bank of China; from October 1981 to July 1986, he served as deputy manager of the Foreign Exchange Department of the London Branch of the Bank of China; from July 1986 to October 1989, he served as deputy head of the Funds Department of the Head Office of the Bank of China; from October 1989 to December 1992, he served as head of the Funds Department of the Tokyo Branch of the Bank of China; from January 1993 to January 1996, he served as deputy general manager of H.K. Yongxin Industrial Limited; from January 1996 to July 1998, he served as standing deputy general manager of Hong Kong Shun Loong Group; from July 1998 to December 2002, he served as deputy general manager of the Investment Management Department and deputy general manager of the Global Markets Department of the Head Office of the Bank of China; from December 2002 to December 2012, he served as deputy executive president of BOC International Holdings Limited; from January 2003 to present, he has served as chairman of BOCI-Prudential Asset Management Limited. He has served as independent Director of the Company since December 2022 with a term of office in current session of the Board from December 2022 to December 2025. |

| Name | Primary work experience |
|---|---|
| Gu Chengzhong | Master's degree in coastal engineering. From July 1990 to May 1998, he worked in Nanjing Public Security Bureau. From May 1998 to November 2005, he worked in the technical supervision office, head office of brokerage management, and Nanjing Hanzhong Road securities business office of Huatai Securities Limited Liability Company (华泰证券有限责任公司). From November 2005 to January 2019, he served as a deputy general manager (in charge of work) and general manager of Xi'an North Wenyi Road securities business office, general manager of Xi'an regional center securities business office, general manager of Nanjing Ruijin Road securities business office, and general manager of Nanjing branch of Huatai Securities. He has been the general manager of the compliance and legal affairs department of the Company since January 2019 and an Employee Representative Supervisor of the Company since April 2019. He has been the chairman of Supervisory Committee of the Company since October 2021 with a term of office in current session of the Supervisory Committee from December 2022 to December 2025. |
| Li Chongqi | Bachelor's degree in business administration, and is a senior economist and senior accountant. From August 1998 to August 2009, she served as accountant of the finance department, director of the finance department, deputy general manager and director of the finance department of Tongda General Company of Jiangsu Huaiyin Power Generation Company; from August 2009 to March 2018, she served as deputy director of the finance department (chief rank), director of the finance department, deputy chief accountant and director of the finance department, member of the party committee and deputy general manager of Jiangsu Huaiyin Power Generation Company; from March 2018 to June 2022, she served as deputy general manager of the human resources department and deputy general manager (departmental chief level) of Jiangsu Guoxin Investment Group; from June 2022 to present, she has served as general manager of the finance department of Jiangsu Guoxin Investment Group. She has served as Supervisor of the Company since December 2022 with a term of office in current session of the Supervisory Committee from December 2022 to December 2025. |

| Name | Primary work experience |
|---|---|
| Yu Lanying | Master's degree in industrial economics, a principal senior accountant and certified public accountant. She served at the finance department of Nanjing Runtai Industrial Trading Company (南京潤泰實業貿易公司) from August 1993 to August 1996. She pursued master's studies of industrial economics in Nanjing University of Science and Technology (南京理工大學) from September 1996 to April 1999, served at the finance and audit department of Jiangsu United Trust and Investment Company (江蘇聯合信託投資公司) from May 1999 to December 2002. She worked at the finance and audit division of Jiangsu Communications Industry Group Co., Ltd. (江蘇交通產業集團有限公司) from January 2003 to September 2004, the finance and audit department of Jiangsu Communications Holding Co., Ltd. (江蘇交通控股有限公司) from October 2004 to May 2008. She successively served as the deputy manager (in charge of work), manager of the finance and accounting division, deputy chief financial officer (departmental level), chief financial officer and member of the Party Committee of Jiangsu Expressway Company Limited (江蘇寧滬高速公路股份有限公司) from June 2008 to November 2016. She served as the deputy general manager, chief financial officer and member of the Party Committee of Jiangsu Expressway Company Limited from November 2016 to March 2018, head of the audit and risk control department of Jiangsu Communications Holding Co., Ltd. from March 2018 to August 2018 and has served as head of the audit and risk control department and supervisor of audit center of Jiangsu Communications Holding Co., Ltd. from August 2018 to November 2019, head of the financial management department of Jiangsu Communications Holding Co., Ltd. since November 2019 to June 2022, and assistant to the general manager and head of the financial management department of Jiangsu Communications Holding Co., Ltd. since June 2022. She has served concurrently as Supervisor of the Company since October 2018, with a term of office in current session of the Supervisory Committee from December 2022 to December 2025. |
| Zhang Xiaohong | Master's degree in business administration and is an international business operator. Ms. Zhang served as the export sales business manager of Nanjing Native Produce and Animal Byproducts Import and Export Co., Ltd. (南京市土產畜產進出口股份有限公司) from August 1989 to April 1997; business manager of Jiangsu Xinsu Investment Management Co., Ltd. (江蘇鑫蘇投資管理有限公司) from April 1997 to November 2000; manager of Jiangsu Venture Capital Co., Ltd. (江蘇省創業投資有限公司) from November 2000 to May 2005; senior investment manager, deputy general manager of the asset management department and general manager of the investment operations department of Govtor Capital Group Co., Ltd. (江蘇高科技投資集團有限公司) from May 2005 to July 2020; and vice general manager of Govtor Capital Group Co., Ltd. since July 2020. She has served as a Supervisor of the Company since December 2019, with a term of office in current session of the Supervisory Committee from December 2022 to December 2025. |

| Name | Primary work experience |
|---|---|
| Zhou Hongrong | College degree in financial accounting and international trade and is a principal senior accountant. From August 1993 to May 2003, she served as clerk of the garment finance division and deputy section chief of the garment finance and accounting division of the asset finance department of Jiangsu Silk Import & Export Group Co. Ltd.; from May 2003 to January 2010, she served as deputy section chief of the garment finance and accounting division, deputy section chief of the second accounting division, deputy section chief of the light textile finance and accounting division, and head of the light textile finance and accounting division of the finance department of Jiangsu SOHO International Group Corp.; from January 2010 to March 2012, she served as assistant to the general manager of the asset and finance department of Jiangsu Silk Group Corporation; from March 2012 to December 2020, she served as deputy general manager of asset and finance department and general manager of asset and finance department of Jiangsu SOHO Holdings Group Co., Ltd.; from December 2020 to present, she has served as vice president and member of the party committee of Jiangsu SOHO Holdings Group Co., Ltd. She has served as Supervisor of the Company since December 2022 with a term of office in current session of the Supervisory Committee from December 2022 to December 2025. |
| Wang Ying | Master's degree in public administration. She worked in the organization department of the Municipal Committee of Yangzhong and the Municipal Party Committee of Youth League in Yangzhong from August 2000 to June 2004. From June 2004 to January 2016, she worked at the State-owned Assets Supervision and Administration Commission of Jiangsu Provincial People's Government, successively serving as the principal staff member of the enterprise leadership personnel management division, principal staff member of the administrative office, deputy division chief of the public working division, deputy division chief of the Party construction work division and deputy division chief of the enterprise leadership personnel management division, etc. She joined Huatai Securities in January 2016 and has been serving as the head of the Communist Party union working department of Huatai Securities since April 2016. She has been an Employee Representative Supervisor of the Company since December 2019, chairman of labor union of the Company since December 2021, with a term of office in current session of the Supervisory Committee from December 2022 to December 2025. |

| Name | Primary work experience |
| --- | --- |
| Wang Juan | Master of scientific socialist legal system construction. From August 1997 to November 2015, she worked in the Publicity Department of the CPC Jiangsu Provincial Committee; from November 2015 to November 2016, she served as a deputy director of the General Administration Department of Jiangsu Cultural Investment & Management Group Co., Ltd.; from November 2016 to January 2019, she served as a deputy director of the General Administration Department of Jiangsu Cultural Investment & Management Group Co., Ltd. (presiding over the work since July 2017), as well as an executive director and the General Manager of Jiangsu Zijin Cultural and Creative Park Operation and Management Company Limited; from January 2019 to October 2019, she served as a deputy director (presiding over the work) of the General Administration Department of Jiangsu Cultural Investment & Management Group Co., Ltd.; from October 2019 to July 2020, she served as the director of the Party-Masses Work Department of Jiangsu Cultural Investment & Management Group Co., Ltd.; since July 2020, she has been the Deputy Director of the Office of the Company; since October 2021, she has been the employee representative Supervisor of the Company, with a term of office in current session of the Supervisory Committee from December 2022 to December 2025. |
| Han Zhencong | Doctor of management science and engineering. He served as a secretary of student affairs office, teacher, deputy secretary of Youth League Committee, director of educational affairs section and director of teaching and research office and vice-principal of Jiangsu Post and Telecommunications School (江蘇省郵電學校). He also served as deputy director of Jiangsu Telecom Staff Training Center (江蘇省電信職工培訓中心), manager of enterprise planning department, office director, general manager of Wuxi Branch, deputy general manager, member of the Leading Party Members' Group of China Telecom Jiangsu Company Limited (中國電信江蘇公司). He was the general manager and secretary of the Leading Party Members' Group of China Telecom Heilongjiang Company Limited from September 2009 to February 2012. He was the general manager of the government and enterprise customer business division of China Telecom from February 2012 to July 2016, and was the general manager and secretary of the Party Committee of China Telecom Zhejiang Company Limited from July 2016 to December 2019. He joined HTSC in December 2019 and has been a member of the Executive Committee and the chief information officer of the Company since April 2022 with a term of office in current session of the senior management from December 2022 to December 2025. |

| Name | Primary work experience |
|---|---|
| Sun Hanlin | Master of business administration, Mr. Sun once worked as a clerk, officer and deputy chief of the cadre section of human resources division of Jiangsu Branch of the PBOC; deputy chief (presiding) and chief of human resources division of Jiangsu Securities Company (江蘇省證券公司); chief of human resources division, chief of the organization department, general manager of the human resources department, secretary of the discipline inspection commission, chief inspection officer, a member of the Party Committee and vice president of Huatai Securities Limited Liability Company (华泰证券有限责任公司). He was vice president, secretary of the discipline inspection commission and a member of the Party Committee of the Company from December 2007 to December 2015. He was vice president and a member of the Party Committee of the Company from December 2015 to November 2019. He was vice president of the Company from November 2019 to December 2019, and has been a member of Executive Committee of the Company since December 2019 with a term of office in current session of the senior management from December 2022 to December 2025. |
| Jiang Jian | Master of agricultural economics and management. Mr. Jiang once taught at Nanjing Agricultural University (南京農業大學). He worked at Jiangsu Securities Company (江蘇省證券公司) as an employee of the human resources division, chief of the training and education section of the human resources division, deputy general manager of the stock affairs department under the investment banking head office, deputy general manager of No. 1 investment banking department, senior manager of No. 1 investment banking department, deputy general manager of the investment banking head office and general manager of the issuance department, general manager of the asset management head office of Huatai Securities Limited Liability Company, general manager of the investment banking business Nanjing head office, director of investment banking business and general manager of Nanjing head office, assistant to the president and general manager of Shanghai head office, assistant to the president, secretary to the Board of Directors, assistant to the president and general manager of institutional customer service department, vice president and secretary to the Board of Directors, and a member of the Party Committee. He was vice president, secretary to the Board of Directors and a member of the Party Committee of the Company from December 2007 to April 2017, vice president and a member of the Party Committee of the Company from April 2017 to November 2019 and vice president of the Company from November 2019 to December 2019. He has been a member of Executive Committee of the Company since December 2019 with a term of office in current session of the senior management from December 2022 to December 2025. |

| Name | Primary work experience |
| --- | --- |
| Zhang Hui | Doctor of technology economics and management. Mr. Zhang once worked at Dongcheng District Personnel Exchange Service Center of Beijing (北京東城區人才交流服務中心), Brilliance Group (華晨集團) Shanghai Office, Tongshang Holdings Co., Ltd. (通商控股有限公司) and Beijing Lianchuang Investment and Management Co., Ltd. (北京聯創投資管理有限公司). He served as a senior manager of the asset management head office of Huatai Securities and deputy general manager of the business office at Nantong Yaogang Road. Mr. Zhang served as the general manager of the business office at Shanghai Ruijin First Road, deputy general manager of securities investment department of the Company; general manager of the Company's general affairs department from July 2012 to January 2016; general manager of the human resources department and head of the organization department of the Party Committee of the Company from January 2016 to April 2017; secretary to the Board of Directors, general manager of the human resources department and head of the organization department of the Party Committee of the Company from April 2017 to March 2019; and secretary to the Board of Directors of the Company from March 2019 to December 2019, and a member of the Executive Committee and secretary to the Board of Directors of the Company from December 2019 to July 2022. He has been a member of the Executive Committee, secretary to the Board of Directors and party committee member of the Company since July 2022, with a term of office in current session of the senior management from December 2022 to December 2025. |

| Name | Primary work experience |
|---|---|
| Chen Tianxiang | Master's degree in control science and engineering. Mr. Chen once was an engineer of Eastcom Co., Ltd. (東方通信股份有限公司), project manager of Nanjing Xinwang Telecom Tech Co., Ltd. (南京欣網視訊科技股份有限公司), senior engineer of the information technology department, website operation manager of customer service center, head of network marketing team and assistant to general manager of financial service center of Huatai Securities. He served as the deputy general manager of the head office of brokerage business of the Company from April 2015 to August 2015; deputy general manager of the internet finance department of the Company (in charge of work) from August 2015 to June 2017; and general manager of the internet finance department of the Company from June 2017 to March 2022. He has been a member of the Executive Committee of the Company since February 2020, with a term of office in current session of the senior management from December 2022 to December 2025. |
| Jiao Xiaoning | Master's degree of accounting, an accountant. She once was a cadre of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司) Beijing Branch as well as a cadre, deputy chief clerk and chief clerk of the comprehensive division of the accounting department of Ministry of Finance (財政部). She served as the deputy division chief of the second division of standards of the accounting department of Ministry of Finance, investigator of the second division of the system from November 2003 to November 2009; a cadre, investigator, director and leading cadre of the system division of the accounting department of the CSRC from November 2009 to January 2014; deputy inspector and deputy director of the accounting department of the CSRC from January 2014 to January 2020. She joined Huatai Securities in January 2020 and has been the chief financial officer of the Company since March 2020, with a term of office in current session of the senior management from December 2022 to December 2025. |

| Name | Primary work experience |
|---|---|
| Jiao Kai | Doctor of finance. Mr. Jiao was once the manager and director assistant of trading operation department, director assistant and deputy director of trading management department, deputy director of executive office and general manager's secretary, and director of board of governors office and deputy director of executive office of Shanghai Stock Exchange. He served as the director of board of governors office and deputy director of executive office, director of CPC Committee Office and director of board of supervisors office of Shanghai Stock Exchange from January 2013 to March 2014; director of Beijing center of Shanghai Stock Exchange from March 2014 to February 2017; general manager of membership department of Shanghai Stock Exchange from February 2017 to December 2019. He joined Huatai Securities in December 2019 serving as the general legal counsel of the Company and has been the chief compliance officer and general counsel of the Company since February 2020 with a term of office in current session of the senior management from December 2022 to December 2025. |
| Wang Chong | Master of computer and finance. Mr. Wang served as the principal staff member of the treasury department/global financial marketing department of Bank of China (中國銀行) from July 1995 to March 2003; middle office chief of internal risk control for European treasury operations at the London Branch of Bank of China from March 2003 to May 2007; leader of interest rate derivative product and fixed income risks team of J.P. Morgan Securities (JP 摩根證券) from June 2007 to January 2010; risk compliance officer of China International Capital Corporation (UK) Limited (中國國際金融有限公司(英國)) from January 2010 to November 2014. He has been general manager of risk management department of the Company from December 2014 to January 2022 and chief risk officer of the Company since March 2017 with a term of office in current session of the senior management from December 2022 to December 2025. |
| Sun Yan | Bachelor of statistics. She once was the business director, business controller, senior manager and compensation and benefits manager of the human resources department of Huatai Securities. She served as the assistant to the general manager of the human resources department of the Company from April 2011 to May 2014; deputy general manager of the human resources department of the Company from May 2014 to March 2019; and general manager of the human resources department and head of the organization department of the Party Committee of the Company from March 2019 to December 2022. She has been the director of human resources, general manager of the human resources department and head of the organization department of the Party Committee of the Company since December 2022 with a term of office in current session of the senior management from December 2022 to December 2025. |

## *(II) Employment of Directors, Supervisors and senior management at present and those retired during the Reporting Period*

### *1. Employment at the Shareholders' companies*

| Name of employee | Name of the Shareholder's companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| Ding Feng | Jiangsu Guoxin Investment Group Limited | General manager of the finance department | March 8, 2018 | |
| Chen Zhongyang | Jiangsu Communications Holding Co., Ltd. | Deputy general manager, party committee member | June 8, 2020 | |
| | | General legal counsel | December 16, 2022 | |
| Ke Xiang | Govtor Capital Group Co., Ltd. | Deputy general manager, party committee member | August 17, 2020 | |
| | | General legal counsel | November 11, 2020 | |
| Li Chongqi | Jiangsu Guoxin Investment Group Limited. | General manager of the finance department | June 2, 2022 | |
| Yu Lanying | Jiangsu Communications Holding Co., Ltd. | Head of the financial management department | November 22, 2019 | |
| | | Assistant to the general manager | June 1, 2022 | |
| Zhang Xiaohong | Govtor Capital Group Co., Ltd. | Deputy general manager | July 8, 2020 | |
| Zhou Hongrong | Jiangsu SOHO Holdings Group Co., Ltd. | Vice president, party committee member | December 10, 2020 | |
| Zhang Ming | Jiangsu Guoxin Investment Group Limited | Party committee member, chief accountant | October 18, 2020 | |
| Explanation of the employment at the Shareholders' Companies | Nil | | | |

### *2. Employment at other companies*

| Name of employee | Name of other companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| Zhou Yi | CSOP Asset Management Limited (南方東英資產管理有限公司) | Chairman | November 7, 2017 | |
| | AssetMark Financial Holdings, Inc. | Director | October 31, 2016 | |
| | Huatai Financial Holdings (Hong Kong) Limited | Director | November 28, 2006 | |
| | China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司) | Chairman | May 27, 2022 | |
| | Huatai Securities (Singapore) Pte. Limited | Director | September 20, 2022 | |
| Ding Feng | Jiangsu United Credit Service Co., Ltd. (江蘇省聯合徵信有限公司) | Director | June 14, 2019 | |
| | Jiangsu Guoxin Credit Financing Guarantee Co., Ltd. (江蘇省國信信用融資擔保有限公司) | Director | August 12, 2019 | |
| | Zking Property & Casualty Insurance Co., Ltd. (紫金財產保險股份有限公司) | Director | February 20, 2021 | |

| Name of employee | Name of other companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| Chen Zhongyang | China Eastern Airlines Jiangsu Co., Ltd. (中國東方航空江蘇有限公司) | Director | March 23, 2021 | |
| | Jinling Hotel Co., Ltd. (金陵飯店股份有限公司) | Director | May 25, 2021 | |
| Ke Xiang | Jiangsu Addor Huijing Asset Management Co., Ltd. (江蘇毅達匯景資產管理有限公司) | Director | November 4, 2020 | |
| | Jiangsu Govtor Asset Management Co., Ltd. (江蘇高投資產管理有限公司) | Director | December 8, 2020 | |
| | Jiangsu Fenghai New Energy Seawater Desalination Development Co., Ltd. (江蘇豐海新能源淡化海水發展有限公司) | Director | December 18, 2020 | |
| Hu Xiao | Alibaba Group Holding Limited | Managing director of strategic investment department | January 1, 2020 | |
| | Shanghai Wanxiang Culture Distribution Co., Ltd. (上海萬象文化配送有限公司) | Director | May 7, 2019 | |
| | Dianwoba Holdings Limited | Director | May 30, 2020 | |
| | YTO Express Group Co., Ltd. (圓通速遞股份有限公司) | Director | February 25, 2021 | |
| | Jiangsu Kangzhong Auto Parts Co., Ltd. (江蘇康眾汽配有限公司) | Director | September 30, 2021 | |
| | BEST Inc. | Director | February 15, 2022 | |
| | Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司) | Director | March 29, 2022 | |
| | Travel Ease International (Hong Kong) Limited | Director | March 9, 2022 | |
| | Yunshang Exhibition Company Limited (雲上會展有限公司) | Director | March 1, 2022 | |
| | Zhejiang Haozhu Network Technology Company Limited (浙江豪豬網絡技術有限公司) | Director | July 14, 2022 | |
| Zhang Jinxin | Chengtong Fund Management Company Limited (誠通基金管理有限公司) | Deputy general manager of the research and planning department (in charge of work) | September 30, 2017 | |
| | Shanxi Jinbo Bio-Pharmaceutical Co., Ltd. (山西錦波生物醫藥股份有限公司) | Independent director | March 12, 2020 | |
| | Beijing Tiandetai Technology Company Limited (北京天德泰科技股份有限公司) | Independent director | April 28, 2020 | |
| | Gkht (Beijing) Medical Technology Co., Ltd. (國科恒泰(北京)醫療科技股份有限公司) | Independent director | December 12, 2022 | |

| Name of employee | Name of other companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| Wang Jianwen | Law School of Nanjing University | Professor | May 1, 2021 | |
| | Changshu Feifan Metalwork Co., Ltd. (常熟非凡新材股份有限公司) | Independent director | April 15, 2021 | |
| | Tongfu Microelectronics Co., Ltd. (通富微電子股份有限公司) | Independent director | December 16, 2021 | |
| | Nanjing Xinjiekou Department Store Co., Ltd. (南京新街口百貨商店股份有限公司) | Independent director | January 17, 2023 | |
| Wang Quansheng | Business School of Nanjing University | Professor | December 31, 2010 | |
| | Nanjing Iron & Steel Co., Ltd. (南京鋼鐵股份有限公司) | Independent director | June 30, 2022 | |
| Peng Bing | Law School of Peking University | Professor | April 1, 2000 | |
| | HSBC Qianhai Securities Limited (滙豐前海證券有限責任公司) | Independent director | September 1, 2017 | |
| Wang Bing | Accounting department of the Business School of Nanjing University | Associate professor | December 30, 2011 | |
| | Changzhou Tronly New Electronic Materials Co., Ltd. (常州強力電子新材料股份有限公司) | Independent director | October 10, 2017 | |
| | Kuangda Technology Group Co. Ltd. (曠達科技集團股份有限公司) | Independent director | May 12, 2020 | |
| | HIT Welding Industry Co., Ltd. (哈焊所華通(常州)焊業股份有限公司) | Independent director | June 1, 2019 | |
| | Jiangsu Jiuwu High-Tech Co., Ltd. (江蘇久吾高科技股份有限公司) | Independent director | June 20, 2022 | |
| Tse Yung Hoi | BOCI-Prudential Asset Management Limited (中銀國際英國保誠資產管理公司) | Chairman | January 24, 2003 | |
| | BOCOM International Holdings Company Limited (交銀國際控股有限公司) | Independent director | June 26, 2014 | |
| | DTXS Silk Road Investment Holdings Company Limited (大唐西市絲路投資控股有限公司) | Independent director | November 16, 2017 | |
| | Vico International Holdings Limited (域高國際控股有限公司) | Independent director | January 16, 2018 | |
| | Qianhai Financial Holdings Co., Limited (前海金融控股有限公司) | Independent director | July 21, 2014 | |
| Gu Chengzhong | Huatai Purple Gold Investment Co., Ltd. (華泰紫金投資有限責任公司) | Supervisor | January 18, 2019 | |
| | Jiangsu Equity Exchange Co., Ltd. (江蘇股權交易中心有限責任公司) | Supervisor | March 18, 2020 | |

| Name of employee | Name of other companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| Li Chongqi | Jiangsu International Trust Corporation Limited (江蘇省國際信託有限責任公司) | Director | October 21, 2022 | |
| | Jiangsu Railway Group Co., Ltd. (江蘇省鐵路集團有限公司) | Director | May 20, 2020 | |
| | Jiangsu New Energy Development Co., Ltd. (江蘇省新能源開發股份有限公司) | Chairman of the supervisory committee | August 4, 2021 | |
| | Jiangsu Radio and Television Information Network Investment Company Limited (江蘇省廣播電視信息網絡投資有限公司) | Vice chairman | May 20, 2020 | |
| | Suzhou Zhongfang Consortium Holding Company Limited (蘇州中方財團控股股份有限公司) | Director | June 10, 2019 | |
| | Jiangsu Sainty International Group Limited (江蘇舜天國際集團有限公司) | Director | June 5, 2018 | June 30, 2022 |
| | Hong Kong Broadsino Investment Company Limited (香港博騰國際投資貿易有限公司) | Chairman of the supervisory committee | May 8, 2018 | |
| Yu Lanying | Jiangsu Re-guarantee Group Co., Ltd. (江蘇省信用再擔保集團有限公司) | Supervisor | May 27, 2018 | |
| | Jiangsu Salt Industry Group Co., Ltd. (江蘇省鹽業集團有限責任公司) | Chairman of the supervisory committee | December 3, 2018 | |
| | Jiangsu Jinsuzheng Investment and Development Co., Ltd. (江蘇金蘇證投資發展有限公司) | Director | December 3, 2018 | |
| | Bank of Nanjing Co., Ltd. (南京銀行股份有限公司) | Director | September 16, 2020 | |
| Zhang Xiaohong | Jiangsu Addor Equity Investment Fund Management Co., Ltd. (江蘇毅達股權投資基金管理有限公司) | Supervisor | May 13, 2022 | |
| | Jiangsu Govtor Venture Capital Management Co., Ltd. (江蘇高投創業投資管理有限公司) | Legal representative, chairman | December 14, 2021 | |
| | Jiangsu Talent Innovation and Venture Service Center Co., Ltd. (江蘇省人才創新創業服務中心有限公司) | Legal representative, executive director and general manager | September 9, 2019 | |
| | Jiangsu Govtor Asset Management Co., Ltd. (江蘇高投資產管理有限公司) | Legal representative, chairman | September 10, 2021 | |
| | Jiangsu Xinxin Retail Innovation Fund (Limited Partnership) (江蘇新新零售創新基金(有限合夥)) | Designated representative of executive partner | August 26, 2021 | |
| Sun Hanlin | Jiangsu Equity Exchange Co., Ltd. (江蘇股權交易中心有限責任公司) | Legal representative, chairman | March 1, 2021 | |
| Jiang Jian | Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司) | Director | May 16, 2012 | |
| Zhang Hui | China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司) | Director | October 18, 2016 | |

| Name of employee | Name of other companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| Chen Tianxiang | Huatai Securities (Shanghai) Asset Management Co., Ltd. (華泰證券(上海)資產管理有限公司) | Director | March 30, 2018 | |
| Jiao Xiaoning | AssetMark Financial Holdings, Inc | Chairman | April 21, 2020 | |
| | Huatai Securities (Shanghai) Asset Management Co., Ltd. (華泰證券(上海)資產管理有限公司) | Director | August 10, 2020 | |
| Wang Chong | Huatai International Financial Holdings Company Limited (華泰國際金融控股有限公司) | Director | February 28, 2018 | |
| | Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) | Chief risk officer | July 30, 2018 | |
| | Huatai Securities USA Holdings, Inc. | Director | September 28, 2018 | |
| | Huatai Securities (USA), Inc. | Director | September 28, 2018 | |
| Chen Yongbing | China Eastern Airlines Jiangsu Co., Ltd. (中國東方航空江蘇有限公司) | Party committee member, deputy general manager | October 18, 2021 | |
| | Jiangsu Railway Group Co., Ltd. (江蘇省鐵路集團有限公司) | Director | May 17, 2018 | March 29, 2022 |
| | Jiangsu Port Group Co., Ltd. (江蘇省港口集團有限公司) | Director | July 9, 2018 | January 19, 2022 |
| | Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司) | Supervisor | March 17, 2018 | April 22, 2022 |
| | Jiangsu United Credit Service Co., Ltd. (江蘇省聯合徵信有限公司) | Director | June 26, 2019 | May 27, 2022 |
| | Lian Life Insurance Co., Ltd. (利安人壽保險股份有限公司) | Director | November 18, 2020 | April 25, 2022 |
| | Jiangsu United Credit Service Co., Ltd. (江蘇省聯合徵信有限公司) | Director | June 26, 2019 | May 27, 2022 |
| Wang Tao | CMB Wealth Management Company Limited (招銀理財有限責任公司) | Director and president | November 1, 2019 | |
| Zhu Xuebo | China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司) | Deputy secretary of the Party Committee | December 10, 2020 | |
| Chen Chuanming | Business School of Nanjing University | Professor | November 1, 2006 | |
| | Nanjing Iron & Steel Co., Ltd. (南京鋼鐵股份有限公司) | Independent director | May 6, 2016 | June 30, 2022 |
| | Zhejiang Wansheng Co., Ltd. (浙江萬盛股份有限公司) | Independent director | November 14, 2022 | |
| Liu Yan | Beijing Tian Yuan Law Firm (北京市天元律師事務所) | Partner | January 1, 2002 | |
| | WuXi Pharma Tech Co., Ltd. (無錫藥明康德新藥開發股份有限公司) | Independent director | March 17, 2017 | |

| Name of employee | Name of other companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| Chen Zhibin | School of Economics and Management of Southeast University | Professor | July 1, 2012 | |
| | Jiangsu Phoenix Publishing & Media Corporation Limited (江蘇鳳凰出版傳媒股份有限公司) | Independent director | May 10, 2018 | |
| | Jiangsu Sainty Corp., Ltd. (江蘇舜天股份有限公司) | Independent director | May 15, 2020 | February 19, 2022 |
| | Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司) | External supervisor | October 10, 2020 | March 8, 2022 |
| | Jiangsu Jiangnan Rural Commercial Bank Co., Ltd. (江蘇江南農村商業銀行股份有限公司) | Independent director | October 15, 2021 | |
| Zhang Ming | Jiangsu Guoxin Corporation Limited (江蘇國信股份有限公司) | Supervisor | August 20, 2019 | |
| | Jiangsu International Trust Corporation Limited (江蘇省國際信託有限責任公司) | Director | August 28, 2019 | |
| | Jiangsu Sainty Corp., Ltd. (江蘇舜天股份有限公司) | Supervisor | July 12, 2019 | |
| | Suzhou Industrial Park Co., Ltd. (蘇州工業園區股份有限公司) | Supervisor | June 24, 2015 | |
| | China Eastern Airlines Jiangsu Limited (中國東方航空江蘇有限公司) | Director | December 30, 2020 | |
| | Jiangsu Guoxin Group Finance Co., Ltd. (江蘇省國信集團財務有限公司) | Director | December 24, 2020 | |
| Fan Chunyan | Suning.com Group Co., Ltd. | Vice president of Retail Group and president of Internet Platform Company | August 16, 2016 | |
| | | General manager of the customer service management center | January 29, 2018 | |
| Explanation of other jobs | Nil | | | |

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

| | |
|---|---|
| Decision-making procedures of remuneration of the Directors, Supervisors and senior management | The Remuneration and Appraisal Committee of the Board is responsible for advising the Board on the remuneration structure and policies of the Directors and senior management of the Company. The Board makes decisions on matters relating to the remuneration of and reward and punishment of senior management in accordance with relevant policies, and matters relating to the remuneration of Directors and Supervisors shall be determined at the general meeting. |
| The basis for determining the remuneration of the Directors, Supervisors and senior management | The external Directors and external Supervisors of the Company do not receive remuneration from the Company; standard of remuneration of the independent Directors is determined with reference to that of the listed peers and based on actual situation of the Company; remuneration of internal Directors, employee representative Supervisors and the senior management applies relevant policies of governing authorities and the remuneration assessment system of the Company, and determined in accordance with the Company's operation, job responsibilities and the result of annual and tenure performance, as it is linked to position and performance. |
| Actual payments of remuneration of the Directors, Supervisors and senior management | Please refer to "Changes in shareholding structure and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period" in this report for details |
| Total remuneration actually obtained by all Directors, Supervisors and senior management at the end of the Reporting Period | Please refer to "Changes in shareholding structure and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period" in this report for details. During the Reporting Period, the Company paid deferred compensations for previous years (before tax): RMB647,900 to Zhou Yi; RMB366,400 to Han Zhencong; RMB376,400 to Li Shiqian; RMB373,800 to Sun Hanlin; RMB373,800 to Jiang Jian; RMB1,117,000 to Zhang Hui; RMB1,177,700 to Chen Tianxiang; RMB490,000 to Jiao Xiaoning; RMB543,100 to Jiao Kai; RMB635,900 to Wang Chong; RMB877,200 to Gu Chengzhong; RMB549,900 to Wang Ying; and RMB66,000 to Wang Juan. |

## *(IV) Changes in Directors, Supervisors and senior management*

| Name | Position | Change | Reason for Change |
|---|---|---|---|
| Zhou Yi | Employee Representative Director | Elected | Elected by the congress of workers and staff |
| Chen Zhongyang | Non-executive Director | Elected | Elected at the 2021 Annual General Meeting |
| Yin Lihong | Executive Director | Elected | Elected at the 2021 Annual General Meeting |
| Wang Quansheng | Independent Non-executive Director | Elected | Elected at the 2021 Annual General Meeting |
| Zhang Jinxin | Non-executive Director | Elected | Elected at the First Extraordinary General Meeting in 2022 |
| Peng Bing | Independent Non-executive Director | Elected | Elected at the First Extraordinary General Meeting in 2022 |
| Wang Bing | Independent Non-executive Director | Elected | Elected at the First Extraordinary General Meeting in 2022 |
| Tse Yung Hoi | Independent Non-executive Director | Elected | Elected at the First Extraordinary General Meeting in 2022 |
| Li Chongqi | Supervisor | Elected | Elected at the First Extraordinary General Meeting in 2022 |
| Zhou Hongrong | Supervisor | Elected | Elected at the First Extraordinary General Meeting in 2022 |
| Han Zhencong | Member of the Executive Committee, chief information officer | Appointed | Appointed by the Board |
| Sun Yan | Director of human resources | Appointed | Appointed by the Board |
| Chen Yongbing | Non-executive Director | Resigned | Due to work reasons, he will no longer serve as a non-executive Director of the Company |
| Wang Tao | Non-executive Director | Resigned | Due to work reasons, he will no longer serve as a non-executive Director of the Company |
| Zhu Xuebo | Executive Director | Resigned | Due to work reasons, he will no longer serve as an executive Director of the Company |
| Chen Chuanming | Independent Non-executive Director | Resigned | Having served as an independent non-executive Director of the Company for 6 consecutive years, he will no longer serve as an independent non-executive Director of the Company |
| Liu Yan | Independent Non-executive Director | Resigned | Due to the expiration of her term of office, she will no longer serve as an independent non-executive Director of the Company |
| Chen Zhibin | Independent Non-executive Director | Resigned | Due to the expiration of his term of office, he will no longer serve as an independent non-executive Director of the Company |
| Au King Chi | Independent Non-executive Director | Resigned | Due to the expiration of her term of office, she will no longer serve as an independent non-executive Director of the Company |
| Zhang Ming | Supervisor | Resigned | Due to the expiration of his term of office, he will no longer serve as a Supervisor of the Company |
| Fan Chunyan | Supervisor | Resigned | Due to the expiration of her term of office, she will no longer serve as a Supervisor of the Company |
| Li Shiqian | Member of the Executive Committee | Resigned | Due to the expiration of his term of office, he will no longer serve as a senior management of the Company |

Notes:

1. On April 8, 2022, as considered and approved at the twenty-second meeting of the fifth session of the Board of the Company, Mr. Han Zhencong was appointed as a member of the Executive Committee and chief information officer of the Company.

2. On April 14, 2022, the Board of the Company received a written resignation report from Mr. Wang Tao, a non-executive Director. Mr. Wang Tao has proposed to resign from his positions as a non-executive Director of the fifth session of the Board of the Company and as a member of the Development Strategy Committee of the Board due to work reasons, upon which he no longer holds any position in the Company. There is no disagreement between Mr. Wang Tao and the Board of the Company, and there is no matter in relation to his resignation that needs to be brought to the attention of the shareholders of the Company. Mr. Wang Tao has also confirmed that he is not a party involved in any on-going or pending litigation or dispute against the Company.

3. On June 22, 2022, the Resolution on the Election of an Independent Non-executive Director of the Fifth Session of the Board of the Company and the Resolution on the Election of a Non-executive Director and an Executive Director of the Fifth Session of the Board of the Company were considered and approved at the 2021 Annual General Meeting of the Company, pursuant to which Mr. Wang Quansheng, Mr. Chen Zhongyang and Ms. Yin Lihong were elected as an independent non-executive Director of the fifth session of the Board of the Company, a non-executive Director of the fifth session of the Board and an executive Director of the fifth session of the Board, respectively. Mr. Wang Quansheng has replaced Mr. Chen Chuanming to perform his duties as an independent non-executive Director of the fifth session of the Board of the Company; Mr. Chen Zhongyang has replaced Mr. Chen Yongbing to perform his duties as a non-executive Director of the fifth session of the Board of the Company; and Ms. Yin Lihong has replaced Mr. Zhu Xuebo to perform her duties as an executive Director of the fifth session of the Board of the Company from June 22, 2022; all for a term of office until the end of the fifth session of the Board.

4. On December 28, 2022, as considered and approved at the employee representatives' meeting of the Company, Mr. Zhou Yi was elected as an employee representative Director of the sixth session of the Board of the Company, and Mr. Gu Chengzhong, Ms. Wang Ying and Ms. Wang Juan were elected as employee representative Supervisors of the sixth session of the Supervisory Committee of the Company. The terms of office of the above-mentioned persons shall be effective from the date on which the Resolution on the Election of Executive Directors and Non-executive Directors of the Sixth Session of the Board of the Company, the Resolution on the Election of Independent Non-executive Directors of the Sixth Session of the Board of the Company and the Resolution on the Election of Non-employee Representative Supervisors of the Sixth Session of the Supervisory Committee of the Company were considered and approved at the 2022 first extraordinary general meeting of the Company until the end of the sixth session of the Board and the Supervisory Committee.

5. On December 30, 2022, the Resolution on the Election of Executive Directors and Non-Executive Directors of the Sixth Session of the Board of the Company, the Resolution on the Election of Independent Non-executive Directors of the Sixth Session of the Board of the Company and the Resolution on the Election of Non-employee Representative Supervisors of the Sixth Session of the Supervisory Committee of the Company were considered and approved at the 2022 first extraordinary general meeting of the Company, pursuant to which Mr. Zhang Wei, Mr. Ding Feng, Mr. Chen Zhongyang, Mr. Ke Xiang, Ms. Hu Xiao, Mr. Zhang Jinxin, Ms. Yin Lihong, Mr. Wang Jianwen, Mr. Wang Quansheng, Mr. Peng Bing, Mr. Wang Bing and Mr. Tse Yung Hoi were elected as Directors of the sixth session of the Board of the Company; and Ms. Li Chongqi, Ms. Yu Lanying, Ms. Zhang Xiaohong and Ms. Zhou Hongrong were elected as non-employee representative Supervisors of the Company, respectively. The above-mentioned persons shall perform the duties of Directors of the sixth session of the Board of the Company and the duties of Supervisors of the sixth session of the Supervisory Committee from December 30, 2022, and shall hold office until the end of the sixth session of the Board and the Supervisory Committee. On the same day, as considered and approved at the first meeting of the sixth session of Board of the Company, Mr. Zhang Wei was elected as the chairman of the sixth session of the Board of the Company; it was agreed to appoint Mr. Zhou Yi as the chief executive officer and the chairman of the Executive Committee of the Company; it was agreed to appoint Mr. Han Zhencong, Mr. Sun Hanlin, Mr. Jiang Jian, Mr. Zhang Hui and Mr. Chen Tianxiang as members of the Company's Executive Committee; it was agreed to appoint Mr. Han Zhencong as chief information officer (concurrent) of the Company; it was agreed to appoint Ms. Jiao Xiaoning as chief financial officer of the Company; it was agreed to appoint Mr. Jiao Kai as chief compliance officer and general legal counsel of the Company; it was agreed to appoint Mr. Wang Chong as chief risk officer of the Company; it was agreed to appoint Ms. Sun Yan as director of human resources of the Company; and it was agreed to appoint Mr. Zhang Hui as secretary to the Board of the Company (concurrent).The terms of office of the above-mentioned persons are three years commencing from the date of consideration and approval by the sixth session of the Board (i.e. December 30, 2022). On the same day, as considered and approved at the first meeting of the sixth session of Supervisory Committee of the Company, Mr. Gu Chengzhong was elected as the chairman of the sixth session of the Supervisory Committee of the Company, with a term of office of three years from the date of consideration and approval by the sixth session of the Supervisory Committee (i.e. December 30, 2022).

Save as disclosed above, the Company did not appoint or dismiss any Director, Supervisor or senior management during the Reporting Period. Meanwhile, there is no change of information about the Directors, Supervisors and chief executives which shall be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

***(V) As of the end of the Reporting Period, none of the incumbent Directors, Supervisors and senior management or Directors, Supervisors or senior management who left office during the Reporting Period had been subject to any penalty imposed by the securities regulatory authorities during the last three years***

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

| Meeting | Convening date | Meeting form and place | Meeting motion | Status |
|---|---|---|---|---|
| The Twenty-first Meeting of the Fifth Session of the Board | March 30, 2022 | By means of onsite & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room 6, Floor 18, Building A, China Pacific Insurance Plaza, No. 28 Fengsheng Alley, Xicheng District, Beijing; Simulated Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Simulated Video Conference Room, Shenzhen Branch Office of Huatai Securities, 42/F, Fund Mansion, No. 5999 Yitian Road, Shenzhen; Simulated Video London Conference Room, Huatai Financial Holdings (Hong Kong) Limited, 62/F, The Center, 99 Queen's Road Central, Hong Kong. | 1. To consider the 2021 Work Report of the Senior Management of the Company;<br>2. To consider the 2021 Final Financial Report of the Company;<br>3. To consider the 2022 Financial Budget Report of the Company;<br>4. To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company;<br>5. To consider the Proposal on the 2021 Profit Distribution of the Company;<br>6. To consider the 2021 Work Report of the Board of the Company;<br>7. To consider the Resolution on the 2021 Annual Report of the Company;<br>8. To consider the Resolution on the 2021 Annual Compliance Report of the Company;<br>9. To consider the Resolution on the 2021 Annual Risk Management Report of the Company;<br>10. To consider the Resolution on the 2021 Annual Internal Control Evaluation Report of the Company;<br>11. To consider the Resolution on the Special Report on Information Technology Management of the Company for 2021;<br>12. To consider the Resolution on the 2021 Corporate Social Responsibility Report of the Company;<br>13. To consider the Proposal on the estimated ordinary transactions with related parties of the Company for 2022;<br>14. To consider the Proposal on the estimated investment amount for the proprietary business of the Company for 2022;<br>15. To consider the Internal Audit Work Plan of the Company for 2022;<br>16. To consider the Resolution on the Change of the Accounting Firm;<br>17. To consider the Proposal on the Election of Non-independent Directors of the Fifth Session of the Board of the Company;<br>18. To consider the Proposal on the Election of an Independent Director of the Fifth Session of the Board of the Company;<br>19. To consider the Resolution on Amendments to the Articles of Association of Huatai Securities Co., Ltd.;<br>20. To consider the Resolution on the Adjustment of the Organizational Structure of the Headquarters and the Duties of Relevant Departments;<br>21. To consider the Report on Performance Assessment and Remuneration of Directors of the Company for 2021;<br>22. To consider the Report on Execution of Duty, Performance Assessment and Remuneration of the Senior Management of the Company for 2021;<br>23. To consider the Report on Performance of Duties of the Independent Directors of the Company for 2021;<br>24. To consider the Resolution on Convening the 2021 Annual General Meeting, 2022 First A Share Class Meeting and 2022 First H Share Class Meeting of the Company;<br>25. Debriefing of the Report on Performance of Duties by the Audit Committee of the Board of the Company for 2021; | All resolutions were considered and approved |

| Meeting | Convening date | Meeting form and place | Meeting motion | Status |
|---|---|---|---|---|
| | | | 26. Debriefing of the Work Report of the Chief Compliance Officer of the Company for 2021;<br>27. Debriefing of the Work Report on Anti-money Laundering of the Company for 2021;<br>28. Debriefing of the Report on Internal Audit of the Company for 2021;<br>29. To review the Self-assessment Report on Money Laundering Risk of the Company;<br>30. Review of the Report on Net Capital and Other Risk Control Indicators of the Company for 2021. | |
| The Twenty-second Meeting of the Fifth Session of the Board | April 8, 2022 | By means of teleconference | To consider the Resolution on the Appointment of Mr. Han Zhencong as a Member of the Executive Committee and chief information officer of the Company. | The resolution was considered and approved |
| The Twenty-third Meeting of the Fifth Session of the Board | April 29, 2022 | By means of onsite & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room 6, Floor 18, Building A, China Pacific Insurance Plaza, No. 28 Fengsheng Alley, Xicheng District, Beijing; Simulated Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Simulated Video Conference Room, Shenzhen Branch Office of Huatai Securities, 42/F, Fund Mansion, No. 5999 Yitian Road, Shenzhen; Simulated Video London Conference Room, Huatai Financial Holdings (Hong Kong) Limited, 62/F, The Center, 99 Queen's Road Central, Hong Kong. | To consider the Resolution on the First Quarterly Report of the Company for 2022. | The resolution was considered and approved |

| Meeting | Convening date | Meeting form and place | Meeting motion | Status |
|---|---|---|---|---|
| The Twenty-fourth Meeting of the Fifth Session of the Board | May 31, 2022 | By means of teleconference | To consider the Resolution on Increasing the Investment Amount for the R&D and Training Center Project of Huatai Securities. | The resolution was considered and approved |
| The Twenty-fifth Meeting of the Fifth Session of the Board | June 22, 2022 | By means of teleconference | 1. To consider the Resolution on the Application for Conducting Stocks Market-making Business on the STAR Market by the Company;<br>2. To consider the Resolution on Amendments to the Basic System for Anti-money Laundering and Anti-terrorism Financing of Huatai Securities Co., Ltd.;<br>3. To consider the Resolution on Termination of the Commitment on the Provision of Net Capital Guarantee to its Wholly-owned Subsidiary Huatai Securities (Shanghai) Asset Management Co., Ltd. by the Company;<br>4. To consider the Resolution on the Adjustment to the Composition of Certain Special Committees of the Fifth Session of the Board of the Company. | All resolutions were considered and approved |
| The Twenty-sixth Meeting of the Fifth Session of the Board | August 30, 2022 | By means of onsite & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room 6, Floor 18, Building A, China Pacific Insurance Plaza, No. 28 Fengsheng Alley, Xicheng District, Beijing; Simulated Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Simulated Video London Conference Room, Huatai Financial Holdings (Hong Kong) Limited, 62/F, The Center, 99 Queen's Road Central, Hong Kong. | 1. To consider the Resolution on the 2022 Interim Report of the Company;<br>2. To consider the Resolution on the Application for the Qualification for Market-making and Trading Business of Listed Securities and Conducting Market-making and Trading Business of Bonds on the Stock Exchange by the Company;<br>3. Examination on the Report on Net Capital and Other Risk Control Indicators of the Company for the First Half of 2022. | All resolutions were considered and approved |

| Meeting | Convening date | Meeting form and place | Meeting motion | Status |
|---|---|---|---|---|
| The Twenty-seventh Meeting of the Fifth Session of the Board | October 28, 2022 | By means of onsite & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room 6, Floor 18, Building A, China Pacific Insurance Plaza, No. 28 Fengsheng Alley, Xicheng District, Beijing; Simulated Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Simulated Video London Conference Room, Huatai Financial Holdings (Hong Kong) Limited, 62/F, The Center, 99 Queen's Road Central, Hong Kong. | 1. To consider the Resolution on the Third Quarterly Report of the Company for 2022;<br>2. To consider the Resolution on Amendments to the Terms of Reference of the Special Committees of the Board of Directors of Huatai Securities Co., Ltd.;<br>3. To consider the Resolution on Amendments to the Administration Measures for Information Disclosure of Huatai Securities Co., Ltd.;<br>4. To consider the Resolution on amendments to the System for Investor Relationship Management of Huatai Securities Co., Ltd.;<br>5. To consider the Resolution on Amendments to the Administrative System regarding the Shares of the Company Held by Directors, Supervisors and Senior Management of Huatai Securities Co., Ltd. | All resolutions were considered and approved |
| The Twenty-eighth Meeting of the Fifth Session of the Board | November 28, 2022 | By means of teleconference | 1. To consider the Resolution on Amendments to the Articles of Association of Huatai Securities Co., Ltd.;<br>2. To consider the Resolution on the Amendments to the Rules of Procedure for General Meeting of Huatai Securities Co., Ltd.;<br>3. To consider the Resolution on the Amendments to the Working System for Independent Directors of Huatai Securities Co., Ltd.;<br>4. To consider the Resolution on the Amendments to the Management System for Related-Party Transactions of Huatai Securities Co., Ltd.;<br>5. To consider the Resolution on the Change of Business Scope and Amendments to the Articles of Association of the Company;<br>6. To consider the Proposal on the Election of Non-independent Directors of the Sixth Session of the Board of the Company;<br>7. To consider the Proposal on the Election of an Independent Director of the Sixth Session of the Board of the Company;<br>8. To consider the Resolution on the Convening of the Extraordinary General Meeting of the Company. | All resolutions were considered and approved |

| Meeting | Convening date | Meeting form and place | Meeting motion | Status |
|---|---|---|---|---|
| The First Meeting of the Sixth Session of the Board | December 30, 2022 | By means of onsite & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room 6, Floor 18, Building A, China Pacific Insurance Plaza, No. 28 Fengsheng Alley, Xicheng District, Beijing; Simulated Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Simulated Video Beijing Conference Room, Huatai Financial Holdings (Hong Kong) Limited, 62/F, The Center, 99 Queen's Road Central, Hong Kong. | 1. To consider the Resolution on Election of the Chairman of the Sixth Session of the Board of the Company;<br>2. To consider the Resolution on the Composition of Special Committees of the Sixth Session of the Board of the Company;<br>3. To consider the Resolution on Appointment of Chief Executive Officer and the Head of Execution Committee of the Company;<br>4. To consider the Resolution on Appointment of Senior Management of the Company;<br>5. To consider the Resolution on the Engagement of the External Evaluation Institution for Compliance Management Effectiveness for 2022;<br>6. To consider the Resolution on the Satisfaction of the Conditions for the Rights Issue of the Company;<br>7. To consider the Resolution on the Rights Issue Plan of the Company;<br>8. To consider the Resolution on the Proposal for Public Issuance of Shares by Way of Rights Issue of the Company;<br>9. To consider the Resolution on the Feasibility Analysis Report on the Use of Proceeds from the Rights Issue of the Company;<br>10. To consider the Resolution on the Report on Use of Proceeds Previously Raised;<br>11. To consider the Resolution on the Risk Reminder of and Remedial Measures to the Dilution of Immediate Returns Resulted from the Rights Issue to the Existing Shareholders and the Undertakings by Relevant Parties;<br>12. To consider the Resolution on the Shareholders' Interim Return Plan (2023-2025);<br>13. To consider the Resolution on the Mandate to the Board and Its Authorized Person(s) to Deal with Matters Related to the Rights Issue;<br>14. To consider the Resolutions on Convening the 2023 First Extraordinary General Meeting, 2023 First A Share Class Meeting and 2023 First H Share Class Meeting of the Company. | All resolutions were considered and approved |

Note: Details of relevant announcements on the resolutions of the Board can be found on the website of the Shanghai Stock Exchange (http://www.sse.com.cn), the HKEXnews website of the HKEX (http://www.hkexnews.hk) and our Company's website (http://www.htsc.com.cn) and China Securities Journal, Shanghai Securities News, Securities Daily as well as Securities Times.

## VI. MEETINGS OF THE SUPERVISORY COMMITTEE CONVENED DURING THE REPORTING PERIOD

| Meeting | Convening date | Meeting form and place | Meeting motion | Status |
|---|---|---|---|---|
| The Twelfth Meeting of the Fifth Session of the Supervisory Committee | March 30, 2022 | By means of onsite & video meetings. Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228 Middle Jiangdong Road, Nanjing. | 1. To consider the 2021 Work Report of the Supervisory Committee of the Company;<br>2. To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company;<br>3. To consider the Proposal on the 2021 Profit Distribution of the Company;<br>4. To consider the resolution on the 2021 Annual Report of the Company;<br>5. To consider the resolution on the 2021 Annual Internal Control Evaluation Report of the Company;<br>6. To consider the Report on Performance Assessment and Remuneration of the Supervisors of the Company for 2021;<br>7. Debriefing of the Report on Internal Audit of the Company for 2021;<br>8. Debriefing of the Internal Audit Work Plan of the Company for 2022. | All resolutions were considered and approved |
| The Thirteenth Meeting of the Fifth Session of the Supervisory Committee | April 29, 2022 | By means of on-site meeting. Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228 Middle Jiangdong Road, Nanjing. | To consider the Resolution on the First Quarterly Report of the Company for 2022. | The resolution was considered and approved |
| The Fourteenth Meeting of the Fifth Session of the Supervisory Committee | August 30, 2022 | By means of on-site meeting. Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228 Middle Jiangdong Road, Nanjing. | To consider the Resolution on the 2022 Interim Report of the Company. | The resolution was considered and approved |
| The Fifteenth Meeting of the Fifth Session of the Supervisory Committee | October 28, 2022 | By means of on-site meeting. Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228 Middle Jiangdong Road, Nanjing. | To consider the Resolution on the Third Quarterly Report of the Company for 2022. | The resolution was considered and approved |

| Meeting | Convening date | Meeting form and place | Meeting motion | Status |
|---|---|---|---|---|
| The Sixteenth Meeting of the Fifth Session of the Supervisory Committee | November 28, 2022 | By means of teleconference | To consider the Proposal on Election of Members of the Sixth Session of the Supervisory Committee (Non-employee Representative Supervisor) of the Company. | The resolution was considered and approved |
| The First Meeting of the Sixth Session of the Supervisory Committee | December 30, 2022 | By means of onsite & video meetings. Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228 Middle Jiangdong Road, Nanjing. | 1. To consider the Resolution on Election of Chairman of the Sixth Session of the Supervisory Committee of the Company;<br>2. To consider the Resolution on the Satisfaction of the Conditions for the Rights Issue of the Company;<br>3. To consider the Resolution on the Rights Issue Plan of the Company;<br>4. To consider the Resolution on the Proposal for Public Issuance of Shares by Way of Rights Issue of the Company;<br>5. To consider the Resolution on the Feasibility Analysis Report on the Use of Proceeds from the Rights Issue of the Company;<br>6. To consider the Resolution on the Report on Use of Proceeds Previously Raised;<br>7. To consider the Resolution on the Risk Reminder of and Remedial Measures to the Dilution of Immediate Returns Resulted from the Rights Issue to the Existing Shareholders and the Undertakings by Relevant Parties;<br>8. To consider the Resolution on the Shareholders' Interim Return Plan (2023-2025). | All resolutions were considered and approved |

Note: Details of relevant announcements on the resolutions of the Supervisory Committee can be found on the website of the Shanghai Stock Exchange (http://www.sse.com.cn), the HKEXnews website of the HKEX (http://www.hkexnews.hk) and our Company's website (http://www.htsc.com.cn) and China Securities Journal, Shanghai Securities News, Securities Daily as well as Securities Times.

## VII. PERFORMANCE OF DUTIES OF DIRECTORS

### *(I) Attendance of Directors at Board Meetings and General Meetings*

| | | Attendance at Board meetings | | | | | | Attendance at general meetings |
|---|---|---|---|---|---|---|---|---|
| Name of Director | Whether or not he/she is an independent Director | Times of attendance at Board meetings during the year | Attendance in person | Attendance by means of teleconference | Attendance by proxy | Absence | Whether or not he/she failed to attend the meeting in person for two consecutive times | Times of attendance at general meetings |
| Zhang Wei | No | 9 | 8 | 4 | 1 | – | No | 3 |
| Zhou Yi | No | 9 | 9 | 4 | – | – | No | 1 |
| Ding Feng | No | 9 | 9 | 4 | – | – | No | 4 |
| Chen Zhongyang | No | 5 | 4 | 2 | 1 | – | No | 1 |
| Ke Xiang | No | 9 | 7 | 4 | 2 | – | No | 1 |
| Hu Xiao | No | 9 | 6 | 4 | 3 | – | No | – |
| Zhang Jinxin | No | 1 | 1 | – | – | – | No | – |
| Yin Lihong | No | 5 | 4 | 2 | 1 | – | No | 1 |
| Wang Jianwen | Yes | 9 | 9 | 4 | – | – | No | 1 |
| Wang Quansheng | Yes | 5 | 5 | 2 | – | – | No | 1 |
| Peng Bing | Yes | 1 | 1 | – | – | – | No | – |
| Wang Bing | Yes | 1 | 1 | – | – | – | No | – |
| Tse Yung Hoi | Yes | 1 | 1 | – | – | – | No | – |
| Chen Yongbing | No | 4 | 2 | 2 | 2 | – | No | – |
| Wang Tao | No | 2 | 1 | 1 | 1 | – | No | – |
| Zhu Xuebo | No | 4 | 4 | 2 | – | – | No | – |
| Chen Chuanming | Yes | 4 | 4 | 2 | – | – | No | 3 |
| Liu Yan | Yes | 8 | 8 | 4 | – | – | No | – |
| Chen Zhibin | Yes | 8 | 8 | 4 | – | – | No | 4 |
| Au King Chi | Yes | 8 | 7 | 4 | 1 | – | No | – |
| Number of Board meetings held within the year | | | | | | | | 9 |
| Of which: Number of on-site meetings | | | | | | | | – |
| Number of meetings held by teleconference | | | | | | | | 4 |
| Number of meetings held on-site and via teleconference | | | | | | | | 5 |

### *(II) No Objections Raised by Directors to Relevant Matters of the Company*

### *(III) Others*

*1. Board of Directors and the Operation Management*

(1) Composition of the Board

According to the relevant regulations of the Articles of Association, the Board shall be composed of 13 Directors, with the number of independent Directors accounting for at least 1/3 of the total number. On December 30, 2022, as elected at the 2022 First Extraordinary General Meeting of the Company, and according to the election by the congress of workers and staff of the Company, the Company formed the sixth session of the Board. As of the end of the Reporting Period, there were 13 members in the Board, including 3 executive Directors (Mr. Zhang Wei, Mr. Zhou Yi, Ms. Yin Lihong), 5 non-executive Directors (Mr. Ding Feng, Mr. Chen Zhongyang, Mr. Ke Xiang, Ms. Hu Xiao, Mr. Zhang Jinxin) and 5 independent non-executive Directors (Mr. Wang Jianwen, Mr. Wang Quansheng, Mr. Peng Bing, Mr. Wang Bing, Mr. Tse Yung Hoi).

The Directors are elected or changed via the general meeting and shall formally take office from the date on which their appointments are approved by the general meeting. A Director shall serve a term of three years. Directors are eligible for re-election upon the expiration of their terms. However, the successive terms of independent non-executive Directors may not be more than 6 years. According to relevant regulations of Rule 3.13 of the Hong Kong Listing Rules, the Company has received the annual written confirmation from each independent non-executive Director with regards to his/her independence. Based on these confirmations and the relevant information available to the Board, the Company continues to confirm their independence.

The Company covered liability insurance for Directors, Supervisors and senior management and other related staff held responsible according to the authorization of the 2014 Annual General Meeting, to protect them from the compensation liabilities that may arise from performing their duties and to reasonably avoid management risk and legal risk which the Directors, Supervisors and senior management may be exposed to, and to encourage them to earnestly fulfill their duties and responsibilities.

(2) Duties and Responsibilities of the Board

The Board is the decision-making body of the Company and is accountable to the general meeting. According to the Articles of Association, the Board shall exercise the following major functions and powers: to convene general meetings and report work to general meetings; to carry out the resolutions of the general meetings; to resolve on the business & investment plans of the Company; to prepare annual financial budget plan and final accounting plan of the Company; to prepare profit distribution plan and loss remedy plan of the Company; to formulate proposals of the Company on increasing or decreasing the registered capital, issuing bonds or other securities and the listing plan; to formulate plans for material acquisition, purchase of shares of the Company, merger, division, dissolution or transformation of the Company; to determine, within the authority granted by the general meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, entrusted wealth management, related-party transactions, external donations, etc.; to decide on the establishment of the Company's internal management organizations; to determine the appointment or dismissal of the chief executive officer, secretary to the Board and other senior management of the Company, and to decide the matters on their remuneration and rewards as well as penalties; to determine the appointment or dismissal of the senior management of the Company including member of Executive Committee, chief financial officer, chief compliance officer, chief risk officer and chief information officer according to the nominations by the president, and to decide the matters on their remuneration and rewards as well as penalties; to set up the basic management system of the Company; to formulate the proposals for any amendment to the Articles of Association; to manage the Company's information disclosure; to be responsible for the strategic decision of the objectives and planning of cultural construction, and direct the Company to strengthen its cultural construction; to propose to the general meeting the appointment or replacement of the accounting firms which provide audit services for the Company; to listen to the work reports of the Executive Committee and review its work; to decide the Company's compliance management objectives and assume the responsibility for the effectiveness of compliance management, including but not limited to: considering and approving the basic system for compliance management and the annual compliance report, evaluating the effectiveness of compliance management, urging to solve problems in compliance management, establishing the mechanism for direct communication with the chief compliance officer, guaranteeing the chief compliance officer's assessment on the senior management, various departments and branches, subsidiaries at all levels, Compliance Department and compliance management personnel; to formulate the risk control system of the Company; to determine Directors' remunerations and distribution plan thereof; to decide to purchase Company's shares due to the circumstances specified in the Articles of Association of the Company; and to exercise other functions and powers authorized by laws, administrative regulations, departmental rules or the Articles of Association.

(3) Duties and Responsibilities of the Operation Management

The Board is responsible for overall strategies and governance of the Company, and the Operation Management is responsible for the concrete implementation of the development strategies and policies passed by the Board as well as the daily operation and management of the Company. The Operation Management is the supreme operation management body established by the Company for implementation of the routes and policies determined by the Board, and shall exercise the following functions and powers according to the Articles of Association: to carry out Company's operation policies determined by the Board and decide on material matters during the operation and management of the Company; to formulate and implement the financial budget plan of the Company; to formulate final accounting plan, profit distribution plan and loss remedy plan of the Company; to formulate the registered capital change plans and bonds insurance plans of the Company; to formulate plans for merger, division, change and dissolution of the Company; to formulate Company's business plans and plans for investment, financing and disposal of assets, and report to the Board for approval according to authorization; to formulate Company's plan for establishment of internal management bodies; to deploy and implement various works for cultural construction; to prepare and approve the employee benefits plans and promotion and demotion plans; and to exercise other functions and powers authorized by the Board.

(4) Implementation by the Board of Resolutions Passed at General Meetings

1) On February 8, 2021, the Resolution on General Mandate for Domestic and Overseas Debt Financing Instruments of the Company was considered and approved at the Company's first extraordinary general meeting of 2021. According to the resolution, after being approved by Approval for the Registration of Public Issuance of Corporate Bonds by Huatai Securities Co., Ltd. to Professional Investors (Zheng Jian Xu Ke [2022] No. 161) of the CSRC, the Company publicly issued nine tranches of corporate bonds totaling RMB28.0 billion during the Reporting Period.

2) On February 8, 2021, the Resolution on General Mandate for Domestic and Overseas Debt Financing Instruments of the Company was considered and approved at the Company's first extraordinary general meeting of 2021. According to the resolution, after being approved by the Letter on Unanimity for the Listing and Transfer of Non-publicly Issued Corporate Bonds of Huatai Securities Co., Ltd. (Shang Zheng Han [2021] No. 1668) of the SSE, the Company issued one tranche of corporate bonds non-publicly, with a total amount of RMB4.0 billion during the Reporting Period.

3) On February 8, 2021, the Resolution on General Mandate for Domestic and Overseas Debt Financing Instruments of the Company was considered and approved at the Company's first extraordinary general meeting of 2021. According to the resolution, after being approved by Approval for the Registration of Public Issuance of Perpetual Subordinated Corporate Bonds by Huatai Securities Co., Ltd. to Professional Investors (Zheng Jian Xu Ke [2021] No. 2918) of the CSRC, the Company publicly issued three tranches of perpetual subordinated corporate bonds totaling RMB9.2 billion during the Reporting Period.

4) On February 8, 2021, the Resolution on General Mandate for Domestic and Overseas Debt Financing Instruments of the Company was considered and approved at the Company's first extraordinary general meeting of 2021. According to the resolution, after being approved by Approval for the Registration of Public Issuance of Short-term Corporate Bonds by Huatai Securities Co., Ltd. to Professional Investors (Zheng Jian Xu Ke [2020] No. 1904) of the CSRC, the Company publicly issued two tranches of short-term corporate bonds totaling RMB10 billion during the Reporting Period.

5) On February 8, 2021, the Resolution on General Mandate for Domestic and Overseas Debt Financing Instruments of the Company was considered and approved at the Company's first extraordinary general meeting of 2021. According to the resolution, during the Reporting Period, Pioneer Reward Limited, a subsidiary of Huatai International (an overseas wholly-owned subsidiary of the Company) issued one tranche of USD bonds totaling USD1.0 billion; issued one tranche of RMB bonds totaling RMB5.0 billion.

6) On June 22, 2022, the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company was considered and approved at the Company's 2021 Annual General Meeting, 2022 First A Share Class Meeting and 2022 First H Share Class Meeting. According to the resolution, during the Reporting Period, the Company completed the repurchase and cancellation of 1,060,973 restricted A Shares.

7) On June 22, 2022, the 2021 Profit Distribution Plan of the Company was considered and approved at the Company's 2021 Annual General Meeting. According to the resolution, during the Reporting Period, the Company will distribute cash dividend of RMB4.50 (tax inclusive) per 10 Shares based on the Company's total share capital of 9,076,650,000 Shares after deducting 45,278,495 Shares deposited in the special account of the Company for securities repurchase and 1,060,973 A Shares to be repurchased and cancelled (i.e. on the basis of 9,030,310,532 Shares), with the total cash dividend of RMB4,063,639,739.40 (tax inclusive). During the Reporting Period, the profit distribution plan has been completed.

8) On June 22, 2022, the Resolution on the Estimated Ordinary Transactions with Related Parties of the Company for 2022 was considered and approved at the Company's 2021 Annual General Meeting. For details of the actual performance of ordinary transactions with related parties of the Company during the Reporting Period according to the resolution, please refer to "Material Related-party Transactions" under "Major Events" in this report.

9) On June 22, 2022, the Resolution on the Estimated Investment Amount of the Company's Proprietary Business for 2022 was considered and approved at the Company's 2021 Annual General Meeting. According to the resolution, during the Reporting Period, related business indicators of the Company were controlled within the authorized scope of the shareholders' general meeting.

10) On June 22, 2022, the Resolution on the Change of the Accounting Firm of the Company for 2022 was considered and approved at the Company's 2021 Annual General Meeting. According to the resolution, during the Reporting Period, the Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP to handle 2022 annual financial statements and internal control auditing services for the Company and its holding subsidiaries, and to issue the audit report of A shares, internal control audit report and GDR audit report; the Company also appointed Deloitte Touche Tohmatsu for auditing services of H Shares for the Company, and to issue the audit report of H Shares.

(5) Training of Directors

Trainings are provided to Directors on an on-going basis. The Company attaches great importance to the ongoing training of Directors, to ensure that the Directors form an appropriate understanding of the operation of the Company and its business and they understand their duties and responsibilities as directors as required by the CSRC, the Shanghai Stock Exchange, the Hong Kong Stock Exchange, and as stipulated in the Articles of Association and other relevant laws and regulatory requirements. During the Reporting Period, the Company's Directors attached great importance to updating professional knowledge and skills, to adapt to the needs of the development of the Company. In addition to participation in regular trainings held by regulatory organizations and self-regulatory organizations and complete required ongoing trainings, the Office of the Board also prepared the Work Newsletter of the Company regularly and sent it to the Directors to enable them to understand the latest policies and regulations and industrial trends and enhance their knowledge and understanding of the culture and operation of the Company. In addition, the Company continuously improved the internal work procedures, established the multi-level information communication mechanism, and set up the information communication platform, in order to ensure the access to information for Directors to perform their duties and constantly improve their overall performance capability.

During the Reporting Period, the main trainings of the Directors of the Company were as follows:

| Director Name | Date | Organizer | Content | Training Location |
|---|---|---|---|---|
| Zhang Wei | 2022-03-30 | China Association for Public Companies | Special training on results briefing of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-04-01 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-06-16 | Huatai Securities Co., Ltd. | Training on the changes of anti-money laundering legislation | Nanjing, Jiangsu |
| | 2022-07-19 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-11-18 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-12-09 | Jiangsu Association for Public Companies | Training for senior management of listed companies in Jiangsu | Nanjing, Jiangsu (network video training) |
| | 2022-12-16 | Huatai Securities Co., Ltd. | Anti-corruption training | Nanjing, Jiangsu |
| Zhou Yi | 2022-03-30 | China Association for Public Companies | Special training on results briefing of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-04-01 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-06-16 | Huatai Securities Co., Ltd. | Training on the changes of anti-money laundering legislation | Nanjing, Jiangsu |
| | 2022-07-19 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-11-18 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-12-09 | Jiangsu Association for Public Companies | Training for senior management of listed companies in Jiangsu | Nanjing, Jiangsu (network video training) |
| | 2022-12-16 | Huatai Securities Co., Ltd. | Anti-corruption training | Nanjing, Jiangsu |

| Director Name | Date | Organizer | Content | Training Location |
|---|---|---|---|---|
| Ding Feng | 2022-04-01 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-06-16 | Huatai Securities Co., Ltd. | Training on the changes of anti-money laundering legislation | Nanjing, Jiangsu |
| | 2022-07-19 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-09-29 | China Association for Public Companies | Analysis on the standards for performance of duties and compliant transactions by directors, supervisors and senior management of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-11-18 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-12-01 to 2022-12-12 | China Association for Public Companies | Explanation on the key points of the compliance governance of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-12-09 | Jiangsu Association for Public Companies | Training for senior management of listed companies in Jiangsu | Nanjing, Jiangsu (network video training) |
| | 2022-12-16 | Huatai Securities Co., Ltd. | Anti-corruption training | Nanjing, Jiangsu |
| Chen Zhongyang | 2022-07-19 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-09-29 | China Association for Public Companies | Analysis on the standards for performance of duties and compliant transactions by directors, supervisors and senior management of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-11-18 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-12-01 to 2022-12-12 | China Association for Public Companies | Explanation on the key points of the compliance governance of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-12-09 | Jiangsu Association for Public Companies | Training for senior management of listed companies in Jiangsu | Nanjing, Jiangsu (network video training) |
| | 2022-12-16 | Huatai Securities Co., Ltd. | Anti-corruption training | Nanjing, Jiangsu |

| Director Name | Date | Organizer | Content | Training Location |
|---|---|---|---|---|
| Ke Xiang | 2022-04-01 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-06-16 | Huatai Securities Co., Ltd. | Training on the changes of anti-money laundering legislation | Nanjing, Jiangsu |
| | 2022-07-19 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-09-29 | China Association for Public Companies | Analysis on the standards for performance of duties and compliant transactions by directors, supervisors and senior management of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-11-18 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-12-01 to 2022-12-12 | China Association for Public Companies | Explanation on the key points of the compliance governance of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-12-09 | Jiangsu Association for Public Companies | Training for senior management of listed companies in Jiangsu | Nanjing, Jiangsu (network video training) |
| | 2022-12-16 | Huatai Securities Co., Ltd. | Anti-corruption training | Nanjing, Jiangsu |
| Hu Xiao | 2022-04-01 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Shanghai |
| | 2022-06-16 | Huatai Securities Co., Ltd. | Training on the changes of anti-money laundering legislation | Shanghai |
| | 2022-07-19 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Shanghai |
| | 2022-09-29 | China Association for Public Companies | Analysis on the standards for performance of duties and compliant transactions by directors, supervisors and senior management of listed companies | Shanghai |
| | 2022-11-18 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Shanghai |
| | 2022-12-01 to 2022-12-12 | China Association for Public Companies | Explanation on the key points of the compliance governance of listed companies | Shanghai |
| | 2022-12-09 | Jiangsu Association for Public Companies | Training for senior management of listed companies in Jiangsu | Shanghai |
| | 2022-12-16 | Huatai Securities Co., Ltd. | Anti-corruption training | Shanghai |

| Director Name | Date | Organizer | Content | Training Location |
|---|---|---|---|---|
| Zhang Jinxin | 2023-01-13 | Clifford Chance | Introduction to the responsibility of directors under Hong Kong laws and regulations and related laws and regulations<br>Companies Registry in Hong Kong – A Guide on Directors' Duties<br>Hong Kong Stock Exchange – Guidance for Boards and Directors<br>SFC – Guidelines on Disclosure of Inside Information<br>SFC – Guidance note on directors' duties in the context of valuations in corporate transactions<br>Introduction to the regulations on connected transactions and notifiable transactions | Beijing |
| Yin Lihong | 2022-04-01 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-06-16 | Huatai Securities Co., Ltd. | Training on the changes of anti-money laundering legislation | Nanjing, Jiangsu |
| | 2022-07-19 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-09-29 | China Association for Public Companies | Analysis on the standards for performance of duties and compliant transactions by directors, supervisors and senior management of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-11-18 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-12-01 to 2022-12-12 | China Association for Public Companies | Explanation on the key points of the compliance governance of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-12-09 | Jiangsu Association for Public Companies | Training for senior management of listed companies in Jiangsu | Nanjing, Jiangsu (network video training) |
| | 2022-12-16 | Huatai Securities Co., Ltd. | Anti-corruption training | Nanjing, Jiangsu |

| Director Name | Date | Organizer | Content | Training Location |
|---|---|---|---|---|
| Wang Jianwen | 2022-04-01 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-06-16 | Huatai Securities Co., Ltd. | Training on the changes of anti-money laundering legislation | Nanjing, Jiangsu |
| | 2022-07-19 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-09-29 | China Association for Public Companies | Analysis on the standards for performance of duties and compliant transactions by directors, supervisors and senior management of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-11-18 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-12-01 to 2022-12-12 | China Association for Public Companies | Explanation on the key point of the compliance governance of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-12-09 | Jiangsu Association for Public Companies | Training for senior management of listed companies in Jiangsu | Nanjing, Jiangsu (network video training) |
| | 2022-12-09 to 2022-12-23 | SSE | Follow-up training for independent directors of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-12-16 | Huatai Securities Co., Ltd. | Anti-corruption training | Nanjing, Jiangsu |
| Wang Quansheng | 2022-07-19 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-09-29 | China Association for Public Companies | Analysis on the standards for performance of duties and compliant transactions by directors, supervisors and senior management of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-11-18 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu |
| | 2022-12-01 to 2022-12-12 | China Association for Public Companies | Explanation on the key points of the compliance governance of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-12-09 | Jiangsu Association for Public Companies | Training for senior management of listed companies in Jiangsu | Nanjing, Jiangsu (network video training) |
| | 2022-12-09 to 2022-12-23 | SSE | Follow-up training for independent directors of listed companies | Nanjing, Jiangsu (network video training) |
| | 2022-12-16 | Huatai Securities Co., Ltd. | Anti-corruption training | Nanjing, Jiangsu |

| Director Name | Date | Organizer | Content | Training Location |
|---|---|---|---|---|
| Peng Bing | 2023-01-13 | Clifford Chance | Introduction to the responsibility of directors under Hong Kong laws and regulations and related laws and regulations<br>Companies Registry in Hong Kong – A Guide on Directors' Duties<br>Hong Kong Stock Exchange – Guidance for Boards and Directors<br>SFC – Guidelines on Disclosure of Inside Information<br>SFC – Guidance note on directors' duties in the context of valuations in corporate transactions<br>Introduction to the regulations on connected transactions and notifiable transactions | Beijing |
| Wang Bing | 2023-1-13 | Clifford Chance | Introduction to the responsibility of directors under Hong Kong laws and regulations and related laws and regulations<br>Companies Registry in Hong Kong – A Guide on Directors' Duties<br>Hong Kong Stock Exchange – Guidance for Boards and Directors<br>SFC – Guidelines on Disclosure of Inside Information<br>SFC – Guidance note on directors' duties in the context of valuations in corporate transactions<br>Introduction to the regulations on connected transactions and notifiable transactions | Nanjing, Jiangsu |
| Tse Yung Hoi | 2023-01-13 | Clifford Chance | Introduction to the responsibility of directors under Hong Kong laws and regulations and related laws and regulations<br>Companies Registry in Hong Kong – A Guide on Directors' Duties<br>Hong Kong Stock Exchange – Guidance for Boards and Directors<br>SFC – Guidelines on Disclosure of Inside Information<br>SFC – Guidance note on directors' duties in the context of valuations in corporate transactions<br>Introduction to the regulations on connected transactions and notifiable transactions | Hong Kong |

*2. Chairman and Chief Executive Officer*

Chairman and Chief Executive Officer are two different positions, and according to the provisions of the Articles of Association, the chairman is the legal representative of the Company, responsible for managing the operations of the Board, ensuring that the Board acts in compliance with the best interests of the Company, ensuring the effective operation of the Board, ensuring that the Board has fulfilled its due duties and discussions about all significant and appropriate matters are held so that Directors get accurate, timely and explicit data. Chief Executive Officer manages the daily work of the Company, attends Board meetings, reports to the Board and exercises the functions and powers according to the responsibility scope of the Chief Executive Officer.

According to provisions of Rule C.2.1 of Corporate Governance Code, the roles of the chairman of the board and chief executive shall be separate and should not be performed by the same individual at the same time. On December 30, 2022, at the first meeting of the sixth session of the Board, the Company elected Mr. Zhang Wei as the chairman of the sixth session of the Board and continued to hire Mr. Zhou Yi as the Chief Executive Officer and the Chairman of the Executive Committee of the Company. The Board thinks that this management structure is effective and has enough checks and balances for the Company's operation.

*3. Non-executive Directors*

As of the end of the Reporting Period, the Company has 5 non-executive Directors and 5 independent non-executive Directors. For details of their terms of office, please refer to "Changes in shareholding structure and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period" under "Directors, Supervisors and senior management" under "Corporate Governance" in this report.

*4. Performance of Duties by Independent Non-executive Directors*

(1) Works regarding periodic reports

In the annual report compilation process, all independent non-executive Directors of the Company have performed full duties according to the requirements of the CSRC and the provisions of the Working System for Independent Directors of the Company.

On January 18, 2022, at the first meeting of the Audit Committee of the fifth session of the Board for 2022, the Audit Committee listened to the report on the arrangement of audit progress of the audit work in 2021, the focus of annual audit and the situation of pre-audit made by relevant personnel from KPMG Huazhen LLP, and made discussion and communication with relevant personnel from KPMG Huazhen LLP. Two out of the three members in the Audit Committee are independent non-executive Directors, who put forward opinions and suggestions to the supplement and perfection of the Auditing Plan of the Company for 2021 from different perspectives in their roles as members of the Audit Committee and as independent non-executive Directors.

On February 25, 2022, at the second meeting of the Audit Committee of the fifth session of the Board for 2022, the Audit Committee considered and approved the Resolution on the Auditing Plan of the Company for 2021. Two out of the three members in the Audit Committee are independent non-executive Directors, who examined the Auditing Plan of the Company for 2021 from different perspectives in their roles as members of the Audit Committee and as independent non-executive Directors.

On March 29, 2022, at the third meeting of the Audit Committee of the fifth session of the Board for 2022, the Audit Committee examined the Company's Annual Financial Statement in 2021, Annual Report in 2021, Annual Internal Control Evaluation Report in 2021, Report on Performance of Duties by the Audit Committee of the Board in 2021 and Internal Audit Work Plan in 2022, etc., reviewed the "Key Audit Matters" and other important issues involved in the Company's 2021 Annual Audit Report, and listened to the report on the internal audit work of the Company in 2021. Two out of the three members in the Audit Committee are independent non-executive Directors, who examined relevant resolutions and gave opinions from different perspectives in their roles as members of the Audit Committee and as independent non-executive Directors.

On August 3, 2022, at the fifth meeting of the Audit Committee of the fifth session of the Board for 2022, the Audit Committee listened to the report on the review of 2022 interim financial statements of the Company's H+G Shares and the audit plan of the Company's 2022 A+H+G Share annual report made by relevant personnel from Deloitte, and made discussion and communication with relevant personnel from Deloitte. Two out of the three members in the Audit Committee are independent non-executive Directors, who made discussions, exchanged views and made comments and suggestions from different perspectives in their roles as members of the Audit Committee and as independent non-executive Directors.

(2) Consideration on related-party transactions

On March 30, 2022, all the independent non-executive Directors of the Company gave independent opinions on the Proposal on the Ordinary Transactions with Related Parties of the Company for 2022. They were of the opinion that the relevant related-party transactions were fair with reference to the market price for pricing the transactions without compromising the interests of the Company and other shareholders; the relevant related-party transactions were all derived in the ordinary operation of the Company and would help carry out the businesses of the Company and bring certain income to the Company; the procedures for approval for relevant related-party transactions complied with relevant laws, regulations and regulatory documents as well as the Articles of Association and the Management System for Related-party Transactions of the Company.

(3) Other performance of duties

On March 30, 2022, all the independent non-executive Directors of the Company gave special clarification and independent opinions on external guarantees carried out by the Company in 2021, gave special clarification and independent opinions on fund intercourse between the Company and the controlling shareholders and other related parties, gave independent opinions on the Proposal on Profit Distribution of the Company in 2021, gave independent opinions on Annual Internal Control Evaluation Report of the Company in 2021, gave independent opinions on the change of the accounting firm, gave independent opinions on the repurchase and cancellation of part of the restricted A Shares and gave independent opinions on the nomination of the candidates for Directors of the fifth session of the Board of the Company. On April 8, 2022, all the independent non-executive Directors of the Company gave independent opinions on the appointment of Mr. Han Zhencong as a member of the Executive Committee and chief information officer of the Company. On November 28, 2022, all the independent non-executive Directors of the Company gave independent opinions on the nomination of the candidates for Directors of the sixth session of the Board of the Company. On December 30, 2022, all the independent non-executive Directors of the Company gave independent opinions on the appointment of the Company's senior management at the sixth session of the Board of the Company, and gave independent opinions on the public issuance of Shares by way of Rights Issue of the Company and the Shareholders' interim return plan (2023-2025) of the Company.

## VIII. SPECIAL COMMITTEES UNDER THE BOARD

### *(I) Members of the special committees of the Board*

Five special committees, namely, Compliance and Risk Management Committee, Audit Committee, Development Strategy Committee, Nomination Committee and Remuneration and Appraisal Committee were established under the Board, members of which were as follows:

The Development Strategy Committee (a total of five members): Zhang Wei, Zhou Yi, Chen Zhongyang, Hu Xiao and Zhang Jinxin and Mr. Zhang Wei is the chairman (convener) of the Development Strategy Committee;

The Compliance and Risk Management Committee (a total of three members): Zhou Yi, Ke Xiang and Wang Jianwen and Mr. Zhou Yi is the chairman (convener) of the Compliance and Risk Management Committee;

The Audit Committee (a total of three members with the independent non-executive Directors accounting for more than 1/2): Wang Bing, Ding Feng and Tse Yung Hoi and Mr. Wang Bing is the chairman (convener) of the Audit Committee;

The Nomination Committee (a total of three members with the independent non-executive Directors accounting for more than 1/2): Wang Quansheng, Yin Lihong and Peng Bing and Mr. Wang Quansheng is the chairman (convener) of the Nomination Committee;

The Remuneration and Appraisal Committee (a total of three members, all are independent non-executive Directors): Wang Quansheng, Peng Bing and Wang Bing and Mr. Wang Quansheng is the chairman (convener) of the Remuneration and Appraisal Committee.

### *(II) Performance of duties by the special committees of the Board*

#### *1. Development Strategy Committee of the Board*

The major duties of the Development Strategy Committee of the Board include: 1. Understanding and grasping the overall situation of the Company's operation; 2. Understanding, analyzing and grasping the current situation of international and domestic industries; 3. Understanding and grasping the relevant domestic policies; 4. Studying the short-term, medium-term and long-term development strategies of the Company or relevant issues; 5. Providing consultancy advice on the Company's long-term development strategies, major investments, reforms and other major decisions, and promoting the deep integration of the Company's cultural concept and the Company's development strategies; 6. Considering and approving the special research reports on development strategies; 7. Publishing daily research reports in a regular or irregular manner; 8. Other duties assigned by the Board.

During the Reporting Period, the Development Strategy Committee of the Board convened a total of two meetings, the details of which were as follows:

| Meeting name | Convening date | Meeting contents | Important comments and suggestions | Other conditions on execution of duty |
|---|---|---|---|---|
| The first meeting of the Development Strategy Committee of the fifth session of the Board for 2022 | June 2, 2022 | To consider and approve the resolution on the Company's 2021 annual report of the practice of cultural construction | The Development Strategy Committee considered and approved the resolution at the meeting | The meeting was convened by way of teleconference |
| The second meeting of the Development Strategy Committee of the fifth session of the Board for 2022 | October 27, 2022 | To consider and approve the resolution on amendments to the Terms of Reference of the Special Committees of the Board of Directors of Huatai Securities Co., Ltd. | The Development Strategy Committee considered and approved the resolution at the meeting | The meeting was convened by way of teleconference |

Attendance of members of the Development Strategy Committee at the meetings held during the Reporting Period was as follows:

| Name | Position | Attendance in person/ Number of meetings requiring attendance |
|---|---|---|
| Zhang Wei (chairman and convener) | Chairman of the Board of Directors | 2/2 |
| Zhou Yi | Executive Director | 2/2 |
| Chen Zhongyang | Non-executive Director | 1/1 |
| Hu Xiao | Non-executive Director | 2/2 |
| Zhang Jinxin | Non-executive Director | -/- |
| Chen Yongbing | Non-executive Director (resigned) | 1/1 |
| Wang Tao | Non-executive Director (resigned) | -/- |

Note: On December 30, 2022, at the first meeting of the sixth session of the Board of the Company, the Resolution on the Composition of Special Committees under the Sixth Session of the Board of the Company was considered and approved. The members of the Development Strategy Committee included Zhang Wei, Zhou Yi, Chen Zhongyang, Hu Xiao and Zhang Jinxin, and Mr. Zhang Wei is the chairman (convener) of the Development Strategy Committee.

*2. Compliance and Risk Management Committee of the Board*

The main duties of the Compliance and Risk Management Committee of the Board include: 1. Reviewing and making recommendations on the overall targets and fundamental policies of compliance management and risk management; 2. Reviewing and making recommendations on the setup of compliance management and risk management bodies and their duties; 3. Evaluating and making recommendations on the risks of major decisions which require the Board's review as well as the solutions to these risks; 4. Reviewing and making recommendations on the compliance reports and risk assessment reports that require the Board's review; 5. Other duties prescribed in the Articles of Association.

During the Reporting Period, the Compliance and Risk Management Committee of the Board convened four meetings, the details of which were as follows:

| Meeting name | Convening date | Meeting content | Important comments and suggestions | Other conditions on execution of duty |
|---|---|---|---|---|
| The first meeting of the Compliance and Risk Management Committee of the fifth session of the Board for 2022 | March 30, 2022 | 1. To consider and approve the Resolution on the Annual Compliance Report of the Company in 2021<br>2. To consider and approve the Resolution on the Annual Risk Management Report of the Company in 2021<br>3. To consider and approve the Resolution on the 2021 Annual Internal Control Evaluation Report of the Company<br>4. To consider and approve the Self-assessment Report on Money Laundering Risk of the Company | The Compliance and Risk Management Committee considered and approved the resolutions at the meeting | The meeting was convened by way of teleconference |
| The second meeting of the Compliance and Risk Management Committee of the fifth session of the Board for 2022 | June 22, 2022 | To consider and approve the Resolution on Amendments to the Basic System for Anti-money Laundering and Anti-terrorism Financing of Huatai Securities Co., Ltd. | The Compliance and Risk Management Committee considered and approved the resolution at the meeting | The meeting was convened by way of teleconference |
| The third meeting of the Compliance and Risk Management Committee of the fifth session of the Board for 2022 | August 29, 2022 | To consider and approve the Resolution on the 2022 Interim Compliance Report of the Company | The Compliance and Risk Management Committee considered and approved the resolution at the meeting | The meeting was convened by way of teleconference |
| The fourth meeting of the Compliance and Risk Management Committee of the fifth session of the Board for 2022 | December 30, 2022 | To consider and approve the Resolution on the Engagement of the External Evaluation Institution for Compliance Management Effectiveness for 2022 of the Company | The Compliance and Risk Management Committee considered and approved the resolution at the meeting | The meeting was convened by way of teleconference |

Attendance of members of the Compliance and Risk Management Committee at the meetings held during the Reporting Period was as follows:

| Name | Position | Attendance in person/ Number of meetings requiring attendance |
|---|---|---|
| Zhou Yi (chairman and convener) | Executive Director | 4/4 |
| Ke Xiang | Non-executive Director | 4/4 |
| Wang Jianwen | Independent Non-executive Director | 4/4 |

Note: On December 30, 2022, at the first meeting of the sixth session of the Board of the Company, the Resolution on the Composition of Special Committees under the Sixth Session of the Board of the Company was considered and approved. The members of the Compliance and Risk Management Committee included Zhou Yi, Ke Xiang and Wang Jianwen, and Mr. Zhou Yi is the chairman (convener) of the Compliance and Risk Management Committee.

*3. Audit Committee of the Board*

The main duties of the Audit Committee of the Board include: 1. Supervising and guiding the audit work. It shall manage and guide the internal audit work planning and audit team construction, regularly listen to and review the comprehensive report of audit work, annual audit plan and important audit reports, make judgements on the truthfulness, accuracy and completeness of the audited financial report, and submit them to the Board for reviewing. It shall supervise the Company's financial statement and the completeness of the Company's annual report and account, interim report and quarterly report and review statements as well as major opinions on financial declaration in reports. The Committee shall pay special attention to the following matters: ① Changes in accounting policies and practices; ② Matters concerning significant judgment; ③ Significant adjustments due to the audit; ④ Assumptions of on-going operations of the Company and its qualified opinions; ⑤ Compliance with the accounting standards; and ⑥ Compliance with the listing rules or relevant laws and regulations of the listing place where the financial reporting shall be made; 2. Proposing the engagement or changing of external audit institutions and supervising the professional conduct of external audit institutions, so as to ensure the coordination of internal and external auditors. Moreover, it shall also ensure that the internal audit institution is given enough resources for operation and appropriate status within the Company and check and supervise its validity; 3. Considering and putting forward suggestions for the appointment, reappointment, remuneration, appointment terms and any other issues about the resignation or dismissal of external auditors. It shall hold the position as the main representative between the Company and the external auditor and supervise their relationship; 4. Discussing with the external auditors about the nature, scope and relevant responsibility of audit and frequently check if the audit procedure is valid and whether the external auditor is objective and independent before carrying out the audit work; 5. Checking the Explanation Letter on Audit offered by external auditors to the management and any major doubts put forward by the auditors to the management about the accounting record, financial account or monitoring system as well as the response of the management and ensure that the Board can timely reply to issues put forward in the Explanation

Letter on Audit offered by external auditors to the management; 6. Checking and monitoring the Company's financial supervision, risk management and internal monitoring system and check the financial and accounting policies and practices of the Company and its subsidiaries; 7. Discussing the risk management and internal supervision system with the management so as to ensure that the management has performed its duty and established a valid internal supervision system and strengthened its responsibility on the rectification of accountability and the improvement of mechanism; studying the important investigation results and responses of the management related to risk management and internal supervision system actively or as assigned by the Board of Directors; 8. Reporting the above issues to the Board; 9. Checking the Company's following arrangement: Employees of the Company may secretly raise concerns on irregular conducts about financial reporting, internal monitoring, or other aspects. The Audit Committee shall ensure that there is appropriate arrangement for the Company to make fair and independent investigation and take appropriate actions on such issues; 10. Studying other projects defined by the Board; 11. Other responsibilities according to the Company's Articles of Association or the Listing rules or laws and regulations of the place where the Company is listed.

During the Reporting Period, the Audit Committee of the Board convened seven meetings, the details of which were as follows:

| Meeting name | Convening date | Meeting contents | Important comments and suggestions | Other conditions on execution of duty |
|---|---|---|---|---|
| The first meeting of the Audit Committee of the fifth session of the Board for 2022 | January 18, 2022 | To listen to the report on the progress of the audit work in 2021, the focus of annual audit and the situation of preaudit made by relevant personnel from KPMG Huazhen LLP, and to discuss and communicate with relevant personnel from KPMG Huazhen LLP | Committee member Chen Zhibin consulted on the process of the internal control audit system. Committee member Ding Feng inquired about the focus of audit. Committee member Au King Chi advised to further formulate detailed schedule. In this regard, relevant personnel of KPMG Huazhen LLP and the Planning and Finance Department of the Company made records and detailed explanations | The meeting was convened by way of on-site & video meetings |
| The second meeting of the Audit Committee of the fifth session of the Board for 2022 | February 25, 2022 | To consider and approve the Resolution on the Auditing Plan of the Company for 2021 | The Audit Committee considered and approved the resolution at the meeting | The meeting was convened by way of teleconference |

| Meeting name | Convening date | Meeting contents | Important comments and suggestions | Other conditions on execution of duty |
|---|---|---|---|---|
| The third meeting of the Audit Committee of the fifth session of the Board for 2022 | March 29, 2022 | 1. To consider and approve the Final Financial Report of the Company for 2021<br>2. To consider and approve the Financial Budget Report of the Company for 2022<br>3. To consider and approve the Proposal on the Profit Distribution Plan of the Company for 2021<br>4. To consider and approve the Resolution on the Annual Financial Statements of the Company for 2021<br>5. To consider and approve the Proposal on the Annual Report of the Company for 2021<br>6. To consider and approve the Resolution on the Internal Control Assessment Report of the Company for 2021<br>7. To consider and approve the Proposal on the Estimated Ordinary Transactions with Related Parties of the Company for 2022<br>8. To consider and approve the Proposal on the Change of Accounting Firm;<br>9. To consider and approve the Report on Performance of Duties of Audit Committee under the Board of the Company for 2021<br>10. To consider and approve the Work Plan for the Internal Audit of the Company for 2022<br>11. To review the Important Matters Involved in the "Key Audit Matters" as Set Out in the Annual Audit Report of the Company for 2021<br>12. Debriefing in Relation to the Internal Audit Report of the Company for 2021 | The Audit Committee considered and approved the resolutions at the meeting. Committee member Chen Zhibin inquired about accounting policies on specific business during the statement accounting process; Director Au King Chi proposed that the regulation of accounting firms of Hong Kong listed companies be transferred from the Hong Kong Institute of Certified Public Accountants to the Accounting and Financial Reporting Council, and suggested that the Company could also inquire about the important matters of audit institutions through the Accounting and Financial Reporting Council. In this regard, relevant personnel of KPMG Huazhen LLP and the Planning and Finance Department of the Company made detailed explanations and records | The meeting was convened by way of on-site & video meetings |

| Meeting name | Convening date | Meeting contents | Important comments and suggestions | Other conditions on execution of duty |
|---|---|---|---|---|
| The fourth meeting of the Audit Committee of the fifth session of the Board for 2022 | April 28, 2022 | To consider and approve the Resolution on the Financial Statements for January to March 2022 of the Company | The Audit Committee considered and approved the resolution at the meeting | The meeting was convened by way of teleconference |
| The fifth meeting of the Audit Committee of the fifth session of the Board for 2022 | August 3, 2022 | To listen to the report on the 2022 mid-term review of the Company's H+G Share and the Company's 2022 A+H+G Share annual audit plan made by relevant personnel from Deloitte, and to discuss and communicate with relevant personnel from Deloitte | The Audit Committee considered and approved the resolution at the meeting. Committee member Chen Zhibin suggested taking note of the applicability of new accounting standards and historical standards; committee member Au King Chi inquired about the handover of the accounting firm. Relevant personnel of Deloitte and the Planning and Finance Department of the Company made detailed explanations and records | The meeting was convened by way of on-site & video meetings |
| The sixth meeting of the Audit Committee of the fifth session of the Board for 2022 | August 29, 2022 | 1. To consider and approve the Resolution on the Financial Statement of the Company in the First Half of 2022<br>2. To consider and approve the Resolution on Interim Report of the Company in 2022<br>3. To consider and approve the Special Audit Report on the Use of Proceeds, Provision of Guarantees and Related-party Transactions and Other Major Events of the Company in the First Half of 2022 | The Audit Committee considered and approved the resolutions at the meeting | The meeting was convened by way of teleconference |
| The seventh meeting of the Audit Committee of the fifth session of the Board for 2022 | October 27, 2022 | To consider and approve the Resolution on the Financial Statements for January to September of 2022 of the Company | The Audit Committee considered and approved the resolution at the meeting | The meeting was convened by way of teleconference |

Attendance of the members of the Audit Committee at the meetings held during the Reporting Period was as follows:

| Name | Position | Attendance in person/ Number of meetings requiring attendance |
|---|---|---|
| Wang Bing (chairman and convener) | Independent Non-executive Director | -/- |
| Ding Feng | Non-executive Director | 5/7 |
| Tse Yung Hoi | Independent Non-executive Director | -/- |
| Chen Zhibin | Independent Non-executive Director (resigned) | 7/7 |
| AU King Chi | Independent Non-executive Director (resigned) | 7/7 |

Note: The sixth session of the Board convened the first meeting on December 30, 2022, and considered and approved the Resolution on the Composition of Special Committees under the Sixth Session of the Board of the Company. According to the resolution, Wang Bing, Ding Feng and Tse Yung Hoi became members of the Audit Committee, and Mr. Wang Bing is the chairman (convener) of the Audit Committee.

*4. Nomination Committee of the Board*

The main duties of the Nomination Committee of the Board include: 1. Reviewing the structure, headcount and composition (including skills, knowledge and experience) of the Board at least once each year and making recommendations regarding any proposed changes in the Board in line with the Company's strategies; 2. Considering and making suggestions on the criteria and procedures for the selection of Directors and senior management members; 3. Searching for qualified candidates for Director and senior management, and selecting from the list of candidates nominated by Directors or making recommendations to the Board; 4. Reviewing and making suggestions on the qualification requirements for Directors and senior management; 5. Assessing the independence of independent non-executive Directors; 6. Making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors (in particular the Chairman and the Chief Executive Officer); and 7. Other responsibilities stipulated in the Articles of Association or as required by the Board.

The procedures to nominate and criteria to select and recommend candidates for directorship and senior management are: in accordance with the provisions of the Company Law, the Securities Law, the Rules for the Independent Directors of Listed Companies (《上市公司獨立董事規則》) of the CSRC, Measures for the Supervision and Administration of Directors, Supervisors, Senior Management Officers and Practitioners of Securities Fund Operating Institutions (《證券基金經營機構董事、監事、高級管理人員及從業人員監督管理辦法》), the Hong Kong Listing Rules of the Hong Kong Stock Exchange and other relevant laws, regulations and the Articles of Association, the Nomination Committee under the Board shall base on the Company's actual situation, study the criteria for election of the Company's senior management officers including directors, the chief executive officer and others, the procedures for selection and term of the office and submit such resolution once made to the Board for approval. It then follows and implements the resolution. Selection procedures are: 1. the Nomination Committee shall actively exchange opinions with the relevant departments of the Company, study the Company's requirements for the senior management officers including directors, the chief executive officer and others and shall prepare materials in written form; 2. the Nomination Committee may search for the candidates for the senior management officers including directors, the chief executive officer and others both from and within the Company and a controlling (shareholding) enterprise, and out of the Company; 3. to collect data of the natural condition of the preliminarily screened candidate and his/her morality, ability, diligence and performance, and prepare written information; 4. to obtain the consent of the nominee regarding the nomination or else the nominee cannot act as a candidate for a senior management officer including a director, the chief executive officer and others; 5. to convene a meeting of the Nomination Committee and to examine the qualifications of the preliminarily selected candidates based on the appointment criteria for senior management officers including directors, the chief executive officer and others; 6. one to two months prior to the election of new directors and appointment of new senior management officers including the chief executive officer and others, to submit to the Board the suggestion on the candidates for directors and the candidates for newly hired senior management officers including the chief executive officer and others and the relevant materials; 7. other follow-up work is to be carried out pursuant to the decision and feedback of the Board.

During the Reporting Period, the Nomination Committee of the Board convened four meetings, the details of which were as follows:

| Meeting name | Convening date | Meeting contents | Important comments and suggestions | Other conditions on execution of duty |
|---|---|---|---|---|
| The first meeting of the Nomination Committee of the fifth session of the Board for 2022 | March 29, 2022 | 1. To consider and approve the Resolution on the Election of Non-independent Directors of the Fifth Session of the Board of the Company<br>2. To consider and approve the Resolution on the Election of an Independent Director of the Fifth Session of the Board of the Company | The Nomination Committee considered and approved the resolutions at the meeting | The meeting was convened by way of teleconference |
| The second meeting of the Nomination Committee of the fifth session of the Board for 2022 | April 8, 2022 | To consider and approve the Resolution on the Appointment of Mr. Han Zhencong as a Member of the Executive Committee and chief information officer of the Company | The Nomination Committee considered and approved the resolution at the meeting | The meeting was convened by way of teleconference |
| The third meeting of the Nomination Committee of the fifth session of the Board for 2022 | November 28, 2022 | 1. To consider and approve the Resolution on the Election of Non-independent Directors of the Sixth Session of the Board of the Company<br>2. To consider and approve the Resolution on the Election of an Independent Director of the Sixth Session of the Board of the Company | The Nomination Committee considered and approved the resolutions at the meeting | The meeting was convened by way of teleconference |
| The fourth meeting of the Nomination Committee of the fifth session of the Board for 2022 | December 30, 2022 | To consider and approve the Resolution on the Appointment of Senior Management of the Company | The Nomination Committee considered and approved the resolution at the meeting | The meeting was convened by way of teleconference |

Attendance of the members of the Nomination Committee at the meetings held during the Reporting Period:

| Name | Position | Attendance in person/ Number of meetings requiring attendance |
|---|---|---|
| Wang Quansheng (chairman and convener) | Independent Non-executive Director | 2/2 |
| Yin Lihong | Executive Director | 2/2 |
| Peng Bing | Independent Non-executive Director | -/- |
| Chen Chuanming | Independent Non-executive Director (resigned) | 2/2 |
| Zhu Xuebo | Executive Director (resigned) | 2/2 |
| Liu Yan | Independent Non-executive Director (resigned) | 4/4 |

Note: On December 30, 2022, at the first meeting of the sixth session of the Board of the Company, the Resolution on the Composition of Special Committees under the Sixth Session of the Board of the Company was considered and approved. The members of the Nomination Committee included Wang Quansheng, Yin Lihong and Peng Bing, and Mr. Wang Quansheng is the chairman (convener) of the Nomination Committee.

*5. Remuneration and Appraisal Committee of the Board*

The main duties of the Remuneration and Appraisal Committee of the Board include: 1. Reviewing and providing opinions on the appraisal and remuneration management system for Directors and senior management, and making recommendations to the Board on the Company's overall policy and structure for the remuneration of the Directors and senior management, and on the establishment of a formal and transparent procedure to develop remuneration policy; 2. Reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; 3. Conducting assessment on and making recommendations to the Directors and senior management: making recommendations on the remuneration packages, including benefits in kind, pensions and compensation payments (including any compensation payable for loss or termination of office or appointment), for certain executive Directors and senior management, and making recommendations to the Board on the remuneration of non-executive Directors; 4. Considering salaries paid by comparable companies, time commitment and responsibilities and engagement condition elsewhere in the Group; 5. Reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with the relevant contractual terms. In case of inconsistency with the relevant contractual terms, the compensation shall be fair and not be excessive; 6. Reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms. In case of inconsistency with the relevant contractual terms, the compensation shall be reasonable and appropriate; 7. Ensuring that no Director or any of his/her associates is involved in determining their own remuneration; and 8. Other responsibilities stipulated in the Articles of Association.

During the Reporting Period, the Remuneration and Appraisal Committee of the Board convened two meetings, the details of which were as follows:

| Meeting name | Convening date | Meeting contents | Important comments and suggestions | Other conditions on execution of duty |
|---|---|---|---|---|
| The first meeting of the Remuneration and Appraisal Committee of the fifth session of the Board for 2022 | March 29, 2022 | 1. To consider and approve the Report on Performance Assessment and Remuneration of the Directors of the Company in 2021<br>2. To consider and approve the Report on Execution of Duty, Performance Assessment and Remuneration of the Senior Management of the Company in 2021 | The Remuneration and Appraisal Committee considered and approved the resolutions at the meeting | The meeting was convened by way of teleconference |
| The second meeting of the Remuneration and Appraisal Committee of the fifth session of the Board for 2022 | August 29, 2022 | To consider and approve the Resolution in Relation to the Performance Plan and Target of the Company's Senior Management for 2022 | The Remuneration and Appraisal Committee considered and approved the resolution at the meeting | The meeting was convened by way of teleconference |

Attendance of the members of the Remuneration and Appraisal Committee at the meetings held during the Reporting Period:

| Name | Position | Attendance in person/ Number of meetings requiring attendance |
|---|---|---|
| Wang Quansheng (chairman and convener) | Independent Non-executive Director | 1/1 |
| Peng Bing | Independent Non-executive Director | -/- |
| Wang Bing | Independent Non-executive Director | -/- |
| Chen Chuanming | Independent Non-executive Director (resigned) | 1/1 |
| Liu Yan | Independent Non-executive Director (resigned) | 2/2 |
| Chen Zhibin | Independent Non-executive Director (resigned) | 2/2 |

Note: On December 30, 2022, at the first meeting of the sixth session of the Board of the Company, the Resolution on the Composition of Special Committees under the Sixth Session of the Board of the Company was considered and approved. The members of Remuneration and Appraisal Committee included Wang Quansheng, Peng Bing and Wang Bing, and Mr. Wang Quansheng is the chairman (convener) of the Remuneration and Appraisal Committee.

## IX. PERFORMANCE OF DUTIES OF SUPERVISORS

The Supervisory Committee is the Company's supervisory body and is accountable to the Shareholders' general meeting. The Supervisory Committee is responsible for supervising the financial activities and internal control of the Company, and supervising the legality and compliance of the performance of duties by the Board of Directors, operating management and its members in accordance with the Company Law and the Articles of Association.

In 2022, the Supervisory Committee of the Company complied with the relevant provisions of the Company Law, the Securities Law, the Articles of Association, the Rules of Procedures for the Supervisory Committee and other relevant regulations, to conscientiously perform and independently exercise the supervisory powers and duties of the Supervisory Committee. In the spirit of being responsible to all shareholders, the Supervisory Committee effectively supervised the Company's operating activities, financial position, major decisions of the Board of Directors and the legality and compliance of the performance of duties by operating management. It actively protects the interests of the Company and the shareholders, and escorts the healthy and long-term development of the Company.

### *(I) Performance of duties by Supervisors*

During the Reporting Period, the Supervisory Committee of the Company held 6 meetings in total. For relevant information, please refer to "VI. Meetings of the Supervisory Committee Convened During the Reporting Period" in this section.

During the Reporting Period, all the supervisors of the Company attended the meetings of the Supervisory Committee, the Board of Directors, and the Shareholders' general meetings, the details of which were as follows:

| | | Attendance at meetings of the Supervisory Committee | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name of Supervisor | Position | Number of meetings of Supervisory Committee requiring attendance | Attendance in person | Attendance in the way of teleconference | Attendance by proxy | Absence | Whether or not he/she failed to attend the meeting in person for two successive times | Attendance at Board meeting | Attendance at the general meeting |
| Gu Chengzhong | Chairman of the Supervisory Committee, employee representative supervisor | 6 | 6 | 1 | – | – | No | 5 | 4 |
| Li Chongqi | Supervisor | 1 | 1 | – | – | – | No | 1 | – |
| Yu Lanying | Supervisor | 6 | 4 | 1 | 2 | – | No | 3 | 1 |
| Zhang Xiaohong | Supervisor | 6 | 4 | 1 | 2 | – | No | 3 | 1 |
| Zhou Hongrong | Supervisor | 1 | 1 | – | – | – | No | 1 | – |
| Wang Ying | employee representative supervisor | 6 | 5 | 1 | 1 | – | No | 4 | 4 |
| Wang Juan | employee representative supervisor | 6 | 6 | 1 | – | – | No | 5 | 4 |
| Zhang Ming | Supervisor | 5 | 3 | 1 | 2 | – | No | 2 | – |
| Fan Chunyan | Supervisor | 5 | 3 | 1 | 2 | – | No | 2 | – |
| Number of meetings of Supervisory Committee convened during the year | | | | | | | | | 6 |
| Of which: number of meetings held on-site | | | | | | | | | 3 |
| number of meetings in the way of teleconference | | | | | | | | | 1 |
| number of meetings held on-site and in the way of teleconference | | | | | | | | | 2 |

Note 1: On December 28, 2022, the Supervisory Committee of the Company received the Notice on the Results of the Election of Employee Representative Directors of the Sixth Session of the Board and the Employee Representative Supervisors of the Sixth Session of the Supervisory Committee from the employee representatives' meeting of the Company, at which Mr. Gu Chengzhong, Ms. Wang Ying and Ms. Wang Juan were elected as the employee representative Supervisors of the sixth session of the Supervisory Committee of the Company.

Note 2: On December 30, 2022, Ms. Li Chongqi, Ms. Yu Lanying, Ms. Zhang Xiaohong and Ms. Zhou Hongrong were elected as non-employee representative Supervisors of the sixth session of the Supervisory Committee at the 2022 First Extraordinary General Meeting of the Company. On the same day, Mr. Gu Chengzhong was elected as the chairman of the Supervisory Committee of the Company at the first meeting of the sixth session of the Supervisory Committee of the Company, with a term of office of three years from the date of consideration and approval by the sixth session of the Supervisory Committee (i.e. December 30, 2022).

## *(II) Independent opinions of the Supervisory Committee*

During the Reporting Period, the Supervisory Committee convened 6 meetings in total in the whole year, at which 20 proposals and reports were considered. The Supervisors sat in the Board meetings and general meetings of the Company, monitored the decision-making process on material matters on a real-time basis, kept abreast of the management's implementation of the decisions made by the Board through carefully reading the reports of the Company, including Work Newsletter (monthly) and Brief Report on Audit Work (quarterly). On this basis, the Supervisory Committee gave independent opinions on the Company's relevant matters as follows:

*1. Legal operation*

During the Reporting Period, the Company was under legal operation in compliance with relevant laws and regulations such as the Company Law, the Securities Law and the Articles of Association as well as the requirements of the Company's systems. Major operational decisions of the Company were reasonable, and the decision-making procedures were lawful. The Company established a relatively sound internal management system and internal control system, under which various regulations were effectively implemented. During the Reporting Period, the Supervisory Committee found no conduct violating laws, regulations, the Articles of Association or damaging the interests of the Company and its shareholders made by Directors and senior management of the Company when performing their duties, and there were no material risks in the Company.

2. *Financial conditions of the Company*

During the Reporting Period, the Supervisory Committee of the Company regularly convened meetings of the Supervisory Committee to review quarterly reports, interim reports, annual financial reports, annual evaluation reports on internal control and other documents of the Company, and checked the business and financial conditions of the Company. The Supervisory Committee believed that the financial report of the Company for 2022 had been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP which had issued a standard audit report without qualified opinions. The Company's financial statements were prepared in compliance with the relevant requirements of the ASBE, which truly reflected the financial conditions and operational achievements of the Company. Regular reports were prepared and reviewed in compliance with relevant laws, regulations and various requirements of the CSRC, the contents of which were true, accurate and complete to reflect the actual conditions of the Company.

3. *Implementation of the System regarding Insider Registration and Management and Confidentiality*

The Company established the System regarding Insider Registration and Management and Confidentiality of Huatai Securities Co., Ltd. in accordance with relevant laws and regulations. During the Reporting Period, the Company carried out the registration and management of insider information in an orderly manner pursuant to the policies. There were no incidents found in the Company in violation of insider registration and management and confidentiality obligation.

4. *Related-party transactions*

During the Reporting Period, the related-party transactions of the Company were fair and reasonable, and no circumstances impairing interests of the Company and shareholders have been found. When the Board of Directors of the Company considered related matters, independent directors expressed independent opinions, affiliated directors abstained from voting, and the voting procedures were legal and valid.

5. *Use of funds raised*

During the Reporting Period, the Company successfully issued nine tranches of corporate bonds of RMB28.0 billion in total; issued two tranches of short-term corporate bonds of RMB10.0 billion in total; issued three tranches of perpetual subordinated bonds of RMB9.2 billion; issued one tranche of non-public corporate bonds of RMB4 billion; issued one tranche of overseas RMB bonds of RMB5 billion; issued USD bonds and overseas medium-term notes with a total scale of USD3.578 billion. During the Reporting Period, the Company issued 3,310 income certificates in total with a scale of RMB29.542 billion. As of the end of the Reporting Period, 999 income certificates continued to exist with a scale of RMB17.510 billion.

*6. Review of relevant reports*

(1) Written reviews and opinions on the annual report of the Company for 2022 prepared by the Board of Directors were as follows:

The annual report of the Company for 2022 was prepared and reviewed in compliance with the relevant laws, regulations and requirements of regulatory authorities, the contents of which were true, accurate and complete and could reflect the actual conditions of the Company.

(2) The Supervisory Committee of the Company reviewed the Assessment Report on Internal Control of the Company for 2022, and had no objections to the contents therein.

## X. RISKS FOUND BY THE SUPERVISORY COMMITTEE IN THE COMPANY

The Supervisory Committee had no objections towards the matters under supervision during the Reporting Period.

## XI. INFORMATION ABOUT THE STAFF OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES AS AT THE END OF THE REPORTING PERIOD

### *(I) Information about the staff*

| | |
|---|---|
| Number of staff employed by the parent company | 11,854 |
| Number of staff employed by major subsidiaries | 4,945 |
| The total number of staff employed | 16,799 |
| Number of retired staff of the parent company and its major subsidiaries that need to be paid for the cost | 242 |

**Profession Composition**

| **Profession** | **Number of staff** |
|---|---|
| Operation professionals | 10,727 |
| Operation support professionals | 2,405 |
| Research and development professionals | 3,667 |
| Total | 16,799 |

**Education**

| **Level of education** | **Number (persons)** |
|---|---|
| Doctor | 167 |
| Master | 6,518 |
| Bachelor | 7,372 |
| Junior college graduate and below | 1,115 |
| Total | 15,172 |

Note: Due to the internal policies of corporations in the United States, the above statistics do not include those of employees of corporations in the United States. Number of the Group's staff includes dispatched workers and brokers etc.

As of December 31, 2022, the Group had a total of 10 members of senior management, of whom 8 were male and 2 were female. As at December 31, 2022, the Group had 8,495 male employees and 6,677 female employees in total, representing 44% being female employees (Note: Due to the internal policies of US companies, the gender structure statistics do not include US company employees). The Board is of the opinion that the Company has achieved gender diversity among its employees. During the Reporting Period, the Company issued the "Statement of Rights and Benefits of Huatai Securities Co., Ltd." (《华泰证券股份有限公司權益及福利聲明》) on the official website of the Company, which explicitly advocates employee diversity and ensures that the employment and career development of employees are not affected by any factors such as race, faith, gender, religion, nationality, ethnicity, age, marital status and social status.

### *(II) Remuneration policy*

The Company implements the concept of stable operation, closely integrates compensation management with risk management, pays attention to the bottom-line requirements of compliance and fully considers the impact of market cycle fluctuations, industry characteristics and the Company's business development trends. The Company integrated the cultural concept of "compliance, integrity, professionalism and stability" into its compensation management and established a compensation incentive mechanism for long-term development to promote high-quality and sustainable development of the Company and the industry.

The Company attaches importance to external competitiveness and internal fairness of salary incentive, and establishes a remuneration incentive distribution system based on market standards, oriented by comprehensive assessment results, and matching with compliance and risk management. Staff remuneration of the Company consists of fixed salary, performance bonus, share incentive and employee benefits. The Company has established and implemented the restricted share incentive scheme of A Shares in accordance with national laws and regulations, which established a sound medium and long-term incentive and restraint mechanism, and created a market-oriented institutional mechanism and development platform to gather core talents.

Pursuant to relevant laws and regulations, the Company makes full payments to social insurances and housing fund accounts for staff in accordance with laws. Meanwhile, the Company has established the supplementary medical insurance plan and enterprise annuity plan to improve supplementary medical care and retirement treatment of staff.

### *(III) Training programs*

In line with the development trend of industry innovation and transformation, the Company continued to centralize its training on the aspects including professional ability, management capability, business innovation, technology empowerment and international horizon and its annual training plan was implemented smoothly. The Company organized and carried out various online and offline professional development trainings such as the BAL Star Battle Camp (BAL星戰營) for managers, the HIPO project for skilled employees and the HTSC STAR project for new employees. It organized business trainings on wealth management, institutional service and international business with business departments. To support the technology empowerment strategy, the Company established digital talent cultivation systems and launched digital talent training programs at different levels. Among them, the "HIPO-Talent Cultivation Program", which is centered on value chain review, product operation and data empowerment in key businesses and fields, is to cultivate compound talents in digitalization with the capabilities to construct business, operate products, analyze data and leadership. In addition, the Company effectively utilized the cloud learning platform and optimized its functions and interfaces to improve staff experience, and introduced various online learning activities. It organized 487 live broadcast training sessions on the platform. 1,400,000 participants studied through the platform and completed 360,000 hours of learning with an average of 39.2 hours for each participant.

### *(IV) No labor outsourcing*

## XII. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION FROM CAPITAL RESERVE

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

Article 261 of the Articles of Association has clarified the Company's profit distribution policy, the decision-making process for the profit distribution plan and the decision-making process for adjustments of the profit distribution policy. The policy of the Company's profit distribution is: "The Company shall focus on generating a reasonable investment return to the investors and implements continual and steady policy of profit distribution; the Company's profit distribution shall not exceed the scope of accumulated distributable profits nor impair the Company's continual operational capability; the Company may distribute dividends in form of cash, shares or a combination of cash and shares. Except for the special condition under which the Company plans to conduct material investments or make major cash expenses within the next twelve months, or other conditions that may result in the fact that the Company fails to comply with the regulatory requirements regarding net capital, the Company shall distribute its dividends in form of cash if the Company's profits for the current year and its accumulated non-distributed profits are positive; for the last three years, the Company's accumulated profits distributed in form of cash shall not be less than 30% of the annual average distributable profit realized for the last three years; upon the proposal by the Board of Directors and approval by the general meeting, an interim dividend distribution may be made in the form of cash; the Company may distribute dividends in the form of shares based on the annual profits and cash flow status and subject to the satisfaction of the lowest ratio for cash dividend and the reasonableness of the Company's equity scale."

For the last three years (including the Reporting Period), the Company did not have any plan or proposal regarding capitalization from capital reserve to share capital. The details of the profit distribution plan or proposal of ordinary shares of the Company over the last three years (including the Reporting Period) were as follows:

In 2020, the Company distributed cash dividend of RMB4.00 (tax inclusive) per 10 shares based on the Company's total share capital of 9,076,650,000 shares after deducting the A Shares deposited in the Company's special account for securities repurchase and temporarily not used in the equity incentive scheme, with the total cash dividend of RMB3,612,548,602.00, representing 33.38% of net profit attributable to the shareholders of the Parent Company on a consolidated basis for 2020. According to relevant provisions of the Guidelines of Self-regulation of Companies Listed on Shanghai Stock Exchange No. 7 – Repurchase of Shares (《上海證券交易所上市公司自律監管指引第7號－回購股份》), the amount of share repurchases effected by a company in a year shall be deemed as cash dividends and be counted in the calculation of the cash dividend payout ratio for the year. Accordingly, based on the amount of share repurchases effected by the Company for 2020 of RMB1,626,402,152.88 (excluding transaction costs), the total cash dividend of the Company in 2020 amounted to RMB5,238,950,754.88, representing 48.41% of net profit attributable to the shareholders of the Parent Company on a consolidated basis for 2020.

In 2021, the Company distributed cash dividend of RMB4.50 (tax inclusive) per 10 shares based on the Company's total share capital of 9,076,650,000 shares after deducting 45,278,495 A Shares deposited in the special account for securities repurchase and 1,060,973 A Shares to be repurchased and cancelled (i.e. on the basis of 9,030,310,532 shares), with the total cash dividend of RMB4,063,639,739.40 (tax inclusive), representing 30.45% of net profit attributable to the shareholders of the Parent Company on a consolidated basis for 2021. According to relevant provisions of the Guidelines of Self-regulation of Companies Listed on Shanghai Stock Exchange No. 7 –Repurchase of Shares (《上海證券交易所上市公司自律監管指引第 7 號－回購股份》), the amount of share repurchases effected by a company in a year shall be deemed as cash dividends and be counted in the calculation of the cash dividend payout ratio for the year. Accordingly, based on the amount of share repurchases effected by the Company for 2021 of RMB48,959,144.00 (excluding transaction costs), the total cash dividend amounted to RMB4,112,598,883.40, representing 30.81% of net profit attributable to the shareholders of the Parent Company on a consolidated basis for 2021.

In 2022, after comprehensive consideration of factors such as the interests of shareholders and the development of the Company, the 2022 profit distribution proposal of the Company is as follows:

1. The Company will distribute cash dividend of RMB4.50 (tax inclusive) per 10 shares based on the Company's existing total share capital of 9,075,589,027 shares after deducting 45,278,495 A Shares deposited in the special account for securities repurchase and 925,692 A Shares to be repurchased and cancelled (i.e. on the basis of 9,029,384,840.00 shares), with the total cash dividend of RMB4,063,223,178.00 (tax inclusive), representing 36.76% of net profit attributable to the shareholders of the Parent Company on a consolidated basis for 2022.

   If the total share capital of the Company changes as a result of repurchase and cancellation of shares granted in the equity incentive during the period from the disclosure date of this proposal to the record date of the implementation of the dividend distribution, the Company intends to maintain the distribution ratio per share unchanged and adjust the total distribution accordingly. The remaining profits available for distribution to investors will be carried forward to the next year.

2. Cash dividend is denominated and declared in RMB and paid to holders of A Shares (including the depositary of GDRs) and the investors of Southbound Trading in RMB and to holders of H Shares (excluding the investors of Southbound Trading) in HKD. The actual distribution amount in HKD shall be calculated at the rate of average basic exchange rate of RMB to HKD issued by the PBOC five business days prior to the date of the 2022 Annual General Meeting of the Company.

### *(II) Particulars of cash dividend policy*

| | | |
|---|---|---|
| Whether it is in compliance with the requirements of the Articles of Association or the resolutions of general meetings | √Yes | ☐No |
| Whether the dividend distribution criteria and proportion are well defined and clear | √Yes | ☐No |
| Whether the relevant decision-making procedures and mechanism are complete | √Yes | ☐No |
| Whether the independent directors fulfil their duties and play their roles | √Yes | ☐No |
| Whether the minority shareholders have the opportunities to sufficiently voice their opinions and make requests, and whether their legal interests are fully protected | √Yes | ☐No |

### *(III) PROFIT DISTRIBUTION AND SHARE CAPITAL INCREASE BY WAY OF TRANSFER FROM CAPITAL RESERVES DURING THE REPORTING PERIOD*

Unit: Yuan Currency: RMB

| | |
|---|---|
| Number of bonus shares per 10 shares (share) | – |
| Dividends per 10 shares (Yuan) (tax inclusive) | 4.50 |
| Number of increased shares per 10 shares (share) | – |
| Amount of cash dividends (tax inclusive) | 4,063,223,178.00 |
| Net profit attributable to the shareholders of ordinary shares of the Company in the consolidated statement during the dividend year | 11,052,695,673.35 |
| Percentage of net profit attributable to the shareholders of ordinary shares of the Company in the consolidated financial statements (%) | 36.76 |
| Amount for repurchase of shares under cash included in cash dividends | – |
| Total amount of dividends (tax inclusive) | 4,063,223,178.00 |
| Ratio of total amount of dividends to net profit attributable to ordinary shareholders of the listed company in consolidated statements (%) | 36.76 |

## XIII. SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES MEASURES AND THEIR IMPLICATION

On February 8, 2021, a series of resolutions including the Resolution on the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd. (Draft) and its Summary was considered and approved at the Company's first extraordinary general meeting of 2021. On March 23, 2021, upon consideration and approval at the fourteenth meeting of the fifth session of the Board of Directors of the Company, the Company made adjustment to the Restricted Share Incentive Scheme of A Shares and agreed to grant restricted A Shares to the incentive participants, and the grant date was determined to be March 29, 2021. For details, please refer to the announcements of the Company dated December 31, 2020 and March 23, 2021.

### *(I) Summary of the Share Incentive Scheme*

*1. Purposes*

The Company has formulated the Incentive Scheme in accordance with the relevant requirements of the Company Law, the Securities Law, the Trial Measures on Implementation of Share Incentive Schemes by State-owned Listed Companies (Domestic) (Guo Zi Fa Fen Pei [2006] No. 175), the Notice on Issues concerning Regulating the Implementation of the Share Incentive Schemes by State-Owned Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171), Opinions on Supporting Share Repurchase by Listed Companies (CSRC Announcement [2018] No. 35) and The Administrative Measures on Incentive Scheme of Listed Companies (CSRC Decree No. 148). The main purposes of implementing the Incentive Scheme are as follows: (1) to deepen and implement the mixed-ownership reform of state-owned enterprises; (2) to stabilize and enhance the Company's value; (3) to advocate the concept of joint and sustainable development of both the Company and the individual; (4) to establish and improve the long-term incentive and restriction mechanism of the Company.

*2. Scope of the Incentive Participants*

The incentive participants granted under the Incentive Scheme shall include directors and senior management officers and other core key employees of the Company, but exclude non-executive Directors (including independent Directors) and Supervisors of the Company. All of the incentive participants are employed with the Company (including branches) or wholly-owned or majority-controlled subsidiaries.

*3. Interests Proposed to be Granted under the Share Incentive Scheme*

The Restricted A Shares proposed to be granted to the incentive participants under the Incentive Scheme shall be not more than 45,640,000 shares, representing 0.50% of the total share capital of the Company at the end of the Reporting Period. The source of shares is the ordinary A shares repurchased from the secondary market by the Company. The grant price shall be RMB9.10 per share and shall not be lower than the higher of 50% of the average trading price of the A Shares for the last trading day preceding the date of the Share Incentive Scheme and 50% of the average trading price of the A Shares for either the last 20 trading days, 60 trading days or 120 trading days immediately preceding the Share Incentive Scheme.

*4. Validity Period of the Share Incentive Scheme and Arrangement of Lock-up Period*

The validity period of the Incentive Scheme shall commence from the date of completion of registration of the granted Restricted Shares and end on the date when all the Restricted Shares granted to the incentive participants are fully unlocked (excluding those subject to voluntary lock-up or reduction restriction over Directors and senior management) or repurchased and deregistered, for a maximum of six years.

The lock-up period of the Restricted Shares granted under the Incentive Scheme is 24 months from the date of completion of registration for the grant of the corresponding portion of the Restricted Shares, and the unlocking period and unlocking schedule of each period of the Restricted Shares granted is set out below:

| Unlocking Arrangement | Unlocking Period | Unlocking proportion |
|---|---|---|
| The first unlocking period | Commencing from the first trading day upon the expiry of 24 months from the date of completion of registration for the grant of the corresponding portion of the Restricted Shares to the last trading day of 36 months from the date of completion of registration for the grant of the Restricted Shares | 33% |
| The second unlocking period | Commencing from the first trading day upon the expiry of 36 months from the date of completion of registration for the grant of the corresponding portion of the Restricted Shares to the last trading day of 48 months from the date of completion of registration for the grant of the Restricted Shares | 33% |
| The third unlocking period | Commencing from the first trading day upon the expiry of 48 months from the date of completion of registration for the grant of the corresponding portion of the Restricted Shares to the last trading day of 60 months from the date of completion of registration for the grant of the Restricted Shares | 34% |

### *(II) Particulars of the Grant under the Share Incentive Scheme*

On April 7, 2021, the Company received the Certificate of Registration of Changes in Securities issued by China Securities Depository and Clearing Corporation Limited Shanghai Branch to set out the record date being April 6, 2021 and granted 45,488,000 Restricted A Shares to 810 eligible incentive participants at the grant price of RMB9.10 per Share. The Company has completed the registration of the grant of the restricted A Shares. For details, please refer to the announcement of the Company dated April 7, 2021.

### *(III) Subsequent Development of the Share Incentive Scheme during the Reporting Period*

During the Reporting Period, the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company was considered and approved at the 2021 Annual General Meeting, the 2022 First A Share Class Meeting, and the 2022 First H Share Class Meeting of the Company, respectively, which agreed that the Company shall repurchase and cancel a total of 1,060,973 restricted A Shares granted but not yet unlocked from 22 incentive participants of the grant who are no longer qualified as incentive participants. During the Reporting Period, the Company has completed the repurchase and cancellation of the 1,060,973 restricted A shares. For details, please refer to the announcements of the Company dated June 22, 2022 and September 20, 2022.

During the Reporting Period, changes in the restricted A Shares granted under the Share Incentive Scheme are as follows:

| Name/Type of Incentive Participant | Number of Restricted Shares Locked at the Beginning of the Period (share) | Changes in the Reporting Period | | | | Number of Restricted Shares Locked at the End of the Period (share) |
|---|---|---|---|---|---|---|
| | | Number of Shares Newly Granted (share) | Number of Shares Unlocked (share) | Number of Shares Lapsed/ Cancelled (share) | Purchase Price for Shares Cancelled (Yuan) | |
| Director Zhou Yi | 720,000 | – | – | – | – | 720,000 |
| Five highest remuneration individuals | – | – | – | – | – | – |
| Other incentive participants | 44,768,000 | – | – | 1,060,973 | 8.70 | 43,707,027 |
| Total | 45,488,000 | – | – | 1,060,973 | 8.70 | 44,427,027 |

Note: No restricted A Shares of the Company were granted to the five highest remuneration individuals.

*Other incentive measures*

For the employee incentive measures adopted by AssetMark (not a major subsidiary of the Company within the meaning of the Hong Kong Listing Rules), a controlled company of the Group, please refer to Note 63(b) Share-based payments of an overseas subsidiary to the consolidated financial statements in this report.

***(III) No share incentive granted to the Directors and senior management during the Reporting Period***

***(IV) Appraisal mechanism for the senior management and the establishment and implementation of incentive mechanism during the Reporting Period***

During the Reporting Period, the annual and tenure performance appraisal on the Company's senior management was carried out in the principle of sharing goals, comprehensively benchmarking the market and attaching equal importance to incentives and restrictions. The appraisal adopts the target appraisal on key performance indicators. The performance indicators are related not only to the annual operating goals of the Company but also reflect the orientation of compliance operation as well as the emphasis and difficulties of relevant work charged by such individual. The performance indicators and target value on senior management are determined by the Board based on the Company's annual operation strategies, the characteristics of the Company, the market environment and others. The Board determines the level of annual appraisal of senior management at the end of the year after comprehensively considering the Company's annual operating goals, the completion of relevant work charged by the senior management member and the special annual compliance appraisal.

The Remuneration and Appraisal Committee proposes the amount of reward and the form of incentives for senior management based on the completion of the Company's annual operating goals and the performance indicators of senior management as well as the Company's policies on remuneration distribution and submits them to the Board for study and determination after approving by vote.

## XIV. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

### *(I) Statement of the Board*

As required by the internal control standard system of the Company, the Company has strengthened and refined its corporate governance structure, compliance and risk control system and internal control management system. A corporate governance structure with checks and balances has been formed, which features the separation among the Shareholders' general meeting, the Board, the Supervisory Committee and senior management. Under such structure, all operating management members perform their functions and duties within respective responsibilities and authorization, ensuring the prudent and standardized operation of the Company. The Company convenes and holds shareholders' general meetings in strict accordance with the Articles of Association, the Rules of Procedures for General Meetings and other relevant provisions to strictly perform its obligations of information disclosure, protect the right to know of all shareholders, and thus to ensure the standard and transparent operation of Shareholders' general meetings. Meanwhile, the Company also strictly regulated its relationships with shareholders, de facto controllers and related parties to ensure its operational independence.

The objective of internal control of the Company is to reasonably ensure the legality and compliance of the operation and management, the security of the assets, and the truthfulness and completeness of the financial report and its relevant information, to improve operating efficiency and effectiveness, and to promote the accomplishment of the development strategy. Due to the inherent limitations of internal control, only reasonable assurance can be provided for the achievement of the above objectives. In addition, internal control may become inappropriate or the level of compliance with control policies and procedures may become lower due to the changes of situation, so it subjects to certain risks to speculate the effectiveness of internal control in the future based on the results of internal control evaluation.

### *(II) Structure of the internal control system*

The Board of Directors has set up special committees such as the Compliance and Risk Management Committee, the Audit Committee and the Development Strategy Committee to comprehensively monitor the effective implementation of internal control and self-evaluation of internal control. The Company established the leading group for the construction and continuous optimization of internal control to comprehensively lead internal control standardized project construction and continuously promote the improvement of the internal control system. The Company designates Risk Management Department, Planning and Finance Department, Inspection Department, Legal Compliance Department, etc. as internal control management departments and all departments as internal control implementation departments to fully cooperate with the improvement and self-assessment of the internal control system, actively rectify defects in internal control and give feedback on rectification results as required. The Inspection Department shall be responsible for conducting internal control evaluation independently and implementing internal audit and assessment independently on the Company's internal control measures annually.

### *(III) Construction and improvement of the internal control system*

The Company strictly follows the Company Law, the Securities Law, Guidelines for Internal Control of Securities Firms, Regulation on Supervision and Administration of Securities Firms, Basic Internal Control Norms for Enterprises, Implementation Guidelines for Enterprise Internal Control and other laws and regulations, and continually improves the corporate governance structure, compliance risk control system and internal control management system. The Company practices internal control management methods, constantly enhances its ability to restrict itself and effectively prevents and resolves various risks so as to ensure the continuous, stable and rapid development of various businesses thereof. The Company makes clear the internal control organizational structure and division of responsibilities, and the leading group for internal control construction and continuous optimization supervises and promotes the internal control construction of the Company. The Company's whole businesses, departments, branches and all staff are involved in internal control, throughout each link from decision-making, implementation, supervision to feedback. Based on regulatory requirements and business development, the Company continued to improve various internal control management systems and constantly established and improved internal control systems appropriate to the scale and complexity of the business of the Company. Starting from prudent operation and identification, prevention and resolution of risks, the Company continuously diversified risk matrixes and developed clear control measures to check the effectiveness of control measures with regular or irregular assessment and continuously improved the overall internal control.

### *(IV) Operation of the internal control system*

With a focus on the regulatory requirements, development strategies and operation objectives, the Company continued to deepen the operation of the internal control system. The Company regularly or irregularly carried out a review and update of the system to ensure the comprehensiveness, prudence, effectiveness and applicability of the system and standards, so as to avoid blank or loopholes. The Company strengthened its risk review, assessment, management and control in major businesses and key fields to guarantee the risks are measurable, controllable and bearable. It deepened the establishment of the business continuity management mechanism and improved the systems of emergency management; and actively conducted publicity and trainings to strengthen the internal control culture publicity. Starting from prudent operation and identification, prevention and resolution of risks, the Company established a multi-level internal control evaluation mechanism, including regular and irregular self-assessment on the effectiveness of internal control, the evaluation on the effectiveness of internal control by the internal audit departments and the independent evaluation by the external auditors, so as to consistently deepen the analysis on high residual risk points and control defects and the tracking and rectification of internal control defects, and improve the effectiveness of the design and implementation of control measures.

### *(V) Basis for the assessment of internal control*

The Company organizes to conduct internal control assessment according to the corporate internal control standard system and the Guidelines for Internal Control of Securities Firms (《證券公司內部控制指引》) and Rules for the Preparation and Reporting of Information Disclosure by Listed Issuers of Securities No. 21 – General Provisions on the Annual Internal Control Assessment Report (《公開發行證券的公司信息披露編報規則第21號－年度內部控制評價報告的一般規定》) issued by the CSRC, the Guidelines of Self-regulation of Companies Listed on the Shanghai Stock Exchange No. 1 – Standard Operation (《上海證券交易所上市公司自律監管指引第1號－規範運作》) issued by the SSE and other relevant laws, regulations and regulatory rules.

### *(VI) Internal control defect and its identification*

According to the identification requirements for major defects, important defects and general defects as stipulated by the internal control system of enterprises, the Board of the Company, in consideration of such factors as the scale of the Company, industrial characteristics, risk appetite and risk tolerance, distinguished financial report internal control from non-financial report internal control and determined the internal control defects applicable to the Company and its specific identification standards, which were consistent with those of the previous years.

A material defect refers to a combination of one or more controlling defects that could cause the enterprise to deviate significantly from its control objectives; a significant defect refers to a combination of one or more controlling defects that is less severe and has less economic consequences than a material defect, but may still cause the enterprise to deviate from its control objectives; general defects refer to defects other than material defects and significant defects.

### *(VII) The Company's internal control effectiveness assessment*

According to the Basic Norms of Internal Control and its provisions in its supporting guidelines and other regulatory requirements on internal control as well as the Company's internal control system and assessment methods, we have assessed the Company's internal control effectiveness on December 31, 2022 (base date of internal control assessment report) based on the daily supervision and specialized supervision of internal control, and have issued the Annual Internal Control Evaluation Report for 2022.

The main businesses and matters included in the evaluation scope of the Company's internal control include: internal environment, risk assessment, control activities, information and communication, internal supervision, as well as incompatible position separation control, authorization and approval control, accounting system control, property protection control, budget control, operation analysis control and performance appraisal control involved in the control activities. High risk areas we focused on include: current business and basic function management, namely brokerage business, financial product sales and fund investment advisory business, margin financing and securities lending and stock pledge businesses, futures business, investment banking business, prime brokerage (PB) business, research business, equity trading business, FICC trading business, OTC derivatives trading business, asset management business, private equity fund management business, alternative investment business, international

business, information technology, financial management, compliance and legal affairs, related-party transactions and other fields, as well as the liquidity risk, market risk, credit risk, operational risk, reputation risk, information technology risk, compliance risk, legal risk and integrity risk that have significant impact on the Company's operation and management.

According to the identification results of major defects in financial report internal control, on the base date of internal control assessment report, the Company does not have major defects in financial report internal control.

The Board of Directors thinks that the Company has maintained effective financial report internal control in all major aspects according to the enterprise internal control standardized system and requirements in relevant regulations.

According to the identification results of major defects in non-financial report internal control, on the base date of internal control assessment report, the Company does not have major defects in non-financial report internal control.

### *(VIII) Work plan for internal control in 2023*

In 2023, the Company will continuously promote internal control optimize work. The key contents include referring to and implementing new regulatory and industrial requirements and intensifying systematic management and control measures with focus on deepening special review and enhancing the efficiency of management and control tools; improving the process control and the ability to identify risks, improving monitoring indicators system and enhancing the insurmountability of management and control; boosting the automation of control measures and the identification and evaluation of risk points and advancing digital business process and operation management; and deepening the establishment of internal control and management culture and intensifying training and publicity.

## XV. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

The Company incorporated its onshore and offshore subsidiaries into the comprehensive risk management system. Adhering to the philosophy of collectivization, specialization and platformization, it established a management model with the concentration and deep penetration of professional risks and the hierarchical authorization of business risks of subsidiaries, establishing an integrated management system with full coverage of the Group.

During the Reporting Period, the Company constantly optimized the overall risk management framework of subsidiaries, continued to enhance the refined management and control ability, and continuously improved hierarchical authorization and quota management. It sped up in the integration of risk data and information of the Group, further enhanced the unified risk monitoring and analysis capability of the Group and normally urged subsidiaries to implement the unified rules of the Group to ensure that the risks of subsidiaries are measurable, controllable and bearable under the overall risk preference of the Group.

## XVI. INFORMATION ABOUT THE INTERNAL CONTROL AUDITING REPORT

When disclosing the annual report for 2022, the Company will also disclose the 2022 Annual Internal Control Evaluation Report of Huatai Securities Co., Ltd. and the Internal Control Audit Report of Huatai Securities Co., Ltd. at the same time, which will be published on the website of the Shanghai Stock Exchange (www.sse.com.cn), the HKEX news website of the HKEX (www.hkexnews.hk) and the Company's official website (www.htsc.com.cn) on March 31, 2023.

Whether to disclose the internal control audit report: Yes
Type of opinion on the audit report on internal control: Standard unqualified opinion

## XVII. RECTIFICATION OF PROBLEMS DISCOVERED IN SPECIAL SELF-INSPECTION ACTIONS ON LISTED COMPANIES GOVERNANCE

Under the requirements of the Announcement Regarding Implementation of Special Actions on Listed Companies Governance issued by the CSRC, the Company conducted careful review and searching based on the list of items for special self-inspection on listed companies governance and discovered no problems to be rectified.

## XVIII. BUILDING OF THE COMPLIANCE MANAGEMENT SYSTEM OF THE COMPANY AND THE INSPECTION AND AUDIT FINISHED BY THE COMPLIANCE AND INSPECTING DEPARTMENT DURING THE REPORTING PERIOD

The Company always places emphasis on the corporate culture of operation in compliance with laws and regulations, and carries out strict management and prudent and standard operation. During the Reporting Period, in accordance with the relevant laws and regulations and the regulatory requirements, the Company further established a sound compliance management system, improved the organizational structure for compliance management, and continued to strengthen the compliance management of the Company to keep continuous and standardized development of the Company's various businesses.

### *(I) Organizational Structure for Compliance Management*

Since its establishment, the Company has been adjusting and improving the organizational structure for compliance management and the relevant systems based on the changes of the market environment and regulatory requirements and the development needs of business. According to the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies (hereinafter referred to as the "Measures") issued by the CSRC in 2017, the Company further clarified the compliance duties of the Board of Directors, Supervisory Committee, senior management, chief compliance officer, and responsible persons of all departments, all branches and subsidiaries at all levels (hereinafter referred to collectively as "all subordinate units") in the Articles of Association and the basic compliance management system. The current compliance organizational system comprehensively reflects the basic requirements of the Measures for "full compliance" and "starting compliance management from the senior management", and a resultant force situation of sound compliance management organizational structure, clear positioning of responsibilities at all levels and full compliance is basically created.

The Board of Directors is the supreme decision-making body for compliance management of the Company, which bears ultimate responsibility for the effectiveness of compliance management, decides on the compliance management objectives and is responsible for the effectiveness of compliance management of the Company; the Compliance and Risk Management Committee under the Board of Directors is responsible for overseeing the overall risk management of the Company and controlling the risks within a reasonable range to ensure that the internal management system, business rules, significant decisions and main business activities of the Company are in compliance with laws and regulations and the risks are controllable and bearable; the Supervisory Committee is responsible for supervising the compliance management and the performance of compliance management duties by Directors and senior management; the senior management assumes the major responsibilities for compliance management, implements the compliance management objectives of the Company and is responsible for the whole company's compliance management; responsible persons of all subordinate units are responsible for their units' operations in accordance with laws and regulations; all the staff of the Company are responsible for the compliance of the operational matters and professional conducts within the range of their operational activities.

The chief compliance officer is in charge of the compliance of the Company, conducts audit, inspection and supervision on the compliance of the management and professional conducts of the Company and its staff, and helps the operation management effectively identify and manage compliance risks. The chief compliance officer is a member of the Company's senior management, and is appointed by the Board of Directors. The chief compliance officer does not hold any concurrent posts or take charge of any departments that conflict with his/her compliance management duties.

The Company has established a Legal Compliance Department to assist the chief compliance officer in performing specific compliance management duties, mainly including: establishment of the compliance management system of the Company; compliance training, inspection and guidance; assessment and unified disposal of compliance risks; compliance review and compliance reports; cooperation with external compliance supervision and management institutions; anti-money laundering and Chinese Wall; establishment of the legal system of the Company; review of legal documents; handling of legal affairs; assessment of and consultation on legal risks.

All departments and branches of the Company have their own compliance officers. A compliance officer is mainly responsible for the compliance management work of the unit he/she belongs to, performing such duties as carrying out timely and effective supervision, inspection, assessment and reporting on the implementation of compliance policies and procedures by such unit and its staff, and is responsible for the unit's communication and exchange of information with the Legal Compliance Department and other compliance management work. During the Reporting Period, the Company strengthened the management of full-time compliance personnel of institutional business lines in the headquarters, further optimized the compliance management mode of its branches, deepened the vertical management of the branches' compliance management teams, strengthened the compliance risk management work of the branches, ensured the branches' compliance teams to perform their duties independently, and strived to prevent compliance risks of front-line businesses from the source.

The Company established the management measures for compliance of subsidiaries, which made detailed arrangements for basic principles, organizational structure and working mechanism of compliance management of the subsidiaries, and established a sound compliance management system appropriate to the group strategy on the basis of ensuring the independence of the subsidiaries' legal representatives. Meanwhile, the Company established a special compliance management information reporting mechanism, and all subsidiaries shall report on the operation of compliance management quarterly and report on any major risk or abnormal situation timely after the event so that the Company can grasp the compliance risk management and control of its subsidiaries timely; the Company established a mechanism for regular meetings between compliance chiefs of the parent company and subsidiaries to call together compliance chiefs of the subsidiaries to hold regular meetings quarterly and unblock the communication mechanism between the Group's compliance chiefs and the Compliance Department, and built an important platform of notifying the Group's compliance risk events, sharing supervision information, exchanging key and difficult points of the compliance management work and forming a resultant force for compliance management; and the Company strengthened the audit and filing of important compliance systems of subsidiaries, and carried out special compliance inspection on relevant subsidiaries to implement the compliance management mechanism of subsidiaries.

### *(II) Compliance System Building of the Company*

The Company continued to improve the compliance management system and formed various compliance management systems, including the Compliance Management System (2017 Revision), Measures for the Compliance Management of Subsidiaries (2020 Revision), Daily Working Measures for Compliance Management (2020 Revision), Measures for Management of Compliance Management Personnel (2020 Revision) and Measures for the Implementation of Compliance Accountability.

During the Reporting Period, the Company formulated the Implementing Rules for the Management of Securities Investment Behaviors of Employees, and amended certain internal control systems such as the Management System for Chinese Wall, the Basic System for Anti-money Laundering and Anti-terrorism Financing and the Management System for Abnormal Securities Transaction Behaviors of Customers of Stock Exchanges, which further optimized the compliance control system, the anti-money laundering management system and other internal control systems.

### *(III) Implementation of the Compliance Management Mechanism*

Since the full implementation of the compliance management system, the Company saw continuous improvement of its compliance management work, and continued to benefit from observance with the philosophy of "Creating Value through Compliance Management" and saw significant improvement in the standardization of operations. During the Reporting Period, the Company deepened the effective integration of business and compliance, and focused on key business links to build an embedded compliance management and control mechanism with penetration and coverage. The Compliance Department provided all branches with comprehensive compliance consultation, put forward recommendations on common issues in time and monitored and gave guidance over the rectification and improvement of relevant systems and procedures by relevant departments; carried out compliance review comprehensively, clarified the front-line compliance review responsibilities.

### *(IV) Information about Inspection Carried out by the Compliance Department during the Reporting Period*

During the Reporting Period, the Company's Compliance Department carried out inspections on the OTC derivatives business, compliance investigations and inspections on the custody business and inspections on the fund investment advisory business, and continuously followed up the progress of rectification.

### *(V) Progress of Audit Work of the Audit Department during the Reporting Period*

During the Reporting Period, the Company's Audit Department earnestly implemented the development strategy. Based on the functional positioning of "identifying problems, facilitating rectification, resolving risks and promoting development", it innovated audit means and methods and optimized the allocation of audit resources with full coverage and key focuses. The Company effectively carried out inspections and evaluation on the establishment and implementation of the internal control mechanisms of each department and subsidiary, and each branch and securities business department of the Company, the legality and compliance of business operation, operating guarantee, client services, anti-money laundering and innovative business, as well as the accuracy of financial revenue and expenditure and accounting calculation, evaluated the risks on business and operation, revealed the weaknesses and defects in operation management, continued to improve work mechanism and enhanced audit quality steadily. It better completed the working tasks for the whole year and escorted the high-quality development of the Company.

Based on the annual operational targets and audit supervision, for the purpose of serving group development and deployment and in accordance with regulatory requirements, the Company's Audit Department adjusted the manners of working and arranged various projects to adopt new types of audit such as "remote + on-site" and "video + materials" through the appropriate allocation of audit resources and the optimization of audit means. It connected the units under auditing to conduct remote communications on uncertain points through online video meetings and Link working groups and achieved the homogeneous management of off-site data analysis and on-site audit, completing the tasks of audit projects. During the Reporting Period, it completed 157 audit items in total, including regular auditing and auditing for the departure of general managers for 19 business and management departments such as the research institute, securities investment department, fixed income department, debt financing department, sales and trading department, platform operation department, investment advisory development department, margin financing and securities lending department, financial innovation department, central trading room, wealth management department, financial products department, asset custody department, risk management department, human resources department, planning and finance department, strategy and development department, general affairs department, party-mass work development and offices; regular auditing and auditing for departure of senior management for 8 subsidiaries such as Huatai Futures, Huatai United Securities, Huatai Asset Management, Huatai Innovative Investment, Huatai Purple Gold Investment, Huatai International, Jiangsu Equity Exchange and the departure of the chief information officer of Huatai Asset Management; auditing for the departure and mandatory leave of general managers of 9 branches in Beijing, Shandong, Xuzhou, Taizhou, Zhenjiang, Fujian, Jiangxi, Suzhou and Wuxi; auditing for the departure and mandatory leave of general managers of 109 securities branches in Daguang Road, Nanjing, Zhongshan East Road, Nanjing,

Zhenghe Middle Road, Nanjing, Changjiang Road, Nanjing, Wuding Road, Shanghai, Raffles Square, Huangpu District, Shanghai, Dongsanhuan North Road, Beijing, Suzhou Street, Beijing, Yitian Road, Shenzhen, Longgang Avenue, Shenzhen, Yuncheng West Road, Guangzhou and Heshan Road, Suzhou; 12 special audits including assessment of the effectiveness of corporate compliance management, corporate internal control evaluation, special corporate comprehensive risk management, effectiveness evaluation of the dynamic monitoring system for corporate risk control indicators, evaluation of corporate anti-money laundering, specific compliance of branches in Xiamen, specific securities investment and funds custody and service business, specific funds sales business, specific related-party transactions, special operation, maintenance and management on information technology, special travel reimbursement, and special key matters in the first half of 2022. Audit reports have been issued for 153 audit items; 505 audit opinions and suggestions were put forward and 443 problems were rectified, with a rectification completion rate of 87.72%; 484 problems discovered in the previous auditing were tracked and 445 problems were rectified, with a rectification completion rate of 91.19%; according to the Implementing Rules for Penalties of Illegal Behaviors Discovered in Audit of Huatai Securities Co., Ltd., suggestions were made on penalties for 94 person-times in 94 units and the penalty amounted to RMB128,000. All units under auditing actively coordinated in the auditing process and the audit opinions and suggestions were recognized by units under auditing and their responsible persons.

During the Reporting Period, the Audit Department of the Company increased investment in digitalization and officially initiated the construction of the new-generation digital audit platform, providing fundamental guarantees to standardize business procedures on audit and intensify the management of audit resources. It further promoted the development of data mart, empowered audit analysis and application, fully integrated the entire instrument chain system and the data governance system on the data middle office of the Company and embraced the data standards of the Company. While fully guaranteeing information security, it connected channels for obtaining cross-departmental data information and boosted continuous efforts in financial management, anti-money laundering, brokerage business, comprehensive management and other theme segments. It carried out the review and establishment of common mart tables and continuously accumulated data assets. Meanwhile, it converted business risk points into models and thinking and transformed business language into technical language, conducted the establishment, test and acceptance of audit analysis models, gradually achieved the big data analysis and screening on "all samples, the full process and the entire system" and promoted the transformation of audit means from limited risk data to the audit on all risk data and from subsequent supervision to in-process monitoring.

Adhering to the concept of promoting reform and construction with audit, the Audit Department of the Company started from the identification of problems and the revealing of risks with the purpose of rectifying defects and resolving risks. It insisted on the integration of "abolishment, rectification and establishment", continuously improved the mechanisms on rectifying and tracking problems, advanced the effective implementation of rectifications and solidly carried out the "latter part" of audit to form a closed working loop covering the identification of problems, the modification and rectification, the implementation of responsibilities and the resolving of risks. It continuously urged the units under auditing to implement the audit opinions and included the implementation of the rectification of problems identified in audit into integral contents. It constantly tracked and conducted subsequent audits, irregularly

"reviewed" the problems identified in the corresponding period and followed the effectiveness of rectifications through online and offline means. It specified that the principal responsible persons of the units under auditing shall be primarily responsible for giving feedbacks on rectification and required to arrange the contact person on rectification. They shall lead the implementation of rectification and report the progress in a timely manner within the prescribed period to ensure that no issues are left and all problems are rectified earnestly and seriously. It strictly performed the functions on punishment and suggestion and linked the accountability and punishment with the rectification to improve the seriousness of audit and rectification; fully displayed the function on consultancy, deeply tapped into the value of audit and developed the final closed loop in risk prevention; and improved the mechanism on the normalized transmission of audit results and shared audit results with relevant functional departments through routine meetings and regular summarizing and sharing. It promoted prevention and control from the source through suggestions on management, audit briefs and other means to display the alarming function and prevent the "broken windows effect".

During the Reporting Period, the Audit Department of the Company adhered to the principle of prioritizing systems, optimized the audit mechanism and further improved various audit rules, systems and guidance. It improved project commencement modes, adjusted audit items and risk assessment templates and achieved accurate risk control; revised working papers and checklists, coordinated various risk factors from the perspective of customers and optimized the logic on selecting audit samples; fully leveraged on existing risk assessment results of the Company and dynamically adjusted efforts in anti-money laundering and other specific audit work.

## XIX. OTHER INFORMATION

### *(I) Company Secretary*

Mr. Zhang Hui is one of the joint company secretaries of the Company, while Ms. Kwong Yin Ping Yvonne, manager of SWCS Corporate Services Group (Hong Kong) Limited, is the joint company secretary fulfilling the relevant qualification requirements of the Listing Rules. The company secretary is mainly responsible for facilitating the operation of the Board, ensuring the effective communication between the members of the Board and the observation of the policies and procedures of the Board, and ensuring the compliance with Listing Rules and other regulations by the Company. Any Director can discuss with, seek advice from and obtain information from the company secretary. The primary contact person for Ms. Kwong Yin Ping Yvonne at the Company is Mr. Zhang Hui.

Each of Mr. Zhang Hui and Ms. Kwong Yin Ping Yvonne has complied with the requirements of Rule 3.29 of the Listing Rules by receiving relevant professional training for no less than 15 hours during the Reporting Period.

### *(II) Responsibilities of the Directors and Auditors in respect of the Accounts*

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

The Board of Directors confirmed that it took responsibility for the preparation of the annual report of the Group for the year ended December 31, 2022.

The Board of Directors is responsible for presenting a clear and well-defined assessment of the annual and interim reports, stock price sensitive information, and other matters that need to be disclosed according to the Hong Kong Listing Rules and other regulatory provisions. The management has provided relevant and necessary explanation and information for the Board of Directors so that the Board of Directors could make informed assessment on the financial data and position of the Group for examination and approval at the Board meetings.

To the knowledge of all Directors, the Company does not face any events or situations of significant uncertainty likely to give rise to the significant doubt of the Company's capability of sustainable operations. In addition, the Company has arranged appropriate insurance cover for the legal actions and liabilities which the Directors, Supervisors and senior management may be exposed to.

For the purposes of the United Kingdom's Financial Conduct Authority's Transparency Rule 4.1.12(3), each Director of the Company (whose names and functions are listed on pages 141-143 of this report), to the best of their knowledge, confirm the following two points, respectively:

(a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

(b) the management report (being this annual report, excluding the financial statements referred to above (on pages 8-183 of the financial statement attached to this report) and the independent auditor's report thereon (on pages 1-7 of the financial statement attached to this report)) includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Group faces.

### *(III) Performance Assessment Results for Directors and Supervisors*

During the Reporting Period, the Directors and Supervisors of the Company had abided by the relevant provisions of laws, administrative laws and regulations as well as the Articles of Association, and performed their duties and obligations honestly and diligently.

All the Directors of the Company have performed their statutory duties honestly, faithfully and diligently in compliance with laws. They have attended Board meetings and various meetings of special committees in accordance with relevant provisions, considered each proposal seriously, offered advice and suggestions on significant strategic decisions and plans, important investment and financing projects, business innovations, related-party transactions, compliance management and internal control, system construction, appointment of senior management, performance assessment, enterprise cultural construction and social responsibilities of the Company, and acted as professional gatekeepers on such issues, which ensured those material decisions to be scientific and standardized as well as the sustainable and innovative development of the Company, and preserved the interests of the shareholders practically.

All the Supervisors of the Company have performed their statutory duties honestly, faithfully and diligently in compliance with laws. They have attended the meetings of the Supervisory Committee in accordance with relevant provisions, attended the Board meetings, considered each proposal carefully, supervised and inspected the legality of operation, material decisions and important business activities as well as the financial position of the Company, actively protected the legal interests of the Company and its shareholders, promoted the legal operation and standardized management, and ensured the sound development of the Company.

For details on the performance of duties of the Company's Directors and Supervisors, please refer to the "Performance of Duties of Directors" and "Performance of Duties of Supervisors" under this section in this report.

### *(IV) Communication with Shareholders*

The shareholders' general meeting is the organ of the highest authority of the Company, and the shareholders exercise their rights through the shareholders' general meeting. The Company convenes and holds shareholders' general meetings in strict accordance with the relevant provisions of the Articles of Association and the Rules of Procedures for General Meetings to ensure the equal status of all shareholders, in particular the minority shareholders, and enable them to exercise their rights completely.

The Company pays great attention to the shareholders' opinions and advice, actively and regularly carries out various investor relations activities to keep communication with shareholders and meet their reasonable needs timely. The Company has formulated a series of relatively perfect rules and regulations such as the Administrative System Regarding Investor Relationship, to manage investor relationship in accordance with the standards, systems and procedures.

The Company's Administrative System Regarding Investor Relationship, namely the shareholder communication policy of the Company, was reviewed by the Board on October 28, 2022 to ensure implementation and effectiveness. The Company confirms that the current Administrative System Regarding Investor Relationship, namely the shareholder communication policy of the Company, is effectively implemented by the following measures:

The provisions set out in the Administrative System Regarding Investor Relationship are designed to ensure that shareholders of the Company, including individual and institutional investors (collectively, "shareholders") and, where appropriate, securities analysts and potential investors, have full and equal access to information about the Company in due course, thus to help the effective performance of shareholders' rights, to enhance communication between shareholders and the Company, and to increase their understanding and recognition of the Company.

The main channels through which the Company communicates information to its shareholders are the regular reports, announcements and circulars published on the websites of the SSE, the HKEXnews website of Hong Kong Stock Exchange, the website of LSE and the official website of the Company. In addition, the Company has developed good interaction and communication with its shareholders by means of holding regular results announcement meetings, opening a service hotline, setting up an investor relations column on the website of the Company and conducting on-site

research and receptions to ensure timely communication of the relevant information about the Company to Shareholders and relevant parties.

The Board of Directors of the Company is willing to listen to shareholders' advice and encourages shareholders to attend the general meetings to ask the Board of Directors or the management directly about any doubts they may hold. Shareholders may convene extraordinary general meetings or submit interim proposals to general meetings according to the procedures set out in Article 84 and Article 89 of the Articles of Association, which were published on the website of the Shanghai Stock Exchange, the HKEX news website of the HKEX and the Company's official website. The Company will arrange for the Board of Directors to answer the shareholders' questions at its annual general meeting for 2022.

### *(V) Investor Relations*

The investor relations management is one of the most important tasks on the normative development and legitimate operation of the Company and is highly valued by the Board of the Company. The Company planned, arranged and organized various activities to manage investor relations with a strong sense of responsibility, including coordinating on-site interviews to the Company, and keeping in contact with regulatory authorities, investors, intermediary agencies and news media and so on.

During the Reporting Period, the Company timely updated information on the "Investor Relations" column on the Company's website, and answered inquiries from investors of the interactive e-platform on the website of the Shanghai Stock Exchange. The Company has received 4 times of onsite investigations and surveys or telephone interviews from approximately 53 researchers and investors such as securities companies and funds companies at home and abroad in the whole year. The Company also carried out daily consultation work seriously for investors and answered their questions in detail. Meanwhile, to assist the issuance of the periodic reports, the Company held 2 presentations for operating performance and 3 online briefings on performance, and proactively attended strategy seminars and investment forums held by domestic or foreign securities institutions. It attended 7 strategy seminars and investment forums during the Reporting Period and maintained full communications with investors and researchers on issues such as the development trend of the industry, operational results of the Company as well as its business development strategy, which effectively promoted investors' and researchers' understanding of the business condition and result performance of the Company, completely marketed the development advantages of the Company, and correctly guided market expectations. The Company persisted in inducing and analyzing various questions proposed by institutional investors and researchers to improve the professionalism, normalization and the quality of investor relations management of the Company.

The Company's reception of investigations and surveys, communications and participation in strategy seminars and investment forums held by domestic or overseas securities institutions in the year of 2022 are as follows:

| No. | Date of reception | Meeting name | Way of reception | Guests | Major topics discussed and information provided |
|---|---|---|---|---|---|
| 1 | January 22, 2022 | UBS 2022 China Investment Summit | Telephone interview | Millennium, Dodge&Cox, Daiwa Asset, etc. (13 person-times) | |
| 2 | March 31, 2022 | Presentation for 2021 Annual Results of HTSC | Video and telephone interview | Sino-Rock Investment, CCB Principal Asset Management, CITIC Securities, CICC, Guotai Junan, GF Securities, Shenwan Hongyuan, Morgan Stanley, J.P. Morgan, UBS Group, Millennium, etc. (more than 1,000 person-times) | |
| 3 | April 12, 2022 | Institutional investigations and surveys | Telephone interview | Balyasny AM (3 person-times) | |
| 4 | April 14, 2022 | Institutional investigations and surveys | Telephone interview | Wellington Management (9 person-times) | |
| 5 | April 14, 2022 | Institutional investigations and surveys | Telephone interview | Guotai Junan, GF Fund, Tianhong Fund, E Fund, Harvest Fund, Fullgoal Fund, etc. (40 person-times) | Business highlights, operations and financial performance, and long-term strategic planning of the Company |
| 6 | May 26, 2022 | Morgan Stanley 2022 China Summit | Telephone interview | Balyasny AM, Dodge&Cox, Robeco, etc. (7 person-times) | |
| 7 | August 31, 2022 | Presentation for 2022 Interim Results of HTSC | Video and telephone interview | Harvest Fund, Perseverance Asset, CCB Principal Asset Management, CITIC Securities, CICC, Morgan Stanley, J.P. Morgan, UBS Group, Credit Suisse, etc. (more than 500 person-times) | |
| 8 | November 3, 2022 | Institutional investigations and surveys | Telephone interview | Morgan Stanley (1 person-time) | |
| 9 | November 7, 2022 | 2023 Investment Strategy Annual Meeting of Shenwan Hongyuan for leap ahead into a new era | Telephone interview | Shenwan Hongyuan, China Asset Management, ICBCCS, Taiping Fund, Zheshang Asset Management, GF Asset Management, etc. (22 person-times) | |
| 10 | November 9, 2022 | Bank of America Securities China Investment Forum | Telephone interview | Dodge&Cox, Kadensa Capital, BofA Securities, etc. (7 person-times) | |
| 11 | November 15, 2022 | Exchange Meeting on Top Holdings in Zheshang Securities | Telephone interview | Zheshang Securities, Hongcheng Capital, Zhengyuan Investment, Sino-US MetLife, Tebon Fund, CITIC Wealth (26 person-times) | |

### *(VI) Corporate Cultural Construction*

The Company strives to become a first-class investment bank with both domestic advantages and global influence, always adheres to the core values of "high efficiency, integrity, stability and innovation", is committed to the operation philosophy of "centered on customer services, oriented by customers' needs", spares no effort in being accountable to all clients, shareholders, staff and society to achieve harmony and unity. In recent years, leveraging on the corporate cultural connotation of "openness, inclusiveness, innovation, struggle and responsibility", the Company continuously strengthened the cultural characteristics of "technology empowerment, innovation and initiative", cultivating an open and inclusive cultural atmosphere of "positive and innovative".

During the Reporting Period, by practicing the core cultural values of securities industry in China of "compliance, integrity, professionalism and stability" and following the Ten Elements of Cultural Construction of the Securities Industry (《證券行業文化建設十要素》), the Company established and implemented an annual cultural construction plan in accordance with the requirements of the Evaluation Measures on Cultural Construction and Practice for Securities Companies (《證券公司文化建設實踐評估辦法》), improving the promotion and evaluation mechanism of culture construction, and incorporating relevant requirements into the Company's internal control system. Improving internal and external recognition on culture, facilitating the continuous enhancement of the Company's cohesion and unity, and strengthening public reputation and brand influence, are the critical evaluation metrics for the effectiveness of corporate cultural construction. The Company was awarded Golden Bull Award for Cultural Construction of Securities Companies (證券公司文化建設金牛獎) in the selection of the 2022 Golden Bull Award (2022 金牛獎) held by China Securities Journal.

The Company values the promotion and practice of cultural concept and continues to optimize the system and mechanism promoting cultural orientation. The Company's cultural construction leading group is responsible for the coordination and promotion of the Company's cultural construction. Meanwhile, the Company established a cultural construction team comprising full-time and part-time staff, effectively advancing and implementing various substantial tasks of cultural construction. The Company organized and carried out corporate culture promotion activities through various internal and external as well as online and offline methods and channels, the content of which was in line with the Company's core cultural values and operation philosophy.

The Company always focuses on the feedback from internal and external platforms and has established clear channels for internal and external feedback. The Company values and listens to staff's opinions and has established an effective feedback supervision system and incentive mechanism to strengthen the communication and feedback for relevant issues.

The Company attaches great importance to the establishment and optimization of financial and non-financial reward measures for cultural construction. During the Reporting Period, the Company organized and carried out various themed selection and commending activities to continuously encourage the innovative and positive motivation of talents, improve their value and empower their growth. The Company also adopted effective measures to encourage its staff to participate in the trainings in relation to culture and professional ethics, so as to help its staff develop the awareness of conscious protection of state's financial safety and enhancement on social responsibility as well as cultivate the cultural concept of proactive responsibility performance.

### *(VII) Independence of the Auditor*

According to the relevant provisions in Rule 19A.31 of the Hong Kong Listing Rules, annual accounts should be audited by a prestigious certified public accountant (whether it is an individual, a firm or a company), who (whether it is an individual, a firm or a company) also should be independent of the Chinese issuer to the extent that its independent procedures should be substantially the same as those specified in the statements on independence issued in the Companies Ordinance or by the International Federation of Accountants. According to the relevant provisions in Rule D.3.3 of the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules, the Audit Committee should review and monitor the independence and objectiveness of external auditors as well as the validity of the auditing process in accordance with applicable standards. During the Reporting Period, the Company engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP as the auditors of A Shares and Deloitte Touche Tohmatsu as the auditors of H Shares. The Audit Committee had carried out necessary review and supervision to ensure the independence between the firms and the Company.

### *(VIII) Changes in the Management Measures for Information Disclosure during the Reporting Period*

During the Reporting Period, in accordance with the regulatory requirements of the CSRC and the SSE, the Company comprehensively collated relevant measures for its information disclosure management, amended some provisions of the Management Measures for Information Disclosure of Huatai Securities Co., Ltd., and simultaneously repealed the Internal Reporting System for Material Information of Huatai Securities Co., Ltd. and the Information Disclosure Suspension and Exemption Management System of Huatai Securities Co., Ltd., which were incorporated into the Management Measures for Information Disclosure of Huatai Securities Co., Ltd. The main contents of the amended Management Measures for Information Disclosure of Huatai Securities Co., Ltd. include: basic principles, content, management, responsibilities of relevant parties, confidentiality measures for information disclosure as well as suspension and exemption of information disclosure, etc. Such changes in the Management Measures for Information Disclosure will not adversely affect investors' rights and interests.

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

## I. ENVIRONMENTAL INFORMATION

*Currency: RMB*

| | |
|---|---|
| Establishment of environmental protection-related mechanisms | Yes |
| Investment in environmental protection funds during the Reporting Period (unit: Ten Thousand Yuan) | 457.60 |

### *(I) The Company is not in the list of attention units discharging pollutants published by the environmental protection authority*

### *(II) Description of the environmental protection of enterprises excluding attention units discharging pollutants*

*1. During the Reporting Period, the Company was not subject to any administrative penalty arising from environmental issues*

*2. Other environmental information with reference to disclosures of attention units discharging pollutants*

The Company is a financial company, which is not in the list of attention units discharging pollutants and their major subsidiaries published by the environmental protection authority. The Company entrusts qualified third-party organizations to conduct inspections for the wastewater, exhaust gases and noises of the headquarters office every year. All inspections are in line with the national standards.

For possible rainstorms, typhoons and other extreme weather events as a result of climate change, the Company issues pre-warning alerts and notices to all departments and branches in time and relevant staff immediately adopt measures on preventing wind and water logging, inspect and clear flood-discharging facilities and prepare sandbags, raincoats and other emergency equipment. Under extreme weathers, relevant staff enhance inspections on key areas and parts in preventing wind and water logging and rectify equipment failure in time.

*3. During the Reporting Period, the Company had no undisclosed other environmental information*

***(III) Relevant information beneficial to protecting ecosystem, preventing pollution and performing environmental responsibilities***

1. The Company actively responds to the Nanjing Municipal Domestic Waste Management Regulations and sets waste sorting points on each floor. It publicizes the concepts and practice on waste sorting among staff through pasting posters on waste sorting in striking parts of public places and playing videos on waste sorting repeatedly in elevators to create an atmosphere of "waste sorting with all participation" and form a habit of actively sorting and consciously putting waste. Office wastes of the Company are collected and transported by the property management company. Hazardous wastes such as electronic wastes, light pipes, toner cartridges and ink cartridges are recovered by qualified entities for further disposal or recycling.

2. As specified in the vehicle management system by the Company, new energy vehicles shall be given priority when purchasing vehicles for corporate affairs and operation of the Company to practice low-carbon and environmental operation. The underground garage of headquarters office park is equipped with charging piles for new energy vehicles and electric motorcycles to encourage employees to practice green commuting and advocate green and environmental concepts.

3. For the decoration and renovation of business buildings of the Company, it takes measures such as setting the shortest decoration intervals (decoration and renovation are not allowed for those not exceeding the shortest decoration intervals except under special circumstances) and improving the quality of decoration and renovation projects to extend the life of decoration for business buildings, reduce the frequency of decoration and minimize pollution from decoration and renovation. The Company adopts new construction materials in decoration and renovation to achieve the integration of environmental protection and buildings. For curtain walls, interior furnishings and landscapes, it follows green, innovative and environmental concepts and focuses on the popularization of LED lighting with low energy consumption in office areas to save lighting power in daily office to the maximum extent. It significantly reduces the use of paint and other decoration materials and adopts environmental and paint-free materials instead. Panel furniture is widely adopted for office and it generally eliminates the use of paint furniture. Greater efforts are made in aerial detection and governance after decoration to improve the air quality in the office environment so as to create a safe and comfortable office environment for employees.

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

| | |
|---|---|
| Adoption of carbon reduction measures | Yes |
| Reduction of carbon dioxide equivalent emissions (unit: tons) | 60.76 |
| Type of carbon reduction measures (e.g. use of clean energy for power generation, use of carbon reduction technologies in the production process, R&D and production of new products that help reduce carbon emissions, etc.) | Use of clean energy for power generation and carbon reduction technologies in data centers |

Detailed description

*1. Green Park*

The Company implements its concept of garden-like office to proactively build a green park. The greening rate of Huatai Securities Square is 27.9%, which is higher than that of general business office areas. Around the concept of garden-like office, the Company consistently expanded the plantation area of green plants and focused on reducing carbon emission through creating a multi-level landscape based on developing greening in central area.

The Company actively promotes clean energy. The Company installed solar photovoltaic power generation systems, solar water heating systems, solar light induction lighting systems, ground source heat pump systems, etc. in office areas to make full use of renewable energy. The Company saved 95,597 kWh of electricity throughout 2022 with photovoltaic power generation systems. Through the air conditioning ice storage and cooling system, ground air supply system, intelligent lighting control in the office area and other measures, the Company has reduced energy consumption, decreased carbon emissions as a result, and brought good social benefits to the low carbon economy.

*2. Green Office*

The Company continues to promote green office by strengthening the management of energy use, water efficiency, greenhouse gas emissions and waste emissions, and the Company aims to reduce the carbon footprint of its operations on the basis of strict ecological and environmental protection, and support the implementation of national call on "carbon peak and carbon neutrality" with practical actions. The Company calls on all employees to integrate the concepts of resources saving and emission reduction into their work and life and is devoted to minimizing the impact of its own operation on the environment. It has adopted the following measures to save energy, reduce emission and protect the environment:

- Promotion of paperless office: the Company promoted paperless office based on the OA system and the electronic signature platform, and used environmental-friendly paper in business card production, report printing and other processes, and the Company advanced online procurement, fully realized the whole process of online and standardized procurement of office supplies and promotional items from procurement to centralized settlement and payment through the coordinated operation of multiple systems including procurement, contracts and payment, reducing the use of paper materials in the process. In 2022, leveraging on electronic signature management platform, the Company provided convenient and efficient online signing services, for which the Company saved over 5 million pieces of paper through the online signing services of the electronic signature management platform across the year.

- Promotion of energy saving and emission reduction: the Company used video meeting systems to reduce the number of on-site meetings and carbon emissions from business travel; Priority will be given to the purchase of new energy vehicles and encouragement of green travel to reduce fossil energy consumption and vehicle emissions.

- Enhancement of waste utilization management: the Company disposed waste by upholding the concept of "waste recycling and value innovation", encouraged the reuse of waste materials and entrusted qualified units for the recycling and treatment of non-hazardous and hazardous wastes and wastewater. The Company discharged office wastewater into the municipal sewage pipeline and transported the wastewater to the municipal wastewater treatment plant. The Company also required the property management center to clear and transported office waste; electronic waste, light tubes, toner cartridges, ink cartridges and other hazardous waste entrusted to qualified units for recycling, disposal or reuse by the recycling party, and evaluated the usage of discarded office devices, optimized the allocation of fixed asset resources and improved the utilization rate of existing assets.

*3. Green Data Center*

The data center of Huatai Securities Square covers an area of approximately 5,541 square meters. From the pre-construction to post-operation, the Company's goal is to build a green data center. To this end, the Company has continually adopted various methods to improve energy efficiency. In terms of resource deployment, the Company continues to promote business cloudization with online operation of "ZhangLe" commissions and online trading commissions in 2022 and approximately 130 physical servers offloaded. As for the infrastructure of machine room, efficient energy-saving cold-aisle closure technologies are adopted in the area of machine room to increase the cooling efficiency of the equipment, enhance the effectiveness of the cold-flow utilization. The Company improved the isolation effect of hot and cold aisles by adding blind plates. Meanwhile, it renovated and updated the return louvers of air-conditioning rooms to reduce resistance in air returning and energy loss. In order to improve the refrigerating efficiency of air conditioners in the data center, the Company deployed temperature-controlled power air diffuser units for hotter areas in the machine room to provide reasonable and necessary cooling draught for hotter areas. On this basis, it enables that the temperature change and air flow always correspond to each other, achieved precise temperature control and improved the efficiency of cold energy utilization, thereby ensuring the reasonable distribution of cold air flow. The run time of air-conditioning compressors in corresponding areas is shortened, and one air-conditioning unit can reduce power consumption by about 30 kWh each day and about 10,950 kWh each year.

## II. SOCIAL RESPONSIBILITIES

### *(I) Disclosure of CSR report, sustainable development report or ESG report separately*

The Company is a financial company in Shanghai, Hong Kong and London. While disclosing its 2022 Annual Report, the Company will also disclose the 2022 Corporate Social Responsibility Report of Huatai Securities Co., Ltd., which will be published on the website of SSE (www.sse.com.cn), the HKEXnews website of HKEX (www.hkexnews.hk), the website of LSE (www.londonstockexchange.com) and the website of the Company (www.htsc.com.cn) on March 31, 2023.

In 2022, in the ESG rating of Morgan Stanley Capital International (MSCI), the MSCI ESG rating of the Company maintained A for two consecutive years, representing the highest level in the domestic securities industry and surpassing 72% of its peers globally.

### *(II) Detailed description of social responsibility work*

*Currency: RMB*

| External donations, public welfare projects | Number/Content | Description |
|---|---|---|
| Total investment (Ten Thousand Yuan) | 4,282.89 | Total investment in external donations of the Company |
| Of which: Funds (Ten Thousand Yuan) | 4,282.89 | Total investment in external donations of the Company |
| Material discount (Ten Thousand Yuan) | – | – |
| Number of persons benefited (people) | – | Please refer to the description below this table |

Description: In 2022, the "One Commonweal Heart of Huatai One Tomorrow" rural education program of the Company benefited a total of 9,605 children and teachers; Huatai Foundation funded 212 children in need; and the Company jointly established technology scholarships with Peking University, Fudan University and Shanghai Jiao Tong University, which awarded 280 outstanding students. Huatai Futures carried out "insurance + futures" programs, which provided risk protections of approximately RMB2.0 billion to 23,237 peasant households who were compensated by approximately RMB50.00 million.

Detailed description:

*1. Deepening Social Responsibility Management through ESG Integration*

(1) Social responsibility principles

The Company has always been adhering to its core values of "efficiency, honesty, prudency, and innovation" and its business philosophy of "centering on customer service, driven by customer demand, and aiming for customer satisfaction", integrating ESG into the routine businesses of the Company, striving to create value for customers, shareholders, employees, society and other stakeholders.

(2) Social responsibility and ESG Management Structure

Employing social responsibility and ESG management as part of its development strategy, the Company set up the ESG Committee under the direct management and leadership of the Board of Directors and the senior management of the Company to continuously improve its ESG management structure, established an ESG management mechanism with the linkage between upper and lower levels and continued to improve the systematicness and effectiveness of its ESG management. The Company established an ESG management team under the ESG Committee and arranged liaison officers in relevant departments of the headquarters and in subsidiaries to be responsible for the actual implementation of ESG-related works.

(3) Social responsibility and ESG Management Systems

In 2022, the Company organized and held the meeting of the ESG Committee, which considered and released the Statement on Employees' Interests and Welfare of Huatai Securities Co., Ltd., the Statement on the Exercise of the External Voting Right of Huatai Securities Co., Ltd., the Code of Conduct on Suppliers of Huatai Securities Co., Ltd. and other ESG management systems.

Relevant ESG Management Systems of Huatai Securities:

Statement on Employees' Interests and Welfare of Huatai Securities Co., Ltd.
Statement on the Exercise of the External Voting Right of Huatai Securities Co., Ltd.
Code of Conduct on Suppliers of Huatai Securities Co., Ltd.
Responsible Investment Statement of Huatai Securities Co., Ltd. (Revised in 2021)
Environmental and Social Management Statement of Huatai Securities Co., Ltd. (Revised in 2021)
Regulations on Anti-Corruption and Integrity of Huatai Securities Co., Ltd.

2. *Compliant Operation to Protect the Realization of Rights and Interests of All Parties*

The Company conscientiously implements the Company Law, the Securities Law, the Standards for the Governance of Listed Companies (《上市公司治理準則》) and other documents and has established a system of modern enterprise organization and an operation mechanism with the General Meeting, the Board of Directors, the Supervisory Committee and the senior management. It follows the principles of independent operation, effective checks and balances, mutual cooperation and coordinated operation of various governance bodies and continuously improves the operation mechanism of the Meetings and the management to improve its corporate governance efficiency.

Acted in strict accordance with the Administrative Measures for the Disclosure of Information of Listed Companies issued by the CSRC and other legal norms and relevant requirements, the Company also formulated the Management Measures for Information Disclosure, Internal Reporting System for Material Information, the System regarding Insider Registration and Management and Confidentiality and other rules and regulations to provide comprehensive regulation on information disclosure of the Company, so as to disclose information in a truthful, accurate, complete and timely manner, and ensure that all shareholders have equal access to relevant information of the Company. In 2022, the Company was rated the highest-level Class A in the 2021-2022 information disclosure evaluation of listed companies by the SSE.

In line with changes in laws and regulations, the Company's business practice and compliance management requirements, the Company promulgated or amended management systems such as Management Measures on Sanction Compliance Work of Huatai Securities Co., Ltd. (《华泰证券股份有限公司制裁合規工作管理辦法》), Management System of Information Segregation Wall of Huatai Securities Co., Ltd. (《华泰证券股份有限公司信息隔離牆管理制度》), Management System of Abnormal Securities Trading Behavior of Exchange Customers of Huatai Securities Co., Ltd. (《华泰证券股份有限公司交易所客戶證券異常交易行為管理制度》) and Rules for Compliance Management of OTC Derivatives Business of Huatai Securities Co., Ltd. (《华泰证券股份有限公司場外衍生品業務合規管理細則》), covering various aspects of anti-money laundering, management on abnormal trading behavior and information segregation wall and other multiple aspects, thus ensuring management requirements to be more institutional and well-regulated.

The suppliers of Company mainly include those related to IT hardware, IT software, products for project construction, comprehensive materials, products for Internet marketing and promotion, information products and relevant services. The Company strictly followed the Tendering and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), the Government Procurement Law of the People's Republic of China (《中華人民共和國政府採購法》) and other laws and regulations. The Company continued to strengthen the supplier management thus to create a sound supplier cooperation ecosystem. The Company issued the Code of Conduct on Suppliers of Huatai Securities Co., Ltd. (《华泰证券股份有限公司供應商行為準則》) in 2022, which clarified the criteria for the operational conducts of its suppliers, sub-contractors and staffs thereof and required suppliers to practice the principles of integrity, ethics, safety, impartiality and confidentiality.

The Company strictly complied with various requirements on financial marketing publicity and product advertisement stipulated by the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》), the Notice on Further Standardizing Financial Marketing Publicity (《關於進一步規範金融營銷宣傳行為的通知》), the Measures for Supervision and Administration of the Sales Organizations of Securities Investment Funds in Public Offering (《公開募集證券投資基金銷售機構監督管理辦法》) and the Interim Regulations on the Administration of Publicity and Referral Materials of Securities Investment Funds in Public Offering (《公開募集證券投資基金宣傳推介材料管理暫行規定》) and formulated the Administrative Measures for Marketing Publicity Activities (《規範營銷宣傳管理辦法》) and the Administrative Measures for Proxy Sale of Financial Products (《金融產品代銷管理辦法》), establishing and improving the internal control systems on the advertising and marketing management of financial products, continuously strengthening the management of marketing publicity activities and preventing risks resulting from illicit marketing publicity.

*3. Promoting Sustainable Development with Responsible Finance*

The Company strengthened the clients' ESG risk management, identified, analyzed and managed possible significant ESG issues of clients through due diligence and other means. It enhanced concerns on climate-related risks, strengthened the internal establishment of ESG risk management and improved the business management capability of ESG risks of the Company by means of research, exchange, training and others.

The Company advocated technology on ESG risks. As an integral part of the CAMS intelligent grading system, the CAMS ESG function module is an important instrument of the Company to continuously follow and monitor the level of exposure to ESG risks and the response to ESG risks of listed companies and bond issuers. The CAMS ESG function module is an important tool for the Company to apply financial technology to empower ESG risk management and integrate the ESG concepts into the decision-making on investment of the business departments of the Company.

The Company practiced the concept of responsible investment and deepened the integration of ESG with business investment and financing. On the basis of the Responsible Investment Statement of Huatai Securities Co., Ltd. (Revised in 2021), the Company gradually improved the work on the organizational structure and management, investment strategy and application, as well as research and communication for responsible investment. In the process of investments, the Company has included ESG factors in preliminary screening on investment targets, in-depth analysis of the investment and research team, approval and decision-making of the investment decision-making committee. The Company clearly requires relevant business units to incorporate ESG factors into the full investment process of group-wide equity investment business (including equity investment in listed companies and equity investment in emerging markets), fixed-income investment business, private equity investment and equity investment in alternative investment business. It includes three important factors, namely environmental responsibility, social responsibility and corporate governance, as restrictive indexes, into regular investment decision-making.

*4. Green Finance to Boost the Green Transformation of Economy*

The Company vigorously develops green finance, supports the listing of new energy, energy-saving and environmental protection enterprises, and innovates green financial investment and financing instruments to jointly promote green technology innovation and help the green transformation of economic development. By utilizing domestic and overseas resources, the Company has been providing comprehensive financial services to many "carbon peak and carbon neutrality" and "green" enterprises by leveraging its advantages in full-cycle and full-product services. In addition, the Company has optimized the allocation of resources, assisted enterprises in M&A and restructuring to broaden financing channels and promote the transformation and upgrade of traditional industries featuring intelligence, light asset and greenness.

The Company continues to promote its green bond business to support the development of green industry projects. In 2022, our subsidiary Huatai United Securities underwrote a total of 53 green bonds with an underwriting scale of RMB26.882 billion and a total issuance amount of RMB155.072 billion, contributing to its efforts in realizing the strategic objectives of carbon peaking and carbon neutrality. The Company allocates various green infrastructure assets and innovative green financial products and services. In 2022, Huatai Asset Management, a subsidiary of the Company, issued five ABS products for green financial projects with a total scale of RMB5.837 billion, and 17 green financial products with a total cumulative issuance scale of RMB21.680 billion. The Company actively participated in the important exchange activities in the field of "carbon peak and carbon neutrality" and "sustainability" both at home and abroad. Huatai International, a subsidiary of the Company, won the Trophy of "First Participants in Hong Kong International Carbon Market" and completed carbon emissions reduction transactions in RMB and HKD. The Company strengthened the research related to green finance, and published over ten reports about "carbon peak and carbon neutrality", "sustainable", "new energy" and "environmental protection and low carbon" and other related topics and in-depth research and study results.

*5. Forging ahead Dauntlessly and Facilitating the Development of Real Economies*

Adhering to the orientation of national strategic deployments and remaining true to the original aspirations on serving real economies, the Company displayed the role as a bridge connecting real economies and the capital market and carried out intensive and specialized operation in serving the construction of modern industrial systems, facilitating industrial transformation and upgrading as well as industrial adjustments, promoting regional coordinated development and promoting higher-standard opening up, contributing its strength in advancing the modernization construction with Chinese characteristics. Relying on a highly coordinated business model, the Company efficiently integrates the entire business chain of research, investment banking, investment and asset management, and continues to enhance its comprehensive financial services capabilities across the business chain by focusing on strategic emerging industries and supporting technology innovation enterprises, private enterprises, small and medium-sized enterprises and other real economies to achieve high-quality development through the capital market. Leveraging on the full business chain system and the advantages of an onshore and offshore integrated platform of a large investment bank, the Group recorded an equity lead underwriting amount of RMB155,369 million in 2022, ranking the fourth in the industry. Huatai Asset Management established various sub-funds to support private enterprises. It provided liquidity support and securities and financial services to real economies through financing with the pledge of stocks, equity investment and other means with a total investment scale of RMB15,884 million.

Focusing on serving domestic customers to "go global" and "bringing in" overseas customers, the Company provides all-round support for building a new pattern of opening capital market to the outside world and actively responds to the national strategy on promoting higher-standard opening up. Among the 10 GDRs completed in all markets in 2022, Huatai International, a subsidiary of the Company, participated in 6 GDRs, maintaining the leading advantages in the GDR sector. Adhering to the international development concept of "upholding fundamental principles and breaking new ground and connecting the south and north", the Company develops the intermediary business in the capital market, expands the participation in mainstream international markets and vigorously promotes the construction of a modern cross-border capital market with Chinese characteristics. In 2022, the Company obtained the letter of no objection from the CSRC on the application for the establishment of a subsidiary in Singapore, achieving new breakthroughs in international layout.

*6. Digital Transformation to Safeguard Product Service Responsibility*

The Company is a forward-looking financial technology provider by deepening the application of digital technology in finance and actively pursuing the sustainable development strategy of "finance + technology + green". We endeavor to ensure the implementation of the digital transformation of the Company by improving the structure of the system and setting scientific targets. The Company insights into market needs, innovates business products and service models, accelerates the process of comprehensive digitization and intelligent transformation, thus promoting the development of a brand new technology ecology. The Company continued to explore cutting-edge technologies such as artificial intelligence, cloud computing and big data to enhance the digitization of its entire business chain.

The Company put more efforts on introducing talents in core and emerging fields and focused on campus recruitment of technology talents. In 2022, the Company used product-oriented ideas to build FINTECH strategic talent advantage and held the first financial technology challenge event in the brokerage industry to enhance the effectiveness of school recruitment of technology talents. The Company established a business continuity management mechanism by taking key businesses as a breakthrough, continuing the construction of key resources, enhancing system high availability and disaster tolerance, improving system monitoring coverage and business awareness, upgrading the level of automatic fault disposal, establishing sound closed-loop management of incident problems, substantially eliminating production risks and hidden dangers, so as to successfully complete various important protection tasks. The Company's information system operated smoothly overall in 2022.

The Company strictly complied with the Data Security Law (《數據安全法》), the Personal Information Protection Law (《個人信息保護法》) and other relevant laws and regulations, and attached great importance to information security work, served customer privacy protection as priority and continued to increase the construction of information security and privacy protection by strictly preventing the misuse and leakage of information to ensure the safety of the Company's data and customers' privacy.

The Company implemented the regulatory requirements of the regulators on investor protection and investor education by focusing on the full integration of investor education and protection into the whole process of daily business and increasing the construction of investor education endeavor to enhance the awareness of investors on risk prevention. In 2022, the Company's new-generation investor education base network was further expanded, forming an operational network of investor education bases with national-level investor education bases as the main base, internet investor education bases, provincial-level investor education bases and university investor education corners as a whole. In 2022, Huatai Securities Nanjing National Investor Education Base was awarded "Excellent" rating for the "Year 2021-2022 National Securities and Futures Investor Education Base".

*7. People-oriented Philosophy and Growing Together with Employees*

The Company strictly observed the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other laws and regulations to carry out standard management on employment and dismissal, equal employment, working hours management, rest and holidays and the prevention of child labour and forced labour. The Company has always regarded the growth of employees as one of the core elements of the Company's development, implemented the international talent introduction and cultivation strategy, provided employees with a perfect talent cultivation mechanism, scientific career advancement channel, sound welfare protection system and reasonable incentive measures, and enhanced employees' sense of identity and belonging to the Company. In 2022, the Company released the Statement on Employees' Interests and Welfare of Huatai Securities Co., Ltd. (《华泰证券股份有限公司員工權益及福利聲明》). The statement serves as a framework document for the protection of employees' rights and interests and reflects the people-oriented management philosophy of the Company.

The Company focused on building a branded and ecological recruitment operation system to deepen the market influence of employer brand and enhance the attractiveness of talents. We made forward-looking planning of talent layout, continued to increase the introduction of talents in core and emerging fields, enhanced the thickness of talents and improved the competitive advantage of talents. The Company firmly opposed discrimination in employment and ensured that employees' employment and occupational development do not be affected by race, belief, gender, religion, nationality, ethnic group, age, marital status, disability, social status, etc. Meanwhile, the Company paid attention to the employment of female candidates and minority ethnic candidates, and provided equal and fair employment opportunities thereof.

*8. Giving Back to Society to Promote Common Prosperity*

(1) Assisting in ecological protection

Since the establishment of the public welfare project of "One Commonweal Heart of Huatai One Yangtze River" on ecological protection in 2018, the Company fully displayed the role of a financial institution as link and joined hands with public welfare organizations, university research institutions and the public to support the protection of biodiversity and environment with the Yangtze River Basin as the key area. In 2022, Huatai Securities donated and initiated the establishment of Huatai Foundation and the "One Yangtze River" special fund on environmental protection with the Phase-I capital of RMB10 million. It provides more professional and continuous supports to local work, facilitates the growth of talents in different stages in environmental protection and charity, promotes cross-border linkage between capitals and protection and guides capital inflow into public welfare.

In 2022, under the advocacy of the 15th meeting of the UN Conference of the Parties to the Convention on Biological Diversity (CBD COP15), the "Independent Commitments by Non-State Actors" of the Company with the theme of "One Yangtze River One World" was officially included in the database of the United Nations CBD "Action Agenda", making it the first financial enterprise with independent commitments in China.

In 2022, the Company established the "One Yangtze River" special fund on environmental protection through Huatai Foundation, providing assistance to the expansion of environmental protection activities and the development of talents in environmental protection and charity, such as "Little Step Scholarship - One Yangtze River Young Movers Support Program" to reward and support outstanding young people who are devoted to long-term development in the ecological and environmental protection sector with certain actual contributions in the frontline and with potentials; the "Streamlet Action - One Yangtze River Subsidy Scheme on Environmental Protection Activities by College Students" to provide small subsidies and supporting experts' guidance to college students and direct them to carry out environmental protection activities in more scientific and rational manners, thus to contribute youth strengths for environmental protection industry.

(2) Practicing charity with love

Since its establishment in 2016, the "One Commonweal Heart of Huatai One Tomorrow" rural education project has been dedicated to improving the mental health and overall quality of left-behind children, helping their healthy growth, promoting educational equity, and mobilizing the efforts of various parties to help children in need to continuously improve their living conditions. The project provides targeted voluntary services for left-behind children and teachers by sponsoring schools with a high density of left-behind children, in conjunction with the characteristics and differentiated needs of the schools, introducing resources from experts in psychology, education, sociology, intangible culture, ecology and sports, cultivating the children's diversified interests and hobbies, and helping their growth. In 2022, the project has benefited 64,578 children and 9,980 teachers. In addition to the donation from the Company, the project team has cooperated with public fund-raising foundations to bring in 108,832 donations amounting to RMB2.347 million for assisting a total of 912 children in financial difficulties.

*9. Green Development to Actively Deal with Climate Change*

The Company has always attached great importance to and actively dealt with the risks and challenges brought by climate change. In order to disclose its measures to address climate change in a more specific and detailed manner, the Company disclosed its identification, analysis and countermeasures of climate risks and opportunities related to its operations based on the recommended framework of Task Force on Climate-related Financial Disclosures (TCFD) in 2022 Corporate Social Responsibility Report of Huatai Securities Co., Ltd., including: climate-related risk management, strategy, risk management, metrics and targets and potential financial impact analysis. For details of 2022 Corporate Social Responsibility Report of Huatai Securities Co., Ltd., please refer to the website of the SSE (www.sse.com.cn), the HKEXnews website of the HKEX (www.hkexnews.hk), the website of the LSE (www.londonstockexchange.com) and our Company website (www.htsc.com.cn) on March 31, 2023.

Summary of climate-related disclosures by TCFD

| | | |
|---|---|---|
| Governance | • The Board of Directors of the Company is responsible for comprehensively supervising climate risk<br>√ Fully aware of the severity and urgency of addressing the impact of climate change and strengthening the standardization and supervision on climate risk management<br>√ Assuming overall responsibility for the Company's climate risk management, regularly reviewing climate risk management strategies, objectives, risks and opportunities, action plans and other major decisions and paying particular attention to resolutions on climate change<br>• The ESG Committee is the decision-making and deliberative body for ESG work<br>√ Responsible for reviewing strategies, goals and other major decisions related to environmental protection, climate change and other sustainable development<br>√ Conducting important tasks such as climate change strategy formulation, determination of the importance of climate change issues, and identification of risks and opportunities of climate<br>√ Responsible for the construction and management of climate-related mechanism, and coordination of the formation and overall implementation of climate change strategies<br>• The ESG management team is accountable to the ESG Committee and responsible for the implementation and promotion of environmental and climate change-related policies<br>√ The implementation of climate risk management strategy, statistics of energy and resource consumption, and the accounting of greenhouse gas emissions | P15, 32-33 of 2022 Corporate Social Responsibility Report of Huatai Securities Co., Ltd. |

| | | |
|---|---|---|
| | • All business departments and subsidiaries jointly promote the implementation of climate change actions | |
| | • The Company exercises the voting right and states its concerns about resolutions on climate change, including but not limited to carbon neutrality goals, actions on carbon emission reduction and response to climate-related substantial and transformation risks<br>√ Approving relevant resolutions in principle and incorporating relevant regulatory policies on climate change, relevant systems of the Company on climate change, the impacts of climate change risks on the operation and finance of the Company as well as the measures of the Company on identifying and responding to risks into consideration | |
| Strategy | • Carrying out the identification, evaluation and analysis of climate-related risks and opportunities<br>• Determining the climate-related risks and opportunities which are material for the Company's business and operations<br>• Gradually improving the top-level design for managing climate-related risks and opportunities | P32-37 of 2022 Corporate Social Responsibility Report of Huatai Securities Co., Ltd. |
| Risk management | • Based on its business and strategy, and combined with expert opinions, the Company evaluates climate-related risks and opportunities. Moreover, the Company constructs a climate-related risk and opportunity matrix based on the assessment results and identifies the materiality of the risks and opportunities based on their probability and degree of impact, while also improves the mechanism for climate-related risks and opportunities on an on-going basis | P32-37 of 2022 Corporate Social Responsibility Report of Huatai Securities Co., Ltd. |

| | | |
|---|---|---|
| Metrics and targets | • As a financial enterprise, the Company consumes energy and discharges carbon mainly for daily office work in the course of operations, involving energy such as electricity, natural gas, petrol used for company owned vehicles and diesel used for diesel generators | P32-37, 42-47, 91-93 of 2022 Corporate Social Responsibility Report of Huatai Securities Co., Ltd. |
| | √ Implementing various energy conservation and emission reduction measures such as adopting renewable energy sources, promoting recycling, reducing paper consumption and advocating green and low-carbon travel, so as to reduce energy consumption and carbon emissions | |
| | • The Company conducts statistics and analysis of total carbon emissions and energy consumption and intensity to assess the management on climate change issue and accordingly formulate improvement scheme to promote energy conservation and emission reduction | |
| | √ With taking 2021 as the base year, the Company has set carbon emission and energy management targets, and will track and report on the progress of such targets on an annual basis | |

## III. Details on Consolidation and Expansion of the Results of Poverty Alleviation, Rural Revitalization and Other Work

*Currency: RMB*

| Poverty alleviation and rural revitalization project | Number/Content | Description |
|---|---|---|
| Total investment (Ten Thousand Yuan) | 2,200.03 | Investment in rural revitalization |
| Of which: Funds (Ten Thousand Yuan) | 2,200.03 | Investment in rural revitalization |
| Material discount (Ten Thousand Yuan) | – | – |
| Number of persons benefited (people) | 9,817 | In 2022, the "One Commonweal Heart of Huatai One Tomorrow" rural education program benefited a total of 9,605 children and teachers; and Huatai Foundation funded 212 children in need. |

| | | |
|---|---|---|
| Forms of poverty alleviation (such as industry alleviation, employment alleviation, education alleviation, etc.) | Industry alleviation, education alleviation, consumer support | In "Five-party Linkage" assistance in pair and "Village-enterprise Joint Construction" works, support was provided to facility agriculture, rural tourism and other industrial projects; the "One Commonweal Heart of Huatai One Tomorrow" rural education program was implemented; and consumer support products were purchased from corresponding supporting areas in Jiangsu Province. |

Detailed description:

In 2022, Huatai Securities established the Huatai Foundation with its self-funds, and joined hands with its subsidiaries to set up a special fund for rural revitalization through the Huatai Foundation, which will be used exclusively for rural revitalization and public welfare projects to repay the society with a stronger sense of responsibility and higher professionalism, and will rely on the Huatai Foundation to gather the strength of more partners to support public welfare and charity, thus to boost sustainable development and promote social justice.

In 2022, the Company served the national strategy of rural revitalization wholeheartedly by continuing to deepen the "One Company Helps One County" pair assistance, "Five-party Linkage" assistance for Jiangsu Province and "Village-enterprise Joint Construction" with 10 villages in central and northern Jiangsu, thus fully supporting the work of east-west cooperation and counterpart support in Jiangsu Province. In Jinzhai, Anhui Province, the Company set up a research group on county economic development to provide financial solutions for economic and social development in Jinzhai by leveraging the intellectual strengths of financial talents. In Feng County, Jiangsu Province, the Company designated staff to join the support team under new Jiangsu Provincial Party Committee in Feng County to carry out village support, which we donated RMB1 million for projects such as high-efficiency facility agriculture and smart village governance. In the village-enterprise construction in central and northern Jiangsu Province, we donated RMB1,543,600 for village-enterprise construction. The Company also actively supported consumer support and purchased RMB3.3 million of consumer support products from corresponding supporting areas in Jiangsu Province. In 2022, the Company was honored as the "Advanced Unit of 'Five-party Linkage' Assistance Work in the Province for 2020-2021" and also honored as the "Advanced Unit of Consumer Assistance (Lhasa) in 2022" by the Forward Command Department of Partner Assistance (Lhasa, Tibet) in Jiangsu Province.

## I. PERFORMANCE OF UNDERTAKINGS

***Undertakings of de facto controllers, Shareholders, related parties, purchasers of the Company, the Company and other undertaking-related parties made or remained effective during the Reporting Period***

| Background of undertaking | 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 |
|---|---|---|---|---|---|---|
| Other undertakings made to minority Shareholders of the Company | To solve horizontal competition | Guoxin Group | Guoxin Group and its subsidiaries or associated companies shall not engage in or conduct any business which may compete with the primary business of Huatai Securities in any way (including but not limited to self-operated, joint-ventured or associated) at any time in the future (except for Jintai Futures Co., Ltd.). For any opportunities to conduct, engage in or invest in any business that may compete with the business of Huatai Securities available to Guoxin Group and its subsidiaries or associated companies, Guoxin Group will give such opportunities to Huatai Securities (except for Jintai Futures Co., Ltd.). | Issuing date: June 27, 2014; expiry date: in a long term | No | Yes |

## II. THERE WAS NO NON-OPERATING MISAPPROPRIATION OF FUNDS OF THE COMPANY BY ANY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

## III. THE COMPANY HAD NO GUARANTEES IN VIOLATION OF REGULATIONS DURING THE REPORTING PERIOD.

## IV. STANDARD UNQUALIFIED OPINION AUDIT REPORT WAS PREPARED BY THE ACCOUNTING FIRM OF THE COMPANY.

## V. ANALYSIS AND EXPLANATION FROM THE COMPANY ON THE REASONS AND IMPACT OF THE CHANGE OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR CORRECTION OF MAJOR ACCOUNTING ERRORS

### *(I) Analysis and explanation from the Company on the reasons and impact of the change of accounting policies and accounting estimates*

For the change of accounting policies and accounting estimates during the Reporting Period, please refer to Note 2. Significant accounting policies to the consolidated financial statements in this report.

### *(II) The Company made no correction of major accounting errors*

## VI. APPOINTMENT AND REMOVAL OF ACCOUNTING FIRM

Unit: Ten Thousand Yuan Currency: RMB

| | Previously employed | Currently employed |
|---|---|---|
| Name of the domestic accounting firm | KPMG Huazhen LLP | Deloitte Touche Tohmatsu Certified Public Accountants LLP |
| Remuneration of the domestic accounting firm | 332 | 295 |
| Audit duration of the domestic accounting firm | 8 years | 1 year |
| Name of certified public accountants of the domestic accounting firm | Cheng Hailiang, Qian Ruwen | Hu Xiaojun, Han Jian |
| Continued duration of auditing services by certified public accountants of the domestic accounting firm | 4 years | 1 year |
| Name of the overseas accounting firm | KPMG | Deloitte Touche Tohmatsu |
| Remuneration of the overseas accounting firm | 265 | 125 |
| Audit duration of the overseas accounting firm | 7 years | 1 year |

| | Name | Remuneration |
|---|---|---|
| Accounting firm for the auditing of internal controls | Deloitte Touche Tohmatsu Certified Public Accountants LLP | Please refer to the description below this table |

***Description of appointment and removal of accounting firm***

Pursuant to the requirements of the Administrative Measures for Selection and Appointment of Accounting Firms by State-owned Financial Enterprises (Cai Jin [2020] No. 6) (《國有金融企業選聘會計師事務所管理辦法》(財金[2020]6號)) issued by the Ministry of Finance, the service term of the accounting firm previously appointed by the Company, namely KPMG Huazhen LLP, expired after the completion of the audit on the 2021 Annual Report. Upon approval at the Company's 2021 Annual General Meeting, the Company employed Deloitte Touche Tohmatsu Certified Public Accountants LLP as the audit service institute of the Company and its holding subsidiaries for the 2022 annual financial statements and internal control to issue A Share audit report, internal control audit report and GDR audit report; and employed Deloitte Touche Tohmatsu as the audit service institute for the Company's H Shares to issue H Share audit report. The audit service fee in aggregate was RMB4.20 million (of which the internal control audit fee was RMB0.35 million).

## VII. THE COMPANY HAD NO RISKS OF SUSPENSION OF LISTING, TERMINATION OF LISTING, BANKRUPTCY AND RESTRUCTURING

## VIII. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, there were no material litigation and arbitration of the Company with amount involving more than RMB10 million and accounting for more than 10% of the absolute value of the audited net assets of the Company for the latest period, which are required to be disclosed by the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.

### *(I) Litigation and arbitration disclosed in ad hoc announcements without subsequent development*

| Summary and type of event | Query indexes |
|---|---|
| Debt dispute between the Company and Sichuan Shengda Group Co., Ltd. (四川聖達集團有限公司) | Could be retrieved in the annual report for the Year 2021 |
| Debt disputes between Huatai United Securities, Stone Group (四通集團) and Stone Group Financial Company (四通集團財務公司) | Could be retrieved in the annual reports for the Year 2011 to 2021 |
| Debt disputes between Huatai United Securities and Beijing Huazi Syndicated Group (北京華資銀團集團) | Could be retrieved in the annual reports for the Year 2011 to 2021 |
| Debt disputes between Huatai United Securities, China Huacheng Group Financial Co., Ltd. (中國華誠集團財務有限責任公司) and Huacheng Investment Management Co., Ltd. (華誠投資管理有限公司) | Could be retrieved in the annual reports for the Year 2011 to 2021 |
| Dispute over Magnate project between Huatai United Securities and Postal Savings Bank | Could be retrieved in the annual report for the Year 2021 |
| Bond default contract dispute under collective asset management program of Huatai Asset Management | Could be retrieved in the annual report for the Year 2021 |
| A considerable overloss in futures account of Zhang Xiaodong, a client of Huatai Futures | Could be retrieved in the annual reports for the Year 2013 to 2021 |

### *(II) Litigation and arbitration not disclosed in ad hoc announcements or with subsequent development*

The litigation or arbitration of the Company which was newly raised but has not been disclosed (with an involved amount of over RMB100 million) or has been disclosed but had progress during the Reporting Period:

1. *Contract dispute under Hubei Daohuaxiang Liquor Co., Ltd. (湖北稻花香酒業股份有限公司) suing Wusheng Asset Management (Guangzhou) Co., Ltd. (吳聲資產管理(廣州)有限公司) and Huatai Securities*

   In March 2022, the Company received the Notice of Respondence to Action and other relevant litigation materials served by Hubei Yichang Intermediate People's Court. Since investment in the "Fund Contract on Wusheng • Chunyu Debt Private Securities Investment Fund No. 2" was not fully redeemed, Hubei Daohuaxiang Liquor Co., Ltd., the plaintiff, sued to the court, requesting Wusheng Asset Management (Guangzhou) Co., Ltd., the fund manager (the first defendant), and Huatai Securities, the custodian (the second defendant) to bear joint and several liability for compensation, requesting the two defendants to jointly pay the redemption amount of RMB102,893,661.22, requesting the first defendant to pay liquidated damages of RMB5,779,002.15 on deferred payment and compensate the losses on the principal and revenue of the investment with an amount of RMB18,182,720.56 and requesting the two defendants to assume the lawsuit fees of the case. On February 10, 2023, according to the Civil Judgment of (2023) Hu 74 Min Chu No. 179 issued by Shanghai Financial Court, the case was treated as withdrawal of the lawsuits by the plaintiff. Therefore, the Company would not bear any loss in the case and the case was closed.

2. *Equity transfer dispute between the Company and Cheng Xi*

   In 2016, the Company acquired the shares of Zhangzhou Sanlida Environmental Technology Corporation Limited (漳州三利達環保科技股份有限公司) (stock code: 833329, the "Lida Corporation") for market-making. In July 2018, Lida Corporation stated that it planned to delist from the National Equities Exchange and Quotations (NEEQ) with a view to overseas development, and its shareholder, Cheng Xi, agreed to be a transferee of all the shares of Lida Corporation held by the Company subsequent to the delisting. Lida Corporation and its shareholder, Cheng Xi, issued a "Letter of Undertaking" to the Company, in which they undertook to be transferred the entire 1,407,000 shares of Lida Corporation held by the Company by way of cash payment upon the delisting of Lida Corporation, with the total transfer amount being no less than RMB63,315,000. Upon the delisting of the Lida Corporation, Cheng Xi did not pay for the transfer price. And in that case, the Company filed a pleading with the Xiamen Intermediate People's Court on November 14, 2022, requesting the defendant, Cheng Xi, to pay the equity transfer amount, liquidated damages and overdue interests in a total amount of RMB108,363,622.50 (as of October 20, 2022). The court filed a case on November 15, 2022. The case has not yet been heard as of the end of the Reporting Period.

*3. Dispute over pledged securities repurchase*

| Matters | Descriptions |
|---|---|
| Dispute over pledged securities repurchase between the Company, Chu Jinfu, Tang Fujun and Henan Senyuan Group Co., Ltd. | Due to the breach of contract on stock pledged repurchase transaction by Chu Jinfu, the Company filed a lawsuit with the Intermediate People's Court of Nanjing in July 2020, requesting the court to order Chu Jinfu to pay the outstanding principal of RMB571.80 million and the corresponding interest, liquidated damages and the fees on the realization of creditor's rights, order Tang Fujun to undertake joint settlement obligations and order that the Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares, equity interests and the corresponding dividend pledged to the Company by Chu Jinfu and Henan Senyuan Group Co., Ltd. (hereinafter referred to as "Senyuan Group") within the scope of relevant payment obligations. On June 24, 2021, the Company received the first-instance judgment from the Intermediate People's Court of Nanjing, ruling that Chu Jinfu, the defendant, shall repay the financing principal, the interest and liquidated damages to the Company and pay the lawyer's fee. The Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares, equity interests and the corresponding dividend pledged to the Company by Chu Jinfu and Senyuan Group within the scope of the above payment obligations. Tang Fujun shall undertake joint responsibilities on the payment obligations of Chu Jinfu. On July 8, 2021, Senyuan Group and Tang Fujun appealed to the High People's Court of Jiangsu Province. On December 23, 2021, the Company received the second-instance judgment from the High People's Court of Jiangsu Province, which rejected the appeal and upheld the original judgment. Such case is still under enforcement, and on November 2, 2022, the Nanjing Qixia District People's Court publicly auctioned 10,130,000 shares of Senyuan Electric held by Senyuan Group with auction transaction price of RMB34,336,210.00. |

| Matters | Descriptions |
| --- | --- |
| Dispute over pledged securities repurchase between the Company, Henan Senyuan Group Co., Ltd. and Chu Jinfu | Due to the breach of contract on stock pledged repurchase transaction by Senyuan Group, the Company filed a lawsuit with the Intermediate People's Court of Nanjing in July 2020, requesting the court to order Senyuan Group to pay the outstanding principal of RMB300 million and the corresponding liquidated damages and the fees on the realization of creditor's rights, order Chu Jinfu to undertake joint settlement obligations and order that the Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares, equity interests and the corresponding dividend pledged to the Company by Senyuan Group within the scope of relevant payment obligations. On June 24, 2021, the Company received the first-instance judgment from the Intermediate People's Court of Nanjing, ruling that Senyuan Group, the defendant, shall repay the financing principal and liquidated damages to the Company and pay the lawyer's fee. The Company is entitled to the priority of claim for the proceeds from the disposal of relevant shares, equity interests and the corresponding dividend pledged to the Company by Senyuan Group within the scope of the above payment obligations. Chu Jinfu shall undertake joint responsibilities on the above payment obligations of Senyuan Group. On July 8, 2021, Senyuan Group appealed to the High People's Court of Jiangsu Province. On December 23, 2021, the Company received the second-instance judgment from the High People's Court of Jiangsu Province, which rejected the appeal and upheld the original judgment. Such case is still under enforcement, and on November 2, 2022, the Nanjing Qixia District People's Court publicly auctioned 32,031,200 shares of Senyuan Electric held by Senyuan Group with auction transaction price of RMB107,711,890.40. |

| Matters | Descriptions |
| --- | --- |
| Dispute over pledged securities repurchase between the Company, Han Hua and Yang Lijun | Due to the breach of contract on stock pledged repurchase transaction by Han Hua, the Company filed a lawsuit with the Intermediate People's Court of Nanjing in August 2020, requesting the court to order Han Hua to pay the outstanding principal of RMB161,905,600 and the corresponding interest, liquidated damages and the fees on the realization of creditor's rights, order Yang Lijun to undertake joint settlement obligations and order that the Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares and the corresponding dividend pledged to the Company by Han Hua within the scope of relevant payment obligations. On June 16, 2021, the Company received the first instance judgment from the Intermediate People's Court of Nanjing, ruling that Han Hua shall pay the amount on the stock repurchase transaction and liquidated damages to the Company. The Company is entitled to the priority of claim for the proceeds from the disposal of relevant shares pledged by Han Hua. Yang Lijun shall undertake joint settlement responsibilities on the debts of Han Hua. The case is under enforcement, and RMB24,007,579.91 was repaid through enforcement in 2022. |

| Matters | Descriptions |
| --- | --- |
| Dispute over pledged securities repurchase between the Company, Yang Lijun and Han Hua | Due to the breach of contract on stock pledged repurchase transaction by Yang Lijun, the Company filed a lawsuit with the Intermediate People's Court of Nanjing in September 2020, requesting the court to order Yang Lijun to pay the outstanding principal of RMB101,268,300 and the corresponding interest, liquidated damages and the fees on the realization of creditor's rights, order Han Hua to undertake joint settlement obligations and order that the Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares and the corresponding dividend pledged to the Company by Yang Lijun. On July 12, 2021, the Company received the first-instance judgment from the Intermediate People's Court of Nanjing, ruling that Yang Lijun shall pay the amount on the stock repurchase transaction and liquidated damages to the Company. The Company is entitled to the priority of claim for the proceeds from the disposal of relevant shares pledged by Yang Lijun. Han Hua shall undertake joint settlement responsibilities on the debts of Yang Lijun. The case is under enforcement, and RMB4,153,182.67 was repaid through enforcement in 2022. |

4. *Arbitration on the Dispute in relation to the Master Agreement on Bond Pledge Repurchase Transactions of Shanghai Stock Exchange between Everbright Securities Company Limited and the Company*

During the Reporting Period, the Company received the arbitration document from Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center). Everbright Securities Company Limited applied to Shanghai International Economic and Trade Arbitration Commission for arbitration on the bond pledge repurchase transactions of Shanghai Stock Exchange, requesting the Company to repay the financing amount under four repurchase transactions under relevant agreements with a total amount of RMB184,300,000 and the corresponding interest and liquidated damages. As the Company is not the repurchasing party in the repurchase transactions under the agreements involved and it is only the dealer of the repurchasing party, the Company has appointed lawyers to respond to the case. On October 29, 2021, the case was heard at the Shanghai International Economic and Trade Arbitration Commission. On October 27, 2022, Shanghai International Economic and Trade Arbitration Commission ruled to reject all arbitration requests of the applicant for arbitration.

*5. Dispute between Huatai United Securities and investors of 16 Bright Oceans Bonds*

Bright Oceans Group Co., Ltd. was approved to issue corporate bonds with a nominal value of no more than RMB2.5 billion (the "16 Bright Oceans Bonds") to qualified investors in 2015. Huatai United Securities served as the joint lead underwriter.

(1) Disclosed cases with new developments

In November 2020, CITIC Trust Co., Ltd. (中信信託有限責任公司), the plaintiff, filed a lawsuit against the issuer, namely Bright Oceans Group Co., Ltd., the lead underwriter and the joint lead underwriter for the reason of false statements on securities, requesting the issuer to repay the principal and the interest of the bond with a total amount of approximately RMB23,536,400, and requesting the lead underwriter and the joint lead underwriter to undertake joint responsibilities. The Intermediate People's Court of Harbin rejected the claims of the plaintiff in the first-instance judgment in July 2021 and the Company won the case. The plaintiff appealed and the court rejected the appeal in the second-instance judgment and upheld the judgment in favor of the Company in the first instance in February 2022.

(2) New case

In March 2022, Shanghai Qianfulai Asset Management Co., Ltd. (上海仟富來資產管理有限公司), the plaintiff, filed a lawsuit against the issuer, namely Bright Oceans Group Co., Ltd., for the reason of false statements on securities, requesting the issuer to repay the principal and the interest of the bond with a total amount of approximately RMB5,098,100 and requesting the lead underwriter and the joint lead underwriter, the accounting firm, the credit rating agency and the law firm to undertake joint compensation responsibilities. Beijing Financial Court ruled to transfer the case to the Intermediate People's Court of Harbin. The plaintiff disagreed with the verdict and appealed. The Beijing High People's Court ruled in the second-instance judgment, which rejected the appeal. The case will be transferred to Harbin Intermediate People's Court, which is still in the process of shifting the file.

*6. Contract dispute of Huatai Asset Management involving in Huatai Huize No. 1 Pooled Product*

In June 2021, an investor under the Huatai Huize No. 1 Pooled Asset Management Plan filed a lawsuit against Huatai Asset Management, the manager, in the Shanghai Financial Court on the ground of contract dispute over entrusted financial management, and claimed liability for compensation, with a damage amount of RMB86.31 million. In November 2021, the plaintiff amended its claim and adjusted the damage amount to RMB144.16 million. In September 2022, the first instance court ruled to reject all of the plaintiff's claims and the case is currently in the second instance.

7. *Stock pledged repurchase contract dispute under No. 3 Targeted Assets Management Plan on Capital Innovation of China Merchants of Huatai Asset Management*

As the manager of the No. 3 Targeted Assets Management Plan on Capital Innovation of China Merchants of Huatai Asset Management, Huatai Asset Management entered into relevant financing agreements on stock pledged repurchase business with Liu Hujun and Xiong Jinyu, the financiers, on behalf of the asset management product in May 2017, and conducted transactions on the business. The principal of financing was RMB365 million (of which, the principal of RMB235 million and RMB130 million were financed by Liu Hujun and Xiong Jinyu, respectively) in total and the target of the pledged stock was Liantronics (stock code: 300269.SZ). Liu Hujun and Xiong Jinyu, the financiers, breached the contract as they failed to repurchase on time. Huatai Asset Management filed a lawsuit with the Intermediate People's Court of Nanjing in November 2020 on the contract dispute on stock pledged repurchase, requesting Liu Hujun and Xiong Jinyu, the defendants, to repay the principal of RMB365 million and undertake other responsibilities on the breach of contract and dispose of the pledged stocks according to laws. The Intermediate People's Court of Nanjing issued the first-instance judgment in January 2022, supporting the claims of Huatai Asset Management. It has applied for entering the process of execution for the case.

8. *Performance Dispute between Yili Fund, a subsidiary of Huatai Purple Gold Investment, and Der Group and its de facto controller, Ru Jiyong, over its investment in Yiteng Project in Henan Province*

Yili Su Xin Investment Fund Partnership (Limited Partnership) ("Yili Fund"), a subsidiary of Huatai Purple Gold Investment, previously filed an application for arbitration application with the Nanjing Arbitration Commission, requesting Ru Jiyong, the de facto controller of Der Group Co. Ltd. (德爾集團有限公司) ("Der Group") to fulfil his equity repurchase obligation. The Nanjing Arbitration Commission held a hearing on August 19, 2022 and has not yet issued a judgment

On November 11, 2022, Yili Fund filed a lawsuit against Der Group with the Nanjing Jianye District People's Court, requesting Der Group, as the controlling shareholder of Der Future Science & Technology Holding Group Co., Ltd ("Der Future", stock code: 002631.SZ), to be liable for the losses incurred by Yili Fund resulting from the invalid guarantee of pledge of shares of Der Future (with damages of RMB275,966,101, of which, the loss of investment principal amounted to RMB142,372,881 and the loss of interest amounted to RMB133,593,220), which was processed on the same day. On November 28, 2022, the Nanjing Jianye District People's Court froze 54,919,622 shares of Der Future held by Der Group upon the application of Yili Fund.

## IX. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS BY, PUNISHMENT ON AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

1. In April 2022, Jiangsu Securities Regulatory Bureau issued the Decision on Issuance of Warning Letter to Huatai Securities Co., Ltd. ([2022] No. 31) to the Company, stating that the appointment of personnel for certain positions failed to meet requirements during the application for the qualification of custodian by the Company, and decided to take an administrative supervision measure against the Company by issuing a warning letter. The Company has taken corresponding rectification and improvement measures.

2. In May 2022, the CSRC issued the Decision on Ordering of Huatai Securities Co., Ltd. to Take Rectification Measures ([2022] No. 22) to the Company and took an administrative supervision measure against the Company by ordering to take rectification measures on issues related to incomplete internal control on OTC options. For relevant issues, the Company arranged relevant departments to deeply look into the reasons, carefully review deficiencies and improve control measures from regime, procedure, system, personnel and other aspects. It also leveraged on technology empowerment to strengthen the management and control on key links and promote the implementation of rectifications.

3. In May 2022, Jiangsu Securities Regulatory Bureau issued the Decision of Jiangsu Securities Regulatory Bureau on Issuance of Warning Letter to Huatai Purple Gold Investment Co., Ltd. ([2022] No. 51) to Huatai Purple Gold Investment. According to the contents of the decision, Huatai Purple Gold Investment invested certain products in other asset management products other than public funds and failed to complete rectification within the prescribed period as of the end of 2021. Jiangsu Securities Regulatory Bureau took supervision and management measures against Huatai Purple Gold Investment by issuing a warning letter in accordance with relevant regulatory regulations. The Company has arranged Huatai Purple Gold Investment to complete the rectification plan, formulate the new version of rectification accounts and submit the rectification report to Jiangsu Securities Regulatory Bureau in accordance with regulatory requirements. In the future, the Company will continuously urge Huatai Purple Gold Investment to advance the rectification of non-compliant asset management products as soon as possible.

4. In September 2022, Jilin Securities Regulatory Bureau issued the Decision on Ordering of the Securities Business Department in Changchun Minkang Road of Huatai Securities Co., Ltd. to Take Rectification Measures (Ji Zheng Jian Jue [2022] No. 11) (《關於對华泰证券股份有限公司長春民康路證券營業部採取責令改正措施的決定》(吉證監決[2022]11號)), noting that the business department had problems such as the failure to separate incompatible positions and the lack of customer information due to the failure to properly maintain individual customer files. In response to the aforesaid problems, the Company supervised and instructed the Securities Business Department in Changchun Minkang Road to effectively conduct endeavors in rectification and accountability, and required the securities business department to undertake detailed reviews of the relevant problems and implement rectification work in a practical manner, in which case, the Company has ordered the Heilongjiang Branch to pursue internal accountability and effectively strengthen risk control in order to continuously improve the level of compliance management.

5. In October 2022, Huatai United Securities received the Decision on Taking Supervisory Measures by Issuing of Warning Letter to Huatai United Securities Co., Ltd., Ding Mingming and Zheng Mingxin (《關於對華泰聯合證券有限責任公司以及丁明明、鄭明欣採取出具警示函監管措施的決定》) issued by the CSRC, stating that Huatai United Securities had failed to exercise due care and diligence in the process of sponsoring the initial public offering and listing of the shares of Chengdu Brilliant Pharmaceutical Co., Ltd. ("Brilliant Pharmaceutical"), and failed to discover that there were abnormalities in some of the original certificates of the business promotion fees of Brilliant Pharmaceutical, replenished the original certificates of the business promotion fees or subsequently replaced or removed the abnormal original certificates, while part of its sales promotion activities was not truly launched, and it could not provide reasonable explanations for maintaining a majority of scanned copies of the official seals of the promotion service providers, which led to unsound internal controls related to the business promotion fees. In accordance with Article 65 of the "Measures on the Securities Issuance and Listing Sponsorship Business" (《證券發行上市保薦業務管理辦法》), Huatai United Securities and relevant personnel were subject to administrative supervision measures of issuing warning letters. Huatai United Securities has pursued internal accountability in accordance with its corporate system, and requested the responsible departments to conduct a comprehensive review and self-inspection on the duties and responsibilities of the positions, workflow, practice quality management, risk identification and control, among others, in order to prevent the recurrence of similar incidents.

Save for the foregoing, none of the Company and its Directors, Supervisors, senior management, shareholders holding over 5% of equity interest or de facto controllers were investigated by competent authorities, imposed with coercive measures by a judiciary authority or disciplinary department, transferred to a judicial authority or held criminally liable, banned from accessing to the market, identified as unsuitable persons, punished by other administrative departments or publicly condemned by a stock exchange.

## X. INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS DURING THE REPORTING PERIOD

During the Reporting Period, the Company and its de facto controllers maintained good faith with no cases such as non-performance of effective court judgment or overdue of relatively large liability.

## XI. MAJOR RELATED-PARTY TRANSACTIONS

Details on the related-party transactions under the relevant accounting standards can be found in Note 59 to the consolidated financial statements in this report. The Company confirmed that the related-party transactions were not qualified as the "connected transactions" or the "continuing connected transactions" as defined in Chapter 14A of the Hong Kong Listing Rules (as the case may be), and were in compliance with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

## XII. MATERIAL CONTRACTS AND PERFORMANCE THEREOF

### *(I) Custody, contracting and leasing matters*

During the Reporting Period, the Company was not engaged in any custody, contracting or leasing.

### *(II) Guarantees*

Unit: 100 million Yuan Currency: RMB

**External guarantees of the Company (excluding the guarantees for subsidiaries)**

| | |
|---|---|
| Total amount of guarantees during the Reporting Period (excluding the guarantees for subsidiaries) | – |
| Total balance of guarantees at the end of the Reporting Period (A) (excluding the guarantees for subsidiaries) | – |

**Guarantees of the Company and its subsidiaries for its subsidiaries**

| | |
|---|---|
| Total amount of guarantees for subsidiaries during the Reporting Period | 131.94 |
| Total balance of guarantees for subsidiaries at the end of the Reporting Period (B) | 369.77 |

**Total guarantee amount of the Company (including the guarantees for subsidiaries)**

| | |
|---|---|
| Total guarantee amount (A+B) | 369.77 |
| Percentage of the total guarantee amount to net assets of the Company (%) | 22.40 |
| Among which: | |
| Amount of guarantees provided for shareholders, de facto controllers and their related parties (C) | – |
| Amount of debt guarantees provided directly or indirectly for the guaranteed objects with an asset-liability ratio of more than 70% (D) | 320.77 |
| Excess amount of the total guarantee over 50% of the net assets (E) | – |
| Total amount of the three guarantees mentioned above (C+D+E) | 320.77 |
| Undue guarantees with joint and several liabilities | Bearing the principal, interest and other expenses of the bonds |

Explanations on guarantees

1. Guarantees Provided by the Company

(1) In January 2015, Huatai Asset Management was officially founded. With the steady development of the Company's asset management business and the rapid expansion of the scale of asset management, in order to ensure the risk control indicators of Huatai Asset Management meet the supervisory requirements, the Company's Shareholders' meeting reviewed and approved relevant resolutions respectively on March 30, 2015 and September 13, 2016, approved the Company to offer Huatai Asset Management a net capital guarantee with the maximum amount of RMB1.2 billion and RMB5.0 billion and promised that, whenever Huatai Asset Management needs to expand businesses, it will provide cash support within the aforesaid amount unconditionally. On December 31, 2020, Shanghai Securities Regulatory Bureau approved the Company to terminate the commitment on the provision of net capital guarantee with an amount of RMB2.0 billion to Huatai Asset Management. In 2022, Shanghai Securities Regulatory Bureau approved the Company to terminate the commitment on the provision of net capital guarantee with an amount of RMB4.2 billion to Huatai Asset Management from July 12, 2022. As at the end of the Reporting Period, all net capital guarantees provided by the Company to Huatai Asset Management were terminated.

(2) In 2017, as approved and passed at the fifth meeting of the fourth session of the Board and the 2016 Annual General Meeting of the Company, the Company provided a net capital guarantee with the maximum amount of RMB1.9 billion to Huatai Asset Management. The net capital guarantee of RMB1.9 billion has not been utilized during the Reporting Period.

(3) In 2018, as approved and passed at the sixteenth meeting of the fourth session of the Board, the Company provided a net capital guarantee with the maximum amount of RMB2.0 billion to Huatai United Securities, a holding subsidiary of the Company. The net capital guarantee will be available from July 1, 2019. In 2022, Shenzhen Securities Regulatory Bureau approved the Company to adjust the amount of the commitment on the provision of net capital guarantee to Huatai United Securities in 2019 from RMB2.0 billion to RMB1.0 billion from June 21, 2022. As at the end of the Reporting Period, the Company provided a net capital guarantee with a total amount of RMB1.0 billion to Huatai United Securities.

(4) In 2020, as considered and approved at the second meeting of the fifth session of the Board, the Company (as the guarantor) entered into a guarantee agreement with Citicorp International Limited (as the trustee) for the provision of an unconditional and irrevocable guarantee for the bonds of USD0.4 billion issued by Pioneer Reward Limited, a subsidiary of Huatai International.

(5) In 2020, as considered and approved at the seventh meeting of the fifth session of the Board, the Company provided a liquidity guarantee with a maximum amount of RMB2.0 billion to Huatai United Securities, which had not been utilized during the Reporting Period.

(6) As considered and approved at the eleventh meeting of the fifth session of the Board and the 2021 First Extraordinary General Meeting of the Company, the persons authorized by the general mandate to issue onshore and offshore debt financing instruments of the Company may sign relevant agreements, and in 2021, the Company (as the guarantor) entered into a guarantee agreement with Citicorp International Limited (as the trustee), to provide an unconditional and irrevocable guarantee respectively for USD1,300 million bonds and additional USD100 million bonds issued by Pioneer Reward Limited, a subsidiary of Huatai International. In 2022, the Company (as the guarantor) entered into a guarantee agreement with Citicorp International Limited (as the trustee), to provide an unconditional and irrevocable guarantee respectively for USD1,000 million bonds and RMB5,000 million bonds issued by Pioneer Reward Limited, a subsidiary of Huatai International.

2. Guarantees Provided by the Subsidiaries

During the Reporting Period, Huatai International and its subsidiaries had provided guarantees for the benefits of their subsidiaries in connection with their business operations, which are mainly guarantees for corporate bonds, guarantees for medium-term notes, and guarantees for transactions with counterparties involving the signing of international swaps and derivatives association agreements. The aggregate guaranteed amount was approximately RMB7.576 billion as of the end of the Reporting Period.

3. The aforesaid amount of debt guarantees provided directly or indirectly for the guaranteed objects with an asset-liability ratio of more than 70% was RMB32.077 billion, including: 1) guarantee provided by the Company to Pioneer Reward Limited, a subsidiary of Huatai International, for the issuance of USD2.8 billion bonds and RMB5.0 billion bonds; 2) the guarantee provided by Huatai International and its subsidiaries to meet the needs of the business operation of their subsidiaries.

### *(III) Other material contracts*

1. According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – Contents and Formats of Annual Report (Revised in 2021) (《公開發行證券的公司信息披露內容與格式準則第2號－年度報告的內容與格式(2021年修訂)》), the Group did not enter into material contracts during the Reporting Period.

2. The progress of relevant significant contracts disclosed during the Reporting Period is as follows:

   (1) According to the General Construction Contract for Huatai Securities Square, the Company paid RMB5.4920 million under the general construction contract and major sub-contracts thereof during the Reporting Period.

   (2) According to the Construction Contract for Smart Facilities at Huatai Securities Square, the Company paid RMB2.1152 million under the construction contract for smart facilities during the Reporting Period.

## XIII. DESCRIPTION OF OTHER MAJOR EVENTS THAT HAVE SIGNIFICANT IMPACTS ON INVESTORS TO MAKE VALUE JUDGMENTS AND INVESTMENT DECISIONS

### *(I) Capital increase in subsidiaries of the Company*

For details on capital increase in subsidiaries of the Company during the Reporting Period, please refer to "(IX) Other information" under "VI. Major Operations during the Reporting Period" under "Management Discussion and Analysis and Report of the Board" in this report.

### *(II) Description of major events of the subsidiaries*

*1. Huatai Purple Gold Investment*

(1) Launch and establishment

During the Reporting Period, Huatai Purple Gold Investment launched and established Nanjing Huatai Yanghe Equity Parent Fund (Limited Partnership) (南京華泰洋河股權投資母基金(有限合夥)), with a total subscribed amount of RMB5 billion. Huatai Purple Gold Investment, as a fund manager, an executive partner and a general partner, has contributed RMB1 billion.

During the Reporting Period, Huatai Purple Gold Investment launched and established Huatai Juhua Industrial Investment Fund (Quzhou) Partnership (Limited Partnership) (華泰巨化產業投資基金(衢州)合夥企業(有限合夥)), with a total subscribed amount of RMB1 billion. Huatai Purple Gold Investment, as a fund manager, an executive partner and a general partner, has contributed RMB200 million.

During the Reporting Period, Huatai Purple Gold Investment launched and established Chongqing Huatai Yufu M&A Private Equity Partnership (Limited Partnership) (重慶華泰渝富併購私募股權投資基金合夥企業(有限合夥)), with a total subscribed amount of RMB1.003 billion. Huatai Purple Gold Investment, as a fund manager, an executive partner and a general partner, has contributed RMB200 million.

During the Reporting Period, Huatai Purple Gold Investment launched and established Nanjing Huatai Fenghuang Equity Parent Fund (Limited Partnership) (南京華泰鳳凰股權投資母基金(有限合夥)), with a total subscribed amount of RMB1 billion. Huatai Purple Gold Investment, as a fund manager, an executive partner and a general partner, has contributed RMB100 million.

(2) Capital increase

During the Reporting Period, Huatai Purple Gold Investment initiated the establishment of Nanjing Huatai Zijin Emerging Industry Fund Partnership (Limited Partnership) (南京華泰紫金新興產業基金合夥企業(有限合夥)), with a total fund subscription amount increasing from RMB768.625 million to RMB1,781.125 million. The contribution of Huatai Purple Gold Investment increased from RMB153.725 million to RMB356.225 million. The total paid-up capital of the fund increased from RMB150.725 million to RMB367.225 million, of which, Huatai Purple Gold Investment has contributed additional RMB40.50 million. As of the end of the Reporting Period, Huatai Purple Gold Investment has paid-in capital of RMB71.245 million.

During the Reporting Period, Huatai Purple Gold Investment has contributed additional RMB58 million to Jiangsu Purple Gold Cloud Healthy Industry Investment Partnership (Limited Partnership) (江蘇紫金弘雲健康產業投資合夥企業(有限合夥)) sponsored and established by it. As of the end of the Reporting Period, Huatai Purple Gold Investment has paid-in capital of RMB290 million.

*2. Huatai International*

During the Reporting Period, Huatai International established a wholly-owned subsidiary, namely Huatai Securities (Singapore) Pte. Limited, in Singapore. Mr. Zhou Yi (周易), Mr. Wang Lei (王磊) and Ms. Ye Tingting (葉亭亭) served as directors of the subsidiary in Singapore.

During the Reporting Period, AssetMark Financial Holdings, Inc., a subsidiary of Huatai International, completed the acquisition and cancellation of its subsidiary AssetMark Financial, Inc.

During the Reporting Period, AssetMark Financial Holdings, Inc., a subsidiary of Huatai International, completed the acquisition of Adhesion Wealth Advisor Solutions, Inc. and its wholly-owned subsidiary, namely Atria Investments, LLC, and changed Atria Investments, LLC into Atria Investment, Inc. In January 2023, Adhesion Wealth Advisor Solutions, Inc. was deregistered after consolidation into Atria Investment, Inc.

*3. Huatai Futures*

During the Reporting Period, Huatai Futures increased its investments in Huatai Capital Management (Hong Kong) Limited, its overseas wholly-owned subsidiary, by RMB60 million, after which the paid-in capital of Huatai Capital Management (Hong Kong) Limited amounted to RMB190,059,225.

During the Reporting Period, Huatai Futures increased its investments in Huatai Great Wall Capital Management Co., Ltd., its wholly-owned subsidiary, by RMB350 million, after which the paid-in capital of Huatai Great Wall Capital Management Co., Ltd. amounted to RMB1,000 million.

During the Reporting Period, the registered address of Huatai Futures was changed from "20/F, Li Feng Building, 761 Dongfeng Eastern Road, Yuexiu District, Guangzhou" to "Rooms 1001-1004 and 1011-1016, 10/F, No. 1 Mingzhu Third Street, Hengli Town, Nansha District, Guangzhou".

*4. China Southern Asset Management*

During the Reporting Period, the chairman of China Southern Asset Management was changed into Mr. Zhou Yi.

*5. Huatai Innovative Investment*

During the Reporting Period, the Company contributed RMB300 million to the paid-in capital of Huatai Innovative Investment. The contribution to the paid-in capital of Huatai Innovative Investment increased from RMB2.3 billion to RMB2.6 billion.

*6. Shanghai Shengju Asset Operation and Management Co., Ltd. ("Shanghai Shengju")*

The fifth session of the Board convened the twentieth meeting in December 2021, and considered and approved the Resolution on the Acquisition of 100% Equity Interest in Shanghai Shengju Asset Operation and Management Co., Ltd. In the same month, the Company acquired 100% equity interest in Shanghai Shengju by way of public bidding, auction and listing through Shandong Property Right Exchange Center, and actually purchased the properties in Building C of Shanghai Poly Plaza for daily office use. During the Reporting Period, Shanghai Shengju has completed relevant procedures on the industrial and commercial registration modification and the transfer of related assets.

***(III)*** For other major events disclosed by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and the website of the SSE (www.sse.com.cn) during the Reporting Period, please refer to Appendix III Information Disclosures Index.

## XIV. MAIN OFF-BALANCE SHEET ITEMS THAT MAY AFFECT THE COMPANY'S FINANCIAL SITUATION AND OPERATING RESULTS

For the main off-balance sheet items that may affect the Company's financial situation and operating results, please refer to "(II) Guarantees" under "XII. Material Contracts and Performance Thereof" under "Major Events" in this report.

## XV. IMPORTANT MATTERS AFTER THE BALANCE SHEET DATE

### *(I) Changes in the authorised representative of the Company who accepts service of process or notices in Hong Kong*

Ms. Lam Mei Kuen ceased to act as the authorised representative to accept service of process or notices in Hong Kong on behalf of the Company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from March 31, 2023. At the same time, Mr. Jin Ning was appointed as the authorised representative to accept service of process or notices in Hong Kong as a replacement for Ms. Lam Mei Kuen with effect from March 31, 2023.

### *(II) Proposal or resolution on annual distribution*

Please refer to "Important Notice" in this report.

### *(III) Material investment and financing activities*

Please refer to Note 65 to the consolidated financial statements headed "Events after the reporting date" in this report.

### *(IV) Material litigation and arbitration*

After the Reporting Period, the Company did not have any material litigation and arbitration.

### *(V) Business combination or disposal of subsidiary*

After the Reporting Period, the Company did not conduct any business combination or disposal of subsidiary.

***(VI) Relocation of securities sales departments and branches***

| No. | Name before Relocation | Name after Relocation | Address after Relocation | Issue Date of License |
|---|---|---|---|---|
| 1 | Jiangxi Branch | Jiangxi Branch | Shop -3#, No. 101, 1/F, Podium Building, and Nos. 1603, 1604, 1605, 1606, 1607, 16/F, Office Building, Publishing Center, No. 95 Lijing Road, Honggutan District, Nanchang City, Jiangxi Province | January 30, 2023 |
| 2 | Securities Branch in Yushi Street, Nanjing | Securities Branch in East Zhongshan Road, Nanjing | Room 801, No. 301 East Zhongshan Road, Xuanwu District, Nanjing City | February 15, 2023 |

***(VII) Other situations that might materially affect the financial position, results of operation and cash flow of the Company after the Reporting Period***

The Company had no other situations that might materially affect the financial position, results of operation and cash flow of the Company after the Reporting Period.

## CHANGES IN SHARES AND SHAREHOLDERS

## I. CHANGES IN SHARE CAPITAL

### *(I) Statement of changes in shares*

#### *1. Statement of changes in shares*

Unit: Shares

| | Before the change | | Increase/decrease (+, -) of the change | | | | | After the change | |
|---|---|---|---|---|---|---|---|---|---|
| | Number | Percentage (%) | New shares issued | Bonus shares | Shares converted from reserves | Others | Subtotal | Number | Percentage (%) |
| I. Shares subject to selling restrictions | 45,488,000 | 0.50 | – | – | – | -1,060,973 | -1,060,973 | 44,427,027 | 0.49 |
| 1. Shares held by the state | – | – | – | – | – | – | – | – | – |
| 2. Shares held by state-owned legal persons | – | – | – | – | – | – | – | – | – |
| 3. Shares held by other domestic investors | – | – | – | – | – | – | – | – | – |
| Including: Shares held by domestic non-state-owned legal persons | – | – | – | – | – | – | – | – | – |
| Shares held by domestic natural persons | 45,488,000 | 0.50 | – | – | – | -1,060,973 | -1,060,973 | 44,427,027 | 0.49 |
| 4. Shares held by foreign investors | – | – | – | – | – | – | – | – | – |
| Including: Shares held by overseas legal persons | – | – | – | – | – | – | – | – | – |
| Shares held by overseas natural persons | – | – | – | – | – | – | – | – | – |
| II. Tradable shares not subject to selling restrictions | 9,031,162,000 | 99.50 | – | – | – | – | – | 9,031,162,000 | 99.51 |
| 1. Ordinary shares in RMB | 7,312,116,320 | 80.56 | – | – | – | – | – | 7,312,116,320 | 80.57 |
| 2. Domestic listed foreign shares | – | – | – | – | – | – | – | – | – |
| 3. Overseas listed foreign shares | 1,719,045,680 | 18.94 | – | – | – | – | – | 1,719,045,680 | 18.94 |
| 4. Others | – | – | – | – | – | – | – | – | – |
| III. Total shares | 9,076,650,000 | 100.00 | – | – | – | -1,060,973 | -1,060,973 | 9,075,589,027 | 100.00 |

*2. Information on changes in shares*

On June 22, 2022, the Company convened the 2021 Annual General Meeting, the 2022 First A Share Class Meeting and the 2022 First H Share Class Meeting, at which the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares of the Company was considered and approved. The Company was approved to repurchase and cancel a total of 1,060,973 restricted A Shares that have been granted but not yet unlocked held by 22 participants who were no longer qualified as share incentive participants due to their resignations.

On September 23, 2022, the Company completed the abovementioned repurchase and cancellation of the restricted A Shares, resulting in a decrease of the Shares subject to selling restrictions by 1,060,973 shares and a change in the total share capital of the Company to 9,075,589,027 shares.

*3. Impact of the change in shares on earnings per share, net asset value per share or other financial indicators for the latest year and the latest period (if any)*

In 2022, the total number of shares decreased 1,060,973 as the Company completed the repurchase and cancellation of part of the Restricted A Shares. Based on the weighted average number of shares, basic earnings per share in 2022 were RMB1.18, diluted earnings per share were RMB1.16, and net assets per share attributable to owners of the listed company at the end of the period were RMB18.37.

## *(II) Changes in shares subject to selling restrictions*

Unit: Shares

| Name of shareholder | Number of shares subject to selling restrictions at the beginning of the year | Number of shares released from selling restrictions during the year | Increase in the number of shares subject to selling restrictions during the year | Number of shares subject to selling restrictions at the end of the year | Reasons for selling restrictions | Date of release from selling restrictions |
|---|---|---|---|---|---|---|
| Incentive participants of restricted A Shares | 45,488,000 | – | -1,060,973 | 44,427,027 | Incentive scheme of restricted A Shares | See note for details |
| Total | 45,488,000 | – | -1,060,973 | 44,427,027 | / | / |

Note 1: During the Reporting Period, the Company completed the repurchase and cancellation of 1,060,973 restricted A Shares.

Note 2: The unlocking period and unlocking schedule of each period of the restricted shares granted under the incentive scheme are set out below:

| Unlocking Arrangement | Unlocking Period | Unlocking proportion |
|---|---|---|
| The first unlocking period | Commencing from the first trading day upon the expiry of 24 months from the date of completion of registration for the grant of the corresponding portion of the restricted shares to the last trading day of 36 months from the date of completion of registration for the grant of the restricted shares | 33% |
| The second unlocking period | Commencing from the first trading day upon the expiry of 36 months from the date of completion of registration for the grant of the corresponding portion of the restricted shares to the last trading day of 48 months from the date of completion of registration for the grant of the restricted shares | 33% |
| The third unlocking period | Commencing from the first trading day upon the expiry of 48 months from the date of completion of registration for the grant of the corresponding portion of the restricted shares to the last trading day of 60 months from the date of completion of registration for the grant of the restricted shares | 34% |

## II. THE ISSUANCE AND LISTING OF SECURITIES

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

Currency: RMB

| Types of shares and their derivative securities | Date of issue | Issue price (or interest rate) | Number of securities issued | Date of listing | Number of securities permitted to be listed for trading | Ending date of the trading |
|---|---|---|---|---|---|---|
| **Bonds (including company bonds, corporate bonds and debt financing instruments of non-financial enterprises)** | | | | | | |
| Corporate bonds | 2022-02-10 | 2.79% | RMB5.0 billion | 2022-02-18 | RMB5.0 billion | 2025-02-13 |
| Corporate bonds | 2022-08-11 | 2.43% | RMB2.0 billion | 2022-08-22 | RMB2.0 billion | 2024-08-14 |
| Corporate bonds | 2022-08-24 | 2.33% | RMB3.0 billion | 2022-08-31 | RMB3.0 billion | 2024-08-23 |
| Corporate bonds | 2022-09-01 | 2.52% | RMB2.0 billion | 2022-09-08 | RMB2.0 billion | 2025-09-04 |
| Corporate bonds | 2022-09-08 | 2.50% | RMB3.0 billion | 2022-09-19 | RMB3.0 billion | 2025-09-12 |
| Corporate bonds | 2022-11-17 | 2.87% | RMB3.6 billion | 2022-11-29 | RMB3.6 billion | 2024-11-20 |
| Corporate bonds | 2022-11-17 | 3.18% | RMB1.4 billion | 2022-11-28 | RMB1.4 billion | 2027-11-19 |
| Corporate bonds | 2022-12-01 | 2.87% | RMB1.5 billion | 2022-12-08 | RMB1.5 billion | 2024-12-04 |
| Corporate bonds | 2022-12-08 | 3.35% | RMB2.0 billion | 2022-12-15 | RMB2.0 billion | 2025-12-11 |
| Corporate bonds | 2022-12-08 | 3.49% | RMB0.5 billion | 2022-12-15 | RMB0.5 billion | 2027-12-10 |
| Corporate bonds | 2022-12-20 | 3.24% | RMB4.0 billion | 2022-12-27 | RMB4.0 billion | 2024-12-20 |
| Short-term corporate bonds | 2022-08-05 | 1.65% | RMB5.0 billion | 2022-08-15 | RMB5.0 billion | 2022-11-08 |
| Short-term corporate bonds | 2022-08-17 | 1.78% | RMB5.0 billion | 2022-08-25 | RMB5.0 billion | 2023-02-16 |
| Perpetual subordinated bonds | 2022-01-24 | 3.49% | RMB2.7 billion | 2022-02-09 | RMB2.7 billion | – |
| Perpetual subordinated bonds | 2022-07-07 | 3.59% | RMB3.0 billion | 2022-07-18 | RMB3.0 billion | – |
| Perpetual subordinated bonds | 2022-10-19 | 3.20% | RMB3.5 billion | 2022-10-28 | RMB3.5 billion | – |
| Non-public corporate bonds | 2022-01-13 | 2.75% | RMB4.0 billion | 2022-01-21 | RMB4.0 billion | 2023-01-16 |

Information of the issuance of securities during the Reporting Period:

*1. Corporate bonds*

On February 10, 2022, the Company publicly issued the 2022 Corporate Bonds of Huatai Securities (First Tranche) to professional investors. The amount of the said bonds came to RMB5.0 billion at an issue price of RMB100 per bond, carrying 3-year fixed rates with a coupon rate of 2.79%. Such bonds were listed for trading on February 18, 2022. The abbreviation and code of the bonds were "22 Huatai G1" and "185364.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB5.0 billion with the trading to be ended on February 13, 2025.

On August 11, 2022, the Company publicly issued the 2022 Corporate Bonds of Huatai Securities (Second Tranche) to professional investors. The amount of the said bonds came to RMB2.0 billion at an issue price of RMB100 per bond, carrying 2-year fixed rates with a coupon rate of 2.43%. Such bonds were listed for trading on August 22, 2022. The abbreviation and code of the bonds were "22 Huatai G2" and "137666.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB2.0 billion with the trading to be ended on August 14, 2024.

On August 24, 2022, the Company publicly issued the 2022 Corporate Bonds of Huatai Securities (Third Tranche) to professional investors. The amount of the said bonds came to RMB3.0 billion at an issue price of RMB100 per bond, carrying 2-year fixed rates with a coupon rate of 2.33%. Such bonds were listed for trading on August 31, 2022. The abbreviation and code of the bonds were "22 Huatai G3" and "137732.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB3.0 billion with the trading to be ended on August 23, 2024.

On September 1, 2022, the Company publicly issued the 2022 Corporate Bonds of Huatai Securities (Fourth Tranche) to professional investors. The amount of the said bonds came to RMB2.0 billion at an issue price of RMB100 per bond, carrying 3-year fixed rates with a coupon rate of 2.52%. Such bonds were listed for trading on September 18, 2022. The abbreviation and code of the bonds were "22 Huatai G4" and "137780.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB2.0 billion with the trading to be ended on September 4, 2025.

On September 8, 2022, the Company publicly issued the 2022 Corporate Bonds of Huatai Securities (Fifth Tranche) to professional investors. The amount of the said bonds came to RMB3.0 billion at an issue price of RMB100 per bond, carrying 3-year fixed rates with a coupon rate of 2.50%. Such bonds were listed for trading on September 19, 2022. The abbreviation and code of the bonds were "22 Huatai G5" and "137814.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB3.0 billion with the trading to be ended on September 12, 2025.

On November 17, 2022, the Company publicly issued the 2022 Corporate Bonds of Huatai Securities (Sixth Tranche) to professional investors. The amount of the said bonds came to RMB5.0 billion at an issue price of RMB100 per bond, carrying 2-year and 5-year fixed rates. The amount of the 2-year bonds came to RMB3.6 billion with a coupon rate of 2.87%, while the amount of the 5-year bonds came to RMB1.4 billion with a coupon rate of 3.18%. Such bonds were listed for trading on November 29, 2022 and November 28, 2022, respectively. The abbreviation and code of the 2-year bonds were "22 Huatai G6" and "138597.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB3.6 billion with the trading to be ended on November 20, 2024; the abbreviation and code of the 5-year bonds were "22 Huatai G7" and "138598.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB1.4 billion with the trading to be ended on November 19, 2027.

On December 1, 2022, the Company publicly issued the 2022 Corporate Bonds of Huatai Securities (Seventh Tranche) (Type I) to professional investors. The amount of the said bonds came to RMB1.5 billion at an issue price of RMB100 per bond, carrying 2-year fixed rates with a coupon rate of 2.87%. Such bonds were listed for trading on December 8, 2022. The abbreviation and code of the bonds were "22 Huatai G8" and "138679.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB1.5 billion with the trading to be ended on December 4, 2024.

On December 8, 2022, the Company publicly issued the 2022 Corporate Bonds of Huatai Securities (Eighth Tranche) to professional investors. The amount of the said bonds came to RMB2.5 billion at an issue price of RMB100 per bond, carrying 3-year and 5-year fixed rates. The amount of the 3-year bonds came to RMB2.0 billion with a coupon rate of 3.35%, while the amount of the 5-year bonds came to RMB0.5 billion with a coupon rate of 3.49%. Such bonds were listed for trading on December 15, 2022. The abbreviation and code of the 3-year bonds were "22 Huatai 10" and "138709.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB2.0 billion with the trading to be ended on December 11, 2025; the abbreviation and code of the 5-year bonds were "22 Huatai 11" and "138710.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB0.5 billion with the trading to be ended on December 10, 2027.

On December 20, 2022, the Company publicly issued the 2022 Corporate Bonds of Huatai Securities (Ninth Tranche) (Type I) to professional investors. The amount of the said bonds came to RMB4.0 billion at an issue price of RMB100 per bond, carrying 2-year fixed rates with a coupon rate of 3.24%. Such bonds were listed for trading on December 27, 2022. The abbreviation and code of the bonds were "22 Huatai 12" and "138737.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB4.0 billion with the trading to be ended on December 20, 2024.

*2. Short-term corporate bonds*

On August 5, 2022, the Company publicly issued the short-term Corporate Bonds of Huatai Securities (First Tranche) to professional investors. The amount of the said bonds came to RMB5.0 billion at an issue price of RMB100 per bond,

carrying a 92-day fixed rate with a coupon rate of 1.65%. Such bonds were listed for trading on August 15, 2022. The abbreviation and code of the bonds were "22 Huatai S1" and "137631.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB5.0 billion with the trading ended on November 8, 2022, and the principal together with the interest was repaid during the Reporting Period.

On August 17, 2022, the Company publicly issued the short-term Corporate Bonds of Huatai Securities (Second Tranche) to professional investors. The amount of the said bonds came to RMB5.0 billion at an issue price of RMB100 per bond, carrying a 182-day fixed rate with a coupon rate of 1.78%. Such bonds were listed for trading on August 25, 2022. The abbreviation and code of the bonds were "22 Huatai S2" and "137682.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB5.0 billion with the trading ended on February 16, 2023.

*3. Perpetual subordinated bonds*

On January 24, 2022, the Company publicly issued the 2022 perpetual subordinated bonds of Huatai Securities (First Tranche) to professional investors. The amount of the said bonds came to RMB2.7 billion at an issue price of RMB100 per bond, with a coupon rate of 3.49% and an interest rate repriced every 5 years for which interest is accruable. Such bonds were listed for trading on February 9, 2022. The abbreviation and code of the bonds were "22 Huatai Y1" and "185337.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB2.7 billion.

On July 7, 2022, the Company publicly issued the 2022 perpetual subordinated bonds of Huatai Securities (Second Tranche) to professional investors. The amount of the said bonds came to RMB3.0 billion at an issue price of RMB100 per bond, with a coupon rate of 3.59% and an interest rate repriced every 5 years for which interest is accruable. Such bonds were listed for trading on July 18, 2022. The abbreviation and code of the bonds were "22 Huatai Y2" and "185388. SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB3.0 billion.

On October 19, 2022, the Company publicly issued the 2022 perpetual subordinated bonds of Huatai Securities (Third Tranche) to professional investors. The amount of the said bonds came to RMB3.5 billion at an issue price of RMB100 per bond, with a coupon rate of 3.20% and an interest rate repriced every 5 years for which interest is accruable. Such bonds were listed for trading on October 28, 2022. The abbreviation and code of the bonds were "22 Huatai Y3" and "137604.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB3.5 billion.

*4. Non-public corporate bonds*

On January 13, 2022, the Company non-publicly issued the 2022 corporate bonds of Huatai Securities (First Tranche) (abbreviation: 22 Huatai F1; bond code: 196203.SH) with an amount of RMB4.0 billion, a term of 2 years and a coupon rate of 2.75%, to which the investors' option to sell back and the issuer's option to

adjust the coupon rate at the end of the first year were attached. Such bonds were registered for redemption in full during the Reporting Period, and the Company did not resell the redeemed bonds. The bonds were redeemed and the interest was paid in full on January 17, 2023.

*5. Offshore bonds*

During the Reporting Period, in order to supplement its working capital and repay its debt financing instruments, Pioneer Reward Limited, a subsidiary of Huatai International, completed the issuance of 3-year USD bonds with fixed rates of USD1.0 billion and 3-year RMB bonds with fixed rates of RMB5.0 billion. The USD bonds were listed on the Hong Kong Stock Exchange while the RMB bonds were listed on the Hong Kong Stock Exchange and Chongwa (Macao) Financial Asset Exchange Co., Ltd. The Company provided unconditional and irrevocable guarantee for the issuance.

During the Reporting Period, in order to supplement its working capital and repay its debt financing instruments, Huatai International Finance Limited, a subsidiary of Huatai International, issued the medium-term notes of approximately USD2,578 million in aggregate. Huatai International provided unconditional and irrevocable guarantee for the medium term note program.

*6. Structured notes*

During the Reporting Period, the Company cumulatively issued 3,310 structured notes, with a total amount of RMB29.542 billion. As of December 31, 2022, the Company had 999 structured notes in duration period, with an amount of RMB17.510 billion.

## *(II) Changes in total number of the shares and shareholding structure of the Company and changes in structure of assets and liabilities of the Company*

Please refer to "I. Changes in Share Capital" in this section for the details of changes in total number of the shares and shareholding structure of the Company.

Please refer to "(II) Analysis of key items of consolidated statement of financial position" under "VI. Major Operations during the Reporting Period" in "Management Discussion and Analysis and Report of the Board" of this report for the details of changes in structure of assets and liabilities of the Company.

## III. INFORMATION OF SHAREHOLDERS AND DE FACTO CONTROLLERS

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

| | |
|---|---|
| Total number of shareholders of ordinary shares as of the end of the Reporting Period | 274,848 |
| Total number of shareholders of ordinary shares as of the end of last month prior to the date on which the annual report shall be disclosed | 285,045 |
| Total number of shareholders of preferred shares whose rights have been restored as of the end of the Reporting Period | – |
| Total number of shareholders of preferred shares whose voting rights have been restored as of the end of last month prior to the date on which the annual report shall be disclosed | – |

Among the total number of shareholders of ordinary shares as of the end of the Reporting Period, shareholders of A Shares came to 267,701 and registered shareholders of H Shares came to 7,147. Among the total number of shareholders of ordinary shares as of the end of last month (February 28, 2023) prior to the date on which the annual report shall be disclosed, shareholders of A Shares came to 277,940 and registered shareholders of H Shares came to 7,105.

### *(II) Shareholding of top ten shareholders and top ten holders of tradable shares (or holders of shares not subject to selling restrictions) as of the end of the Reporting Period*

Unit: Shares

| | Shareholding of top ten shareholders | | | | | | |
|---|---|---|---|---|---|---|---|
| Name of shareholder (in full name) | Increase/decrease during the Reporting Period | Number of shares held as at the end of the Reporting Period | Percentage (%) | Number of shares held subject to selling restrictions | Pledged, marked or frozen shares: Status of shares | Pledged, marked or frozen shares: Number of shares | Nature of shareholder |
| Jiangsu Guoxin Investment Group Limited | – | 1,373,481,636 | 15.13 | – | Nil | – | State-owned legal person |
| HKSCC Nominees Limited | -143,825,600 | 1,274,435,127 | 14.04 | – | Nil | – | Foreign legal person |
| Jiangsu Communications Holding Co., Ltd. | – | 489,065,418 | 5.39 | – | Nil | – | State-owned legal person |
| Govtor Capital Group Co., Ltd. | -150,000 | 356,083,206 | 3.92 | – | Nil | – | State-owned legal person |
| Alibaba (China) Technology Co., Ltd. | – | 268,199,233 | 2.96 | – | Nil | – | Domestic non-state-owned legal person |
| Jiangsu SOHO Holdings Group Co., Ltd. | 69,680,786 | 256,225,485 | 2.82 | – | Nil | – | State-owned legal person |
| Hong Kong Securities Clearing Company Limited | -58,417,349 | 173,074,425 | 1.91 | – | Nil | – | Foreign legal person |
| China Securities Finance Corporation Limited | – | 152,906,738 | 1.68 | – | Nil | – | Unknown |
| Jiangsu SOHO International Group Corp. | 40,675,535 | 135,859,167 | 1.50 | – | Nil | – | State-owned legal person |
| Jiangsu Hiteker High-tech Co., Ltd. | – | 123,169,146 | 1.36 | – | Unknown | 123,169,146 | Domestic non-state-owned legal person |

**Shareholding of top ten holders of shares not subject to selling restrictions**

| Name of shareholder | Number of tradable shares not subject to selling restrictions | Class and number of shares | |
|---|---|---|---|
| | | Class | Number |
| Jiangsu Guoxin Investment Group Limited | 1,373,481,636 | Ordinary shares in RMB | 1,271,072,836 |
| | | Overseas listed foreign shares | 102,408,800 |
| HKSCC Nominees Limited | 1,274,435,127 | Overseas listed foreign shares | 1,274,435,127 |
| Jiangsu Communications Holding Co., Ltd. | 489,065,418 | Ordinary shares in RMB | 452,065,418 |
| | | Overseas listed foreign shares | 37,000,000 |
| Govtor Capital Group Co., Ltd. | 356,083,206 | Ordinary shares in RMB | 341,878,006 |
| | | Overseas listed foreign shares | 14,205,200 |
| Alibaba (China) Technology Co., Ltd. | 268,199,233 | Ordinary shares in RMB | 268,199,233 |
| Jiangsu SOHO Holdings Group Co., Ltd. | 256,225,485 | Ordinary shares in RMB | 62,511,285 |
| | | Overseas listed foreign shares | 193,714,200 |
| Hong Kong Securities Clearing Company Limited | 173,074,425 | Ordinary shares in RMB | 173,074,425 |
| China Securities Finance Corporation Limited | 152,906,738 | Ordinary shares in RMB | 152,906,738 |
| Jiangsu SOHO International Group Corp. | 135,859,167 | Ordinary shares in RMB | 41,912,567 |
| | | Overseas listed foreign shares | 93,946,600 |
| Jiangsu Hiteker High-tech Co., Ltd. | 123,169,146 | Ordinary shares in RMB | 123,169,146 |
| Description of special repurchase accounts for the top ten shareholders | There are no special repurchase accounts for the top ten shareholders. | | |
| Description of the voting rights entrusted by the above shareholders, the voting rights the above shareholders are entrusted with and the voting rights the above shareholders abstained from | There are no voting rights entrusted by the above shareholders, the voting rights the above shareholders are entrusted with and the voting rights the above shareholders abstained from. | | |
| Description of the related party relationships or acting in concert among the above shareholders | Guoxin Group, Communications Holding, Govtor Capital and Jiangsu SOHO Holdings Group Co., Ltd. are wholly owned by Jiangsu SASAC. Jiangsu SOHO Holdings Group Co., Ltd. is the controlling shareholder of Jiangsu SOHO International Group Corp. Apart from the above, the Company is not aware of any related party relationship among other shareholders or whether such shareholders are parties acting in concert as specified in the Regulations on the Takeover of Listed Companies. | | |
| Explanation of shareholders of preferred shares with restored voting rights and the number of shares held by them | There are no shareholders of preferred shares of the Company. | | |

Notes:

1. The class of shareholders of ordinary shares in RMB (A Shares) represents the class of accounts held by them registered with Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

2. Among the holders of overseas listed foreign shares (H Shares) of the Company, shares of non-registered shareholders are held by HKSCC Nominees Limited on their behalf. As of the end of the Reporting Period, Guoxin Group, Communications Holding, Govtor Capital, Jiangsu SOHO Holdings Group Co., Ltd. and Jiangsu SOHO International Group Corp. acquired, via Southbound Trading, 102,408,800, 37,000,000, 14,205,200, 193,714,200 and 93,946,600 H Shares of the Company, respectively, which are also being held by HKSCC Nominees Limited. These shares are specifically and separately listed at the time of disclosure of this report; should such shares be included, the actual number of shares held by HKSCC Nominees Limited on their behalf would have been 1,715,709,927, representing 18.90% of the Company's total shares.

3. As of the end of the Reporting Period, 150,000 A Shares held by Govtor Capital remained outstanding due to refinancing. When fully repaid, its actual shareholding in the Company will be 342,028,006 A Shares and 14,205,200 H Shares, representing 3.93% of the Company's total shares.

4. Hong Kong Securities Clearing Company Limited is the nominal holder of the A Shares of the Company held by the investors in Northbound Trading under Shanghai-Hong Kong Stock Connect.

5. Citibank, National Association is the depositary of the Company's GDRs, and the domestic underlying A Shares represented by the GDRs are legally registered under its name. According to the statistics provided by the depositary, the Company had a total of 154,567 GDRs in the duration period as of the end of the Reporting Period, accounting for 0.19% of the approved number for issuance by the CSRC.

*Number of shares held by top ten holders of shares subject to selling restrictions and relevant selling restrictions*

Unit: Shares

| No. | Name of holders of shares subject to selling restrictions | Number of shares held subject to selling restrictions | Listing and trading of shares subject to selling restrictions: Permitted time for listing and trading | Listing and trading of shares subject to selling restrictions: Number of additional shares permitted to be listed and traded | Selling restrictions |
|---|---|---|---|---|---|
| 1 | Zhou Yi | 720,000 | See note for details | – | See note for details |
| 2 | Han Zhencong | 600,000 | See note for details | – | See note for details |
| 3 | Li Shiqian | 600,000 | See note for details | – | See note for details |
| 4 | Sun Hanlin | 600,000 | See note for details | – | See note for details |
| 5 | Jiang Jian | 600,000 | See note for details | – | See note for details |
| 6 | Zhang Hui | 600,000 | See note for details | – | See note for details |
| 7 | Chen Tianxiang | 600,000 | See note for details | – | See note for details |
| 8 | Jiao Xiaoning | 500,000 | See note for details | – | See note for details |
| 9 | Jiao Kai | 500,000 | See note for details | – | See note for details |
| 10 | Wang Chong | 500,000 | See note for details | – | See note for details |
| Description of the related party relationships or acting in concert among the above shareholders | | The Company is not aware of any related party relationship or acting in concert arrangement. | | | |

Note: The above shares subject to selling restrictions represent the shares granted by the Company to the incentive participants due to the implementation of incentive scheme of restricted A Shares. Details of listing and trading of shares subject to selling restrictions and selling restrictions are available in the Incentive Scheme of Restricted A Shares disclosed by the Company on the website of the SSE on February 9, 2021.

### *(III) A strategic investor or common legal person who became one of the top ten shareholders as a result of subscription for new shares allotted to them*

During the Reporting Period, the Company did not have any strategic investor or common legal person who became one of the top ten shareholders as a result of subscription for new shares allotted to them.

## IV. CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

### *(I) Controlling Shareholders*

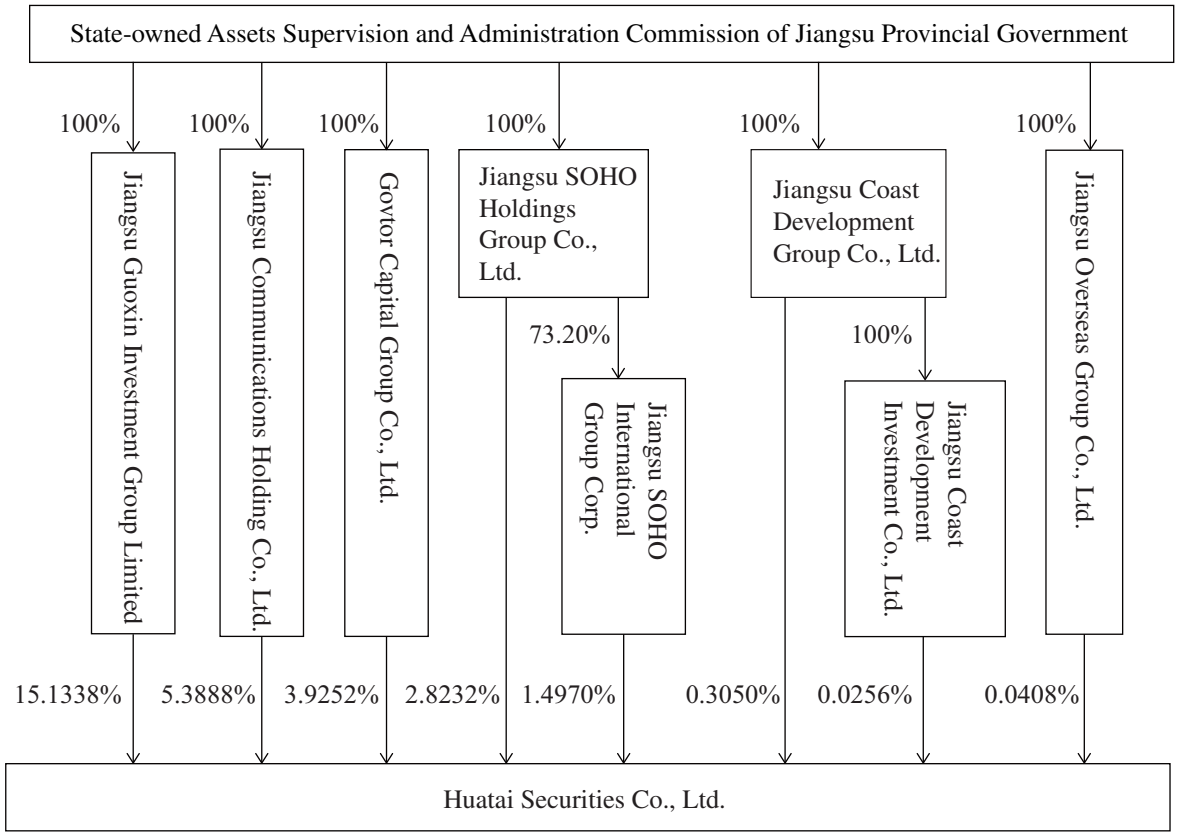
There are no controlling shareholders with more than 50% shareholding of the Company.

### *(II) De facto controllers*

*1 Legal person*

| | |
|---|---|
| **Name** | State-owned Assets Supervision and Administration Commission of Jiangsu Provincial Government |
| **Person in charge or legal representative** | Xie Zhengyi |

*2 Framework of the ownership and controlling relationship between the Company and the de facto Controllers*




*3 De facto controllers did not control the Company through trust or other asset management programs.*

## V. DURING THE REPORTING PERIOD, THERE WERE NO CIRCUMSTANCES WHERE THE CUMULATIVE NUMBER OF SHARES PLEDGED BY THE CONTROLLING SHAREHOLDERS OR THE LARGEST SHAREHOLDER AND PERSONS ACTING IN CONCERT WITH THEM ACCOUNTED FOR MORE THAN 80% OF THE COMPANY'S SHARES HELD BY THEM

## VI. OTHER LEGAL-PERSON SHAREHOLDERS WITH MORE THAN 10% SHAREHOLDING

Unit: 100 million Yuan Currency: RMB

| Name of legal-person shareholder | Person in charge or legal representative of the unit | Date of establishment | Organization code | Registered capital | Main businesses or management activities |
|---|---|---|---|---|---|
| Jiangsu Guoxin Investment Group Limited | Pu Baoying | February 22, 2002 | 91320000735724800G | 300 | Investment, management, operation, transfer of state-owned capital; enterprise trusteeship, assets restructuring, management consultation, house leasing and other businesses upon approval. |
| Remarks | Shares held by HKSCC Nominees Limited are owned by the non-registered holders of H Shares. | | | | |

## VII. THE COMPANY HAD NO RESTRICTIONS ON SHAREHOLDING REDUCTION

## VIII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE IN THE REPORTING PERIOD

Unit: Yuan Currency: RMB

| | |
|---|---|
| Name of share repurchase plan | Repurchase and Cancellation of Part of the Restricted A Shares |
| Date of share repurchase plan disclosed | March 31, 2022 |
| Number of shares to be repurchased and percentage to the total share capital | The total number of the Restricted Shares to be repurchased and cancelled is 1,060,973, representing approximately 0.01% of the total share capital of the Company as at March 31, 2022. |
| Amount to be repurchased | 9,230,465.10 |
| Period to be repurchased | September 21, 2022 |
| Purpose of repurchase | Cancellation |
| Shares repurchased | During the Reporting Period, pursuant to the relevant provisions of the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., the Company repurchased and cancelled a total of 1,060,973 restricted A shares granted but not yet unlocked held by 22 persons who were no longer qualified as incentive participants under the Incentive Scheme, at a repurchase price of RMB8.70 per Share and a total repurchase fund of RMB9,230,465.10. The repurchase and transfer of the above shares was completed on September 21, 2022 and the cancellation of the shares was completed on September 23, 2022. |
| Number of shares repurchased as a percentage of the underlying shares under the stock incentive plan (%), if any | 2.33 |
| Progress of the Company to reduce shareholding of shares repurchased through centralized price bidding | N/A |

## IX. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of December 31, 2022, as far as the Company and the Directors are aware after having made all reasonable enquiries, the following persons (other than the Directors, Supervisors or chief executives of the Company) held interests or short positions in shares or underlying shares which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were recorded in the register required to be kept by the Company under Section 336 of the SFO:

| No. | Name of substantial shareholders | Class of shares | Nature of interests | Number of shares held (share) | Percentage of the total issued shares of the Company (%) | Percentage of the total issued A Shares/H Shares of the Company (%) | Long position (Note 2)/short position (Note 3)/ shares available for lending |
|---|---|---|---|---|---|---|---|
| 1 | Jiangsu Guoxin Investment Group Limited | A Shares | Beneficial owner | 1,271,072,836 | 14.01 | 17.28 | Long position |
| | | H Shares (Southbound Trading) | Beneficial owner | 102,408,800 | 1.13 | 5.96 | Long position |
| 2 | Jiangsu Communications Holding Co., Ltd. | A Shares | Beneficial owner | 452,065,418 | 4.98 | 6.15 | Long position |
| | | H Shares (Southbound Trading) | Beneficial owner | 37,000,000 | 0.41 | 2.15 | Long position |
| 3 | Jiangsu SOHO Holdings Group Co., Ltd. | A Shares | Beneficial owner | 62,511,285 | 0.69 | 0.85 | Long position |
| | | | Interests of controlled corporations | 41,912,567 | 0.46 | 0.57 | Long position |
| | | H Shares (Southbound Trading) | Beneficial owner | 193,714,200 | 2.13 | 11.27 | Long position |
| | | | Interests of controlled corporations | 93,946,600 | 1.04 | 5.47 | Long position |

Notes:

1. Under Section 336 of the SFO, forms disclosing interests shall be submitted by shareholders of the Company upon satisfaction of certain conditions. Changes of shareholders' shareholdings in the Company are not required to inform the Company and the Hong Kong Stock Exchange unless certain conditions are satisfied. Therefore, there could be differences between substantial shareholders' latest shareholdings in the Company and the shareholding information reported to the Hong Kong Stock Exchange.

   Jiangsu SOHO Holdings Group Co., Ltd. directly held a long position in 62,511,285 A Shares and 193,714,200 H Shares of the Company, and, through its controlled corporation (namely Jiangsu SOHO International Group Corp. (江蘇蘇豪國際集團股份有限公司)), indirectly held a long position in 41,912,567 A Shares and 93,946,600 H Shares of the Company.

2. A shareholder has a long position if such shareholder has interests in shares, including interests through holding, writing or issuing financial instruments (including derivatives), under which such shareholder (i) has a right to purchase the underlying shares; (ii) is under an obligation to purchase the underlying shares; (iii) has a right to receive payments if the price of the underlying shares increases; or (iv) has a right to avoid or reduce a loss if the price of the underlying shares increases.

3. A shareholder has a short position if such shareholder borrows shares under a securities borrowing and lending agreement, or holds, writes or issues financial instruments (including derivatives) under which such shareholder (i) has a right to require another person to purchase the underlying shares; (ii) is under an obligation to deliver the underlying shares; (iii) has a right to receive payments if the price of the underlying shares declines; or (iv) has a right to avoid or reduce a loss if the price of the underlying shares declines.

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

## X. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of the end of the Reporting Period, details on the restricted shares granted to some Directors of the Company due to the Company's implementation of the Restricted Share Incentive Scheme of A Shares are as follows:

| No. | Name | Class of shares | Nature of interests | Number of shares held (share) | Percentage of the total issued shares of the Company (%) | Percentage of the total issued A Shares/ H Shares of the Company (%) | Long position/ short position/ shares available for lending |
|---|---|---|---|---|---|---|---|
| 1 | Zhou Yi | A Shares | Beneficial owner | 720,000 | 0.008 | 0.010 | Long position |

Save as disclosed above, as of December 31, 2022, the Company was not aware of any other Directors, Supervisors or chief executives of the Company having any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be recorded in the register of interests, or which shall, pursuant to the Model Code, be notified to the Company and the Hong Kong Stock Exchange.

## XI. REPURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

On January 13, 2022, the Company issued non-public corporate bonds with sell back option, namely "22 Huatai F1", with an issuance size of RMB4 billion and a coupon rate of 2.75%, which was listed on the SSE. During the Reporting Period, the Company exercised the option of issuer to adjust the coupon rate on 22 Huatai F1, and the investors chose to sell back in full, and the Company did not resell the bonds which have been sold back and thus paid RMB4 billion resale fund in full on January 17, 2023, and paid a period interest of RMB110 million (tax inclusive).

Save as disclosed above and the repurchase and cancellation of Shares stated in "VIII. Specific Implementation of Share Repurchase in the Reporting Period" in this section, the Company and its subsidiaries have not repurchased, sold or redeemed any listed securities of the Company and its subsidiaries during the Reporting Period.

## XII. ARRANGEMENT FOR DIRECTORS AND SUPERVISORS TO PURCHASE SHARES OR DEBENTURES

Save for the incentive plan stated in "XIII. Share Incentive Scheme, Employee Stock Ownership Plan or Other Employee Incentives Measures and Their Implication" under "Corporate Governance" in this report, at no time during the Reporting Period has the Company, its holding companies or any of its subsidiaries or fellow subsidiaries, entered into any arrangements to enable the Directors and Supervisors to acquire benefits by means of the purchase of shares in, or debentures of, the Company or any other corporate bodies.

## XIII. INFORMATION ON PREFERENTIAL SHARES

During the Reporting Period, the Company had no preferred shares.

## BONDS

## I. ENTERPRISE BONDS, CORPORATE BONDS AND NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENTS

### *(I) Enterprise Bonds*

During the Reporting Period, the Company did not issue any enterprise bonds.

### *(II) Corporate Bonds*

#### *1. Basic information on corporate bonds*

Information on corporate bonds of the Company in duration as at the date on which the annual report was approved to publish is as follows.

Unit:100 million Yuan Currency: RMB

| Name of bond | Abbreviation | Code | Issue date | Value date | Expiration date | Balance | Interest Rate (%) | Principal and interest payment method |
|---|---|---|---|---|---|---|---|---|
| 2013 Corporate Bonds of Huatai Securities Co., Ltd. (Ten-year bonds) | 13 Huatai 02 | 122262.SH | 2013-06-05 | 2013-06-05 | 2023-06-05 | 60 | 5.10 | Principal to be paid upon expiration and interest to be paid annually |
| 2018 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (First tranche) (Type II) | 18 Huatai G2 | 155048.SH | 2018-11-22 | 2018-11-26 | 2023-11-26 | 10 | 4.17 | Principal to be paid upon expiration and interest to be paid annually |
| 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Second tranche) | 20 Huatai G3 | 163482.SH | 2020-04-27 | 2020-04-29 | 2025-04-29 | 35 | 2.90 | Principal to be paid upon expiration and interest to be paid annually |
| 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Third tranche) | 20 Huatai G4 | 163558.SH | 2020-05-19 | 2020-05-21 | 2025-05-21 | 30 | 3.20 | Principal to be paid upon expiration and interest to be paid annually |
| 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Fourth tranche) (Type II) | 20 Huatai G6 | 163670.SH | 2020-06-16 | 2020-06-18 | 2023-06-18 | 32 | 3.10 | Principal to be paid upon expiration and interest to be paid annually |

| Name of bond | Abbreviation | Code | Issue date | Value date | Expiration date | Balance | Interest Rate (%) | Principal and interest payment method |
|---|---|---|---|---|---|---|---|---|
| 2020 Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche) | 20 Huatai C1 | 175409.SH | 2020-11-11 | 2020-11-13 | 2025-11-13 | 50 | 4.48 | Principal to be paid upon expiration and interest to be paid annually |
| 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche) | 20 Huatai G7 | 175473.SH | 2020-11-20 | 2020-11-24 | 2023-11-24 | 35 | 3.90 | Principal to be paid upon expiration and interest to be paid annually |
| 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type II) | 20 Huatai G9 | 175535.SH | 2020-12-07 | 2020-12-09 | 2023-12-09 | 40 | 3.79 | Principal to be paid upon expiration and interest to be paid annually |
| 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche) (Type I) | 21 Huatai G1 | 175648.SH | 2021-01-18 | 2021-01-20 | 2024-01-20 | 40 | 3.58 | Principal to be paid upon expiration and interest to be paid annually |
| 2021 Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche) | 21 Huatai C1 | 175721.SH | 2021-01-27 | 2021-01-29 | 2026-01-29 | 90 | 4.50 | Principal to be paid upon expiration and interest to be paid annually |
| 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche) | 21 Huatai G3 | 188047.SH | 2021-04-22 | 2021-04-26 | 2024-04-26 | 50 | 3.42 | Principal to be paid upon expiration and interest to be paid annually |
| 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche) | 21 Huatai G4 | 188106.SH | 2021-05-13 | 2021-05-17 | 2026-05-17 | 60 | 3.71 | Principal to be paid upon expiration and interest to be paid annually |
| 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth tranche) (Type I) | 21 Huatai G5 | 188134.SH | 2021-05-20 | 2021-05-24 | 2024-05-24 | 40 | 3.28 | Principal to be paid upon expiration and interest to be paid annually |
| 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth tranche) (Type II) | 21 Huatai G6 | 188140.SH | 2021-05-20 | 2021-05-24 | 2026-05-24 | 20 | 3.63 | Principal to be paid upon expiration and interest to be paid annually |

| Name of bond | Abbreviation | Code | Issue date | Value date | Expiration date | Balance | Interest Rate (%) | Principal and interest payment method |
|---|---|---|---|---|---|---|---|---|
| 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche) (Type I) | 21 Huatai G7 | 188239.SH | 2021-06-10 | 2021-06-15 | 2024-06-15 | 20 | 3.40 | Principal to be paid upon expiration and interest to be paid annually |
| 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type I) | 21 Huatai 09 | 188282.SH | 2021-06-17 | 2021-06-21 | 2024-06-21 | 25 | 3.45 | Principal to be paid upon expiration and interest to be paid annually |
| 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Seventh tranche) (Type I) | 21 Huatai 11 | 188324.SH | 2021-09-03 | 2021-09-07 | 2024-09-07 | 15 | 3.03 | Principal to be paid upon expiration and interest to be paid annually |
| 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Seventh tranche) (Type II) | 21 Huatai 12 | 188325.SH | 2021-09-03 | 2021-09-07 | 2031-09-07 | 27 | 3.78 | Principal to be paid upon expiration and interest to be paid annually |
| 2021 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche) | 21 Huatai Y1 | 188785.SH | 2021-09-15 | 2021-09-17 | – | 30 | 3.85 | Interest to be paid annually under the condition that the issuer does not exercise the right to defer interest payments |
| 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Eighth tranche) (Type I) | 21 Huatai 13 | 188874.SH | 2021-10-14 | 2021-10-18 | 2024-10-18 | 21 | 3.25 | Principal to be paid upon expiration and interest to be paid annually |
| 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Eighth tranche) (Type II) | 21 Huatai 14 | 188875.SH | 2021-10-14 | 2021-10-18 | 2031-10-18 | 34 | 3.99 | Principal to be paid upon expiration and interest to be paid annually |
| 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Ninth tranche) (Type I) | 21 Huatai 15 | 188926.SH | 2021-10-21 | 2021-10-25 | 2024-10-25 | 22 | 3.22 | Principal to be paid upon expiration and interest to be paid annually |
| 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Ninth tranche) (Type II) | 21 Huatai 16 | 188927.SH | 2021-10-21 | 2021-10-25 | 2031-10-25 | 11 | 3.94 | Principal to be paid upon expiration and interest to be paid annually |

| Name of bond | Abbreviation | Code | Issue date | Value date | Expiration date | Balance | Interest Rate (%) | Principal and interest payment method |
|---|---|---|---|---|---|---|---|---|
| 2021 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche) | 21 Huatai Y2 | 188942.SH | 2021-10-26 | 2021-10-28 | – | 50 | 4.00 | Interest to be paid annually under the condition that the issuer does not exercise the right to defer interest payments |
| 2021 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche) | 21 Huatai Y3 | 185019.SH | 2021-11-16 | 2021-11-18 | – | 20 | 3.80 | Interest to be paid annually under the condition that the issuer does not exercise the right to defer interest payments |
| 2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche) | 22 Huatai Y1 | 185337.SH | 2022-01-24 | 2022-01-26 | – | 27 | 3.49 | Interest to be paid annually under the condition that the issuer does not exercise the right to defer interest payments |
| 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche) | 22 Huatai G1 | 185364.SH | 2022-02-10 | 2022-02-14 | 2025-02-14 | 50 | 2.79 | Principal to be paid upon expiration and interest to be paid annually |
| 2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche) | 22 Huatai Y2 | 185388.SH | 2022-07-07 | 2022-07-11 | – | 30 | 3.59 | Interest to be paid annually under the condition that the issuer does not exercise the right to defer interest payments |
| 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche) | 22 Huatai G2 | 137666.SH | 2022-08-11 | 2022-08-15 | 2024-08-15 | 20 | 2.43 | Principal to be paid upon expiration and interest to be paid annually |
| 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche) | 22 Huatai G3 | 137732.SH | 2022-08-24 | 2022-08-26 | 2024-08-26 | 30 | 2.33 | Principal to be paid upon expiration and interest to be paid annually |
| 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth tranche) | 22 Huatai G4 | 137780.SH | 2022-09-01 | 2022-09-05 | 2025-09-05 | 20 | 2.52 | Principal to be paid upon expiration and interest to be paid annually |

| Name of bond | Abbreviation | Code | Issue date | Value date | Expiration date | Balance | Interest Rate (%) | Principal and interest payment method |
|---|---|---|---|---|---|---|---|---|
| 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche) | 22 Huatai G5 | 137814.SH | 2022-09-08 | 2022-09-13 | 2025-09-13 | 30 | 2.50 | Principal to be paid upon expiration and interest to be paid annually |
| 2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche) | 22 Huatai Y3 | 137604.SH | 2022-10-19 | 2022-10-21 | – | 35 | 3.20 | Interest to be paid annually under the condition that the issuer does not exercise the right to defer interest payments |
| 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type I) | 22 Huatai G6 | 138597.SH | 2022-11-17 | 2022-11-21 | 2024-11-21 | 36 | 2.87 | Principal to be paid upon expiration and interest to be paid annually |
| 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type II) | 22 Huatai G7 | 138598.SH | 2022-11-17 | 2022-11-21 | 2027-11-21 | 14 | 3.18 | Principal to be paid upon expiration and interest to be paid annually |
| 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Seventh tranche) (Type I) | 22 Huatai G8 | 138679.SH | 2022-12-01 | 2022-12-05 | 2024-12-05 | 15 | 2.87 | Principal to be paid upon expiration and interest to be paid annually |
| 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Eighth tranche) (Type I) | 22 Huatai 10 | 138709.SH | 2022-12-08 | 2022-12-12 | 2025-12-12 | 20 | 3.35 | Principal to be paid upon expiration and interest to be paid annually |
| 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Eighth tranche) (Type II) | 22 Huatai 11 | 138710.SH | 2022-12-08 | 2022-12-12 | 2027-12-12 | 5 | 3.49 | Principal to be paid upon expiration and interest to be paid annually |
| 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Ninth tranche) (Type I) | 22 Huatai 12 | 138737.SH | 2022-12-20 | 2022-12-22 | 2024-12-22 | 40 | 3.24 | Principal to be paid upon expiration and interest to be paid annually |
| 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche) | 23 Huatai G1 | 138816.SH | 2023-01-06 | 2023-01-10 | 2025-01-10 | 40 | 2.92 | Principal to be paid upon expiration and interest to be paid annually |

| Name of bond | Abbreviation | Code | Issue date | Value date | Expiration date | Balance | Interest Rate (%) | Principal and interest payment method |
|---|---|---|---|---|---|---|---|---|
| 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche) (Type I) | 23 Huatai G2 | 138844.SH | 2023-01-12 | 2023-01-16 | 2025-01-16 | 8 | 3.00 | Principal to be paid upon expiration and interest to be paid annually |
| 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche) (Type II) | 23 Huatai G3 | 138845.SH | 2023-01-12 | 2023-01-16 | 2028-01-16 | 20 | 3.48 | Principal to be paid upon expiration and interest to be paid annually |
| 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche) | 23 Huatai G4 | 138857.SH | 2023-02-02 | 2023-02-06 | 2026-02-06 | 45 | 3.23 | Principal to be paid upon expiration and interest to be paid annually |
| 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth tranche) | 23 Huatai G5 | 138886.SH | 2023-02-09 | 2023-02-13 | 2028-02-13 | 40 | 3.39 | Principal to be paid upon expiration and interest to be paid annually |
| 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche) (Type I) | 23 Huatai G6 | 138915.SH | 2023-02-23 | 2023-02-27 | 2026-02-27 | 15 | 3.14 | Principal to be paid upon expiration and interest to be paid annually |
| 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche) (Type II) | 23 Huatai G7 | 138916.SH | 2023-02-23 | 2023-02-27 | 2028-02-27 | 22 | 3.36 | Principal to be paid upon expiration and interest to be paid annually |
| 2023 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche) | 23 Huatai S1 | 115083.SH | 2023-03-15 | 2023-03-17 | 2023-09-15 | 50 | 2.65 | One-off payment of principal and interest upon expiration |
| 2023 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche) | 23 Huatai S2 | 115117.SH | 2023-03-21 | 2023-03-23 | 2023-10-25 | 50 | 2.65 | One-off payment of principal and interest upon expiration |

Notes:

1. The above-mentioned corporate bonds were publicly issued to professional investors who shall have the ability to identify and bear respective risks. They shall be aware of and bear their own investment risks of the corporate bonds and in compliance with the requirements of the Administrative Measures for Issuance and Trading of Corporate Bonds, the Administrative Measures of the Shanghai Stock Exchange for Eligibility of Investors in the Bond Market (《上海證券交易所債券市場投資者適當性管理辦法》), the Administrative Measures for the Eligibility of the Investors of Securities and Future (《證券期貨投資者適當性管理辦法》) and relevant laws and regulations (excluding purchasers subject to prohibition under laws and regulations). Investors shall not subscribe by illegal use of others' accounts or fund accounts, or illegally financing or financing for others. Investors subscribing for this tranche of bonds shall observe relevant laws and regulations and relevant provisions of the CSRC and assume corresponding legal responsibilities on their own.

2. The above-mentioned corporate bonds are listed on the SSE, which can be traded by way of matching, one-click-order, price-enquiry, bidding and negotiating pursuant to the Rules Governing the Trading of Bonds on the Shanghai Stock Exchange.

3. Information on the lead underwriters and entrusted managers of the above-mentioned corporate bonds can be found in the prospectus for bonds.

4. 21 Huatai Y1, 21 Huatai Y2, 21 Huatai Y3, 22 Huatai Y1, 22 Huatai Y2 and 22 Huatai Y3 are subject to issuer's renewal option, issuer's redemption right, issuer's redemption option when certain conditions are met and issuer's right of deferring interest payment. The coupon rate for the first five interest-bearing years is determined through book-building, which remains unchanged during the first five interest-bearing years. The coupon rate shall be repriced every five years from the sixth interest-bearing year. If no redemption right was exercised by the issuer, the coupon rate would be adjusted to be the sum of the current benchmark interest rate and the initial spread plus 300bp from the sixth interest-bearing year, which will remain unchanged from the sixth interest-bearing year to the tenth interest-bearing year. Afterwards, the coupon rate repriced every five years is the sum of the current benchmark interest rate and the initial spread plus 300bp. The initial spread is the difference between the coupon rate and the initial benchmark interest rate for the first five interest-bearing years.

Interest Payment for Bonds during the Reporting Period

| **Name of bond** | **Redemption and interest payment** |
|---|---|
| 19 Huatai G1 | Redemption in full as scheduled |
| 19 Huatai G3 | Redemption in full as scheduled |
| 20 Huatai G8 | Redemption in full as scheduled |
| 21 Huatai S6 | Redemption in full as scheduled |
| 21 Huatai S7 | Redemption in full as scheduled |
| 21 Huatai S9 | Redemption in full as scheduled |
| 21 Hua S14 | Redemption in full as scheduled |
| 21 Hua S13 | Redemption in full as scheduled |
| 21 Hua S12 | Redemption in full as scheduled |
| 21 Hua S10 | Redemption in full as scheduled |
| 21 Hua S11 | Redemption in full as scheduled |
| 21 Huatai S5 | Redemption in full as scheduled |
| 21 Huatai S2 | Redemption in full as scheduled |
| 21 Huatai S3 | Redemption in full as scheduled |
| 21 Huatai S4 | Redemption in full as scheduled |
| 22 Huatai S1 | Redemption in full as scheduled |
| 20 Huatai C1 | Payment of interest in full as scheduled |

| Name of bond | Redemption and interest payment |
|---|---|
| 18 Huatai G2 | Payment of interest in full as scheduled |
| 20 Huatai G1 | Payment of interest in full as scheduled |
| 20 Huatai G3 | Payment of interest in full as scheduled |
| 20 Huatai G4 | Payment of interest in full as scheduled |
| 20 Huatai G6 | Payment of interest in full as scheduled |
| 20 Huatai G7 | Payment of interest in full as scheduled |
| 20 Huatai G9 | Payment of interest in full as scheduled |
| 21 Huatai G1 | Payment of interest in full as scheduled |
| 21 Huatai G3 | Payment of interest in full as scheduled |
| 21 Huatai G4 | Payment of interest in full as scheduled |
| 21 Huatai G6 | Payment of interest in full as scheduled |
| 21 Huatai G5 | Payment of interest in full as scheduled |
| 21 Huatai G7 | Payment of interest in full as scheduled |
| 21 Huatai 09 | Payment of interest in full as scheduled |
| 21 Huatai 11 | Payment of interest in full as scheduled |
| 21 Huatai 12 | Payment of interest in full as scheduled |
| 21 Huatai 13 | Payment of interest in full as scheduled |
| 21 Huatai 14 | Payment of interest in full as scheduled |
| 21 Huatai 15 | Payment of interest in full as scheduled |
| 21 Huatai 16 | Payment of interest in full as scheduled |
| 13 Huatai 02 | Payment of interest in full as scheduled |
| 21 Huatai Y1 | Payment of interest in full as scheduled |
| 21 Huatai Y2 | Payment of interest in full as scheduled |
| 21 Huatai Y3 | Payment of interest in full as scheduled |

2. *Triggers and execution of issuer's or investor's option clauses or investor protection clauses*

21 Huatai Y1, 21 Huatai Y2, 21 Huatai Y3, 22 Huatai Y1, 22 Huatai Y2 and 22 Huatai Y3 issued by the Company are subject to the issuer's renewal option and issuer's redemption right, and the issuer's renewal option has not been exercised as of the disclosure date of this report; the issuer's redemption option when certain conditions are met, which has not been triggered as of the disclosure date of this report; and the issuer's right of deferring interest payment. Since the Company considered and approved the Resolution on the 2021 Profit Distribution Plan of the Company at the 2021 Annual General Meeting held on June 30, 2022, which is a mandatory interest payment event as stipulated in the above bond prospectus, the Company has paid the bond interest of 21 Huatai Y1, 21 Huatai Y2, 21 Huatai Y3 on time and in full on the interest payment date and will pay the bond interest of 22 Huatai Y1 on time and in full on the interest payment date.

As of the disclosure date of this report, the Company has strictly implemented the relevant terms and agreements on investor protection clauses and settlement safeguards in accordance with the covenants in the prospectus for corporate bonds, and paid the principal and/or interest of each bond on time and in full.

*3. Intermediary Agency to Provide Services for Bond Issuance and Existing Business*

| Name of intermediary agency | Office address | Name of signatory accountant | Contact person | Contact number |
|---|---|---|---|---|
| KPMG Huazhen LLP | 8/F, KPMG Tower, Oriental Plaza, No. 1 East Chang'an Avenue, Beijing | Cheng Hailiang, Qian Ruwen, Zou Jun | Zhang Nan | 021-22123075 |

Other intermediary agencies to provide services for the above bond issuance and existing business as blow.

| Intermediary agency | Name | Office address | Contact person | Contact number |
|---|---|---|---|---|
| Lead Underwriter | Huatai United Securities Co., Ltd. | 5/F, Building 1, Huatai Securities Square, No. 228 Middle Jiangdong Road, Nanjing | Wang Chengcheng | 025-83387750 |
| | GF Securities Co., Ltd. | 37/F, Taikang Insurance Tower, No. 429 North Nanquan Road, Pudong New Area, Shanghai | Li Peng, Liu Jiaxin, Jiang Tianyue | 18721275807, 16601912804, 18521009900 |
| | Shenwan Hongyuan Securities Co., Ltd. | 45/F, No. 989 Changle Road, Xuhui District, Shanghai | Liu Qiuyan, Ding Tianshuo | 021-33388507, 021-33388508 |
| | China International Capital Corporation Limited | China World Office, No. 1 Jianguomenwai Avenue, Beijing | Liu Liu | 010-65051166 |
| | China Development Bank Securities Company Limited | 1-9/F, No. 29 Fuchengmen Wai Avenue, Xicheng District, Beijing | Wang Tianwei | 010-88300840 |
| | China Industrial Securities Co., Ltd. (興業證券股份有限公司) | 32/F, SK Tower, Building 1, 6A Jianguomenwai Avenue, Chaoyang District, Beijing | Tao Jian | 13581681404 |
| | Kaiyuan Securities Co., Ltd. (開源證券股份有限公司) | 2/F, Kaiyuan Securities Wealth Management Center, No. 62 Furong West Road, Yanta District, Xi'an, Shaanxi Province | Zhou Yan | 029-88365835 |

| Intermediary agency | Name | Office address | Contact person | Contact number |
|---|---|---|---|---|
| Entrusted manager of bonds | GF Securities Co., Ltd. | 37/F, Taikang Insurance Tower, No. 429 North Nanquan Road, Pudong New Area, Shanghai | Li Peng, Liu Jiaxin, Jiang Tianyue | 18721275807, 16601912804, 18521009900 |
| | Shenwan Hongyuan Securities Co., Ltd. | 45/F, No. 989 Changle Road, Xuhui District, Shanghai | Liu Qiuyan, Ding Tianshuo | 021-33388507, 021-33388508 |
| | China International Capital Corporation Limited | China World Office, No. 1 Jianguomenwai Avenue, Beijing | Liu Liu | 010-65051166 |
| Credit rating agencies | China Lianhe Credit Rating Co., Ltd. | 17/F, Tower 2, No. 2 Jianguomenwai Avenue, Chaoyang District, Beijing | Chen Ning | 010-85172818 |
| | Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. | 14/F, Huasheng Mansion, No. 398 Hankou Road, Shanghai | Gao Fei | 021-63501349-637 |
| Law Firm | Zhong Lun Law Firm | 28, 31, 33, 36, 37/F, SK Tower, 6A Jianguomenwai Avenue, Chaoyang District, Beijing | Guo Zhi | 025-69511868 |
| | AllBright Law Offices | 11-12/F, Shanghai Tower, No. 501 Middle Yincheng Road, Pudong New Area, Shanghai | Sun Zuan, Bai Xue | 021-20511000 |
| | King & Wood Mallesons | 17-18/F, East Tower, World Financial Center 1, No. 1 Middle East 3rd Ring Road, Chaoyang District, Beijing | Yao Lei | 021-24126099 |

Note: Certain bond issuances were underwritten by Shenwan Hongyuan Financing Services Co., Ltd. (hereinafter referred to as "Shenwan Hongyuan Financing Services"), a subsidiary of Shenwan Hongyuan Securities Co., Ltd. (hereinafter referred to as "Securities Parent Company"). Due to changes in the business scope of Securities Parent Company, bond underwriting business, except for convertible bonds, of Shenwan Hongyuan Financing Services was included into the business scope of Securities Parent Company. For the above changes in business scope, relevant authorities had issued approval. Therefore, the rights and obligations under the agreement entered into by Shenwan Hongyuan Financing Services have succeeded to Securities Parent Company.

Changes to the above intermediary agencies

| Name of intermediary agency | Reason for change | Fulfill the procedure | Impact on the rights and interests of bond investors |
|---|---|---|---|
| Deloitte Touche Tohmatsu Certified Public Accountants LLP | Pursuant to the requirements of the Administrative Measures for Selection and Appointment of Accounting Firms by State-owned Financial Enterprises (Cai Jin [2020] No. 6) (《國有金融企業選聘會計師事務所管理辦法》(財金[2020] 6號)) issued by the Ministry of Finance, the service term of KPMG Huazhen LLP, the accounting firm originally engaged by the Company, will expire after the completion of 2021 annual audit. | On March 31, 2022, the Resolution on the Change of the Accounting Firm was considered and approved at the twenty-first meeting of the fifth session of the Board of the Company, and on June 22, 2022, the above resolution was considered and approved at the 2021 Annual General Meeting. | This change has no impact on the rights and interests of bond investors. |

*4. Utilisation of funds raised as at the end of the Reporting Period*

As at the end of the Reporting Period, the utilisation of funds raised from bonds in duration of the Company is as follows:

Unit: 100 million Yuan Currency: RMB

| Name of bond | Total amount of funds raised | Utilised amount | Unutilised amount | Use agreed in the prospectus |
|---|---|---|---|---|
| 22 Huatai Y1 | 27 | 27 | – | Repayment of corporate bonds |
| 22 Huatai G1 | 50 | 50 | – | Repayment of corporate bonds |
| 22 Huatai Y2 | 30 | 30 | – | Repayment of corporate bonds |
| 22 Huatai G2 | 20 | 20 | – | Repayment of corporate bonds |
| 22 Huatai S2 | 50 | 50 | – | Replenishment of working capital |
| 22 Huatai G3 | 30 | 30 | – | Repayment of corporate bonds |
| 22 Huatai G4 | 20 | 20 | – | Repayment of corporate bonds |
| 22 Huatai G5 | 30 | 30 | – | Repayment of corporate bonds |
| 22 Huatai Y3 | 35 | 35 | – | Repayment of corporate bonds and interest-bearing liabilities |
| 22 Huatai G6 | 36 | 36 | – | Repayment of corporate bonds |
| 22 Huatai G7 | 14 | 14 | – | Repayment of corporate bonds |
| 22 Huatai G8 | 15 | 15 | – | Repayment of corporate bonds and replenishment of working capital |
| 22 Huatai 10 | 20 | 20 | – | Replenishment of working capital |
| 22 Huatai 11 | 5 | 5 | – | Replenishment of working capital |
| 22 Huatai 12 | 40 | 40 | – | Replenishment of working capital |

According to the requirements of the Administrative Measures for Issuance and Trading of Corporate Bonds, in order to ensure that the utilisation of funds raised is consistent with the prospectus and to guarantee the legal rights of bondholders, the Company has set up a special account for the utilisation of funds raised in supervisory banks, which is subject to the supervision of the supervisory banks.

The funds raised from the corporate bonds have been fully utilised, which is conformed to the purpose, utilisation plan and other agreements as undertaken in the prospectus. Utilisation of funds raised from bonds issued in prior years can be found in the prospectus for bonds and the annual report of that year.

*5. Adjustments to the credit ratings*

During the Reporting Period, the rating agencies did not make any adjustments to the credit ratings of corporate bonds. Information on credit ratings of bonds in different periods can be found in the rating report for bonds.

*6. Implementation and Changes of Guarantees, Settlement Plan and other Settlement Safeguards and their Impact during the Reporting Period*

| Current status | Implementation | Any change |
|---|---|---|
| The existing corporate bonds of the Company are issued unsecured and performed the settlement plan in accordance with the covenants in the prospectus for corporate bonds. According to the covenants in the prospectus for corporate bonds, the Company has settlement safeguards in place, including but are not limited to setting up terms of settlement safeguards undertaking and relief measures for issuer, formulating the Rules for Meeting of Bondholders, entrusting bond manager, establishing a special working group for the settlement, strictly performing the obligations of information disclosure and setting up a special debt repayment account. | The Company strictly performed the various covenants in the prospectus in relation to the investor protection mechanism, paid the interest for the corporate bonds on time, and disclosed relevant information on the Company in a timely manner to protect the legal interest of investors. | No |

***(III) Non-financial corporate debt financing instruments in the inter-bank bond market***

During the Reporting Period, the Company did not issue any non-financial corporate debt financing instruments in the inter-bank bond market.

***(IV) During the Reporting Period, the Company did not record a loss in the consolidated statements exceeding 10% of the net assets at the end of the previous year***

### *(V) Interest-bearing Debt (other than bonds) overdue at the end of the Reporting Period*

The Company enjoyed a good reputation, and repaid matured debts and paid interests on time without any overdue debts during the Reporting Period.

### *(VI) The Impacts of Non-compliance in Laws and Regulations, the Articles of Association, the Management Measures for Information Disclosure and Violation of Relevant Covenants or Undertakings in the Prospectus for Bonds on the Interests of Bond Investors during the Reporting Period*

During the Reporting Period, the Company complied with laws and regulations, the Articles of Association and the Management Measures for Information Disclosure, strictly performed its obligations of information disclosure and paid the interest for the bonds on time to protect the legal interest of investors. In addition, the Company strictly performed the relevant covenants or undertakings in the prospectus for corporate bonds, and the usage of the proceeds was in line with the covenants in the prospectus. During the Reporting Period, the Company did not default on the redemption and interest payment of issued bonds, and operated stably with satisfactory earnings and there is no risk of the Company failing to make payments on time in the future.

### *(VII) Accounting Data and Financial Indicators of the Company for the Past Two Years Up to the end of the Reporting Period*

Unit: Thousand Yuan Currency: RMB

| Primary indicators | 2022 | 2021 | Year-on-year change (%) |
|---|---|---|---|
| Net profit after non-recurring profit or loss | 10,772,301.08 | 13,191,627.76 | (18.34) |
| Current ratio | 1.40 | 1.41 | (0.71) |
| Quick ratio | 1.40 | 1.41 | (0.71) |
| Gearing ratio (%) | 75.81 | 76.93 | Decrease of 1.12 percentage points |
| EBITDA to total debt ratio (%) | 6.19 | 7.54 | Decrease of 1.35 percentage points |
| Times interest earned | 2.16 | 2.58 | (16.28) |
| Times cash-interest earned | 7.31 | (5.28) | N/A |
| Times interest earned of EBITDA | 2.31 | 2.71 | (14.76) |
| Loan repayment ratio (%) | 100.00 | 100.00 | |
| Interest payment ratio (%) | 100.00 | 100.00 | |

Note: Customer's funds are not included in the above-mentioned indicators.

## II. THE COMPANY HAD NO CONVERTIBLE CORPORATE BONDS

## INDEX OF DOCUMENTS FOR INSPECTION

| | |
|---|---|
| Index of Documents for Inspection | Financial statements carrying the signature and seal of the Company's legal representative, person in charge of accounting and head of accounting department |
| | Audit report carrying the seal of the accounting firm and the signature and seal of the certified public accountant |
| | Original copies of all documents and announcements of the Company publicly disclosed during the Reporting Period |
| | Articles of Association |

## INFORMATION DISCLOSURE OF SECURITIES COMPANIES

### I. MAJOR ADMINISTRATIVE APPROVALS OF THE COMPANY

1. Approval for the Registration of Public Issuance of Corporate Bonds to Professional Investors by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2022] No. 161) dated January 20, 2022;

2. Reply on the Establishment of Singapore Subsidiary by Huatai Securities Co., Ltd. (Ji Gou Bu Han [2022] No. 1529) dated September 6, 2022;

3. Approval for the Qualification for Market Making and Trading Business of Listed Securities by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2022] No. 2169) dated September 16, 2022.

## I. MAIN BUSINESS QUALIFICATIONS

The Company was entitled to become the members of the Shanghai Stock Exchange, the Shenzhen Stock Exchange and Beijing Stock Exchange, and Securities Association of China, to engage in the clearing of warrants of China Securities Depository and Clearing Corporation Limited and to participate in the clearing of China Securities Depository and Clearing Corporation Limited. Besides, the Company also has the following main business qualifications:

| No. | Type of License | Approval Department | Years |
|---|---|---|---|
| 1 | National interbank market access qualification | PBOC | January 2000 |
| 2 | Qualification for online entrusted securities brokerage business | CSRC | May 2001 |
| 3 | Qualification for distributing open-end securities investment funds | CSRC | February 2003 |
| 4 | Qualification for entrusted investment management business | CSRC | March 2003 |
| 5 | Value-added telecommunications business license | Jiangsu Communications Administration | July 2004 |
| 6 | Pilot securities firm for relevant innovative activities | Securities Association of China | March 2005 |
| 7 | Qualification for underwriting short-term financing bills | PBOC | August 2005 |
| 8 | License for foreign exchange operation in the securities business | State Administration of Foreign Exchange | November 2006 |
| 9 | Foreign exchange registration certificate for overseas investment | Jiangsu Provincial Bureau of SAFE | December 2006 |
| 10 | Qualification for agency business of stock transfer | Securities Association of China | June 2007 |
| 11 | Qualification of tier-1 dealer on the integrated e-platform for fixed income securities | Shanghai Stock Exchange | August 2007 |
| 12 | Qualified domestic institutional investor (QDII) qualification for overseas securities investment management business | CSRC | December 2007 |
| 13 | Qualification to provide intermediary introduction business for Great Wall Weiye Futures Co., Ltd. | CSRC | April 2008 |
| 14 | Qualified investor qualification in block trade system | Shanghai Stock Exchange | June 2008 |
| 15 | Qualification to incorporate wholly-owned specialized subsidiaries to engage in direct investment business | CSRC | July 2008 |
| 16 | Obtain a stock index futures trading code and a hedging limit | China Financial Futures Exchange | June 2010 |
| 17 | Pilot program of securities margin trading | CSRC | June 2010 |
| 18 | Qualification of the dealer for credit risk mitigation tools and creator for credit risk mitigation certificates | National Association of Financial Market Institutional Investors | December 2010 |

| No. | Type of License | Approval Department | Years |
|---|---|---|---|
| 19 | Change the securities brokerage business (the business in Jiangsu, Shanghai, Zhejiang, Anhui, Shandong, Heilongjiang, Jilin, Liaoning, Beijing, Tianjin, Hebei, Henan, Shaanxi, Shanxi, Ningxia, Inner Mongolia, Gansu, Xinjiang, Qinghai only) within the original business scope to securities brokerage business, change the securities underwriting and sponsorship business (the relevant business on the Shanghai Stock Exchange only) to securities underwriting business (the underwriting of government bonds, debt financing instruments of non-financial enterprises only), and reduce the financial advisory business relating to securities trading and securities investment activities | CSRC | August 2011 |
| 20 | Provide trading seats to insurance institutional investors | China Insurance Regulatory Commission | January 2012 |
| 21 | Pilot program of bonds collateralized quotation repurchase business | CSRC | January 2012 |
| 22 | Bonds collateralized quotation repurchase business | Shanghai Stock Exchange | February 2012 |
| 23 | CSI 300ETF liquidity service provider | Shanghai Stock Exchange | May 2012 |
| 24 | Innovative brokerage deposit business | CSRC | June 2012 |
| 25 | Participate in interest rate swap trading by using the Company's proprietary funds | Jiangsu Securities Regulatory Bureau | August 2012 |
| 26 | Pilot program of margin refinancing | China Securities Finance Corporation Limited | August 2012 |
| 27 | Pilot program of agreed repurchase type securities trading | CSRC | September 2012 |
| 28 | Lead underwriting business for non-financial enterprises debt financing instruments in the interbank market | National Association of Financial Market Institutional Investors | November 2012 |
| 29 | Qualification and transaction code for conducting arbitrage and speculative trading of CSI 300 index-futures | China Financial Futures Exchange | December 2012 |
| 30 | Agency sale of financial products | Jiangsu Securities Regulatory Bureau | January 2013 |
| 31 | Qualification for the agreed repurchase type securities trading business | Shenzhen Stock Exchange | January 2013 |
| 32 | Pilot comprehensive custody business for private funds, which can provide comprehensive custody services, such as asset custody, settlement, computation of net value, investment control, custody report and etc., for private securities investment funds (limited partnership) | Institutional Supervision Department of the CSRC | February 2013 |
| 33 | Qualification of margin refinancing business | China Securities Finance Corporation Limited | February 2013 |
| 34 | Insurance fund investment manager | China Insurance Regulatory Commission | March 2013 |

| No. | Type of License | Approval Department | Years |
|---|---|---|---|
| 35 | Operate recommendation and brokerage business on the National Equities Exchange and Quotations as the lead securities firm | National Equities Exchange and Quotations Company Limited | March 2013 |
| 36 | Qualification to submit filing materials for witnessing the opening of customers' securities accounts | China Securities Depository and Clearing Corporation Limited | April 2013 |
| 37 | Qualification of financial bonds (including policy finance bonds) underwriting business | Jiangsu Securities Regulatory Bureau | June 2013 |
| 38 | Conducting stock pledge-style repo transaction business for securities listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange | Shanghai Stock Exchange and Shenzhen Stock Exchange | June 2013 |
| 39 | Treasury bonds futures business | Jiangsu Securities Regulatory Bureau | September 2013 |
| 40 | Qualification to conduct treasury bonds futures arbitrage and hedging businesses | CSRC and China Financial Futures Exchange | September 2013 |
| 41 | Qualification to conduct asset management share transfer business | Shenzhen Stock Exchange | September 2013 |
| 42 | Qualification to carry out equity return swaps business | Securities Association of China | September 2013 |
| 43 | Qualification to conduct pre-issuance of treasury bonds | Shanghai Stock Exchange | October 2013 |
| 44 | Pass the on-site inspection on stock options | Shanghai Stock Exchange | June 2014 |
| 45 | Operate market-making business on the National Equities Exchange and Quotations as a market maker, namely market-making qualification on the National Equities Exchange and Quotations | National Equities Exchange and Quotations Company Limited | July 2014 |
| 46 | Trial market maker on the interbank market | National Inter-Bank Funding Center | July 2014 |
| 47 | Pilot program of financing by exercising the share incentive scheme business | Shenzhen Stock Exchange | August 2014 |
| 48 | Qualification of capital payment services for clients that could provide various payment services for investors such as deposits collection, mobile recharging, online store consumption, sales return, water fee and credit card payment | Securities Fund Supervision Department of the CSRC | August 2014 |
| 49 | Qualification of custodian for securities investment funds | CSRC | September 2014 |
| 50 | Qualification for pilot operations of Internet-based securities business | Securities Association of China | September 2014 |
| 51 | OTC qualification | Securities Association of China | September 2014 |
| 52 | Qualification to conduct Southbound trading under A Shares trading seats | Shanghai Stock Exchange | October 2014 |
| 53 | Pilot program on the OTC market | Securities Association of China | October 2014 |

| No. | Type of License | Approval Department | Years |
|---|---|---|---|
| 54 | Pilot program of restricted securities lending under share incentive schemes of listed companies | Shenzhen Stock Exchange | December 2014 |
| 55 | Qualification of practicing on an authentic basis and brokerage business for stock option businesses | Shenzhen Stock Exchange | December 2014 |
| 56 | Qualification for stock option trading participant, stock option brokerage and proprietary business trading | Shanghai Stock Exchange | January 2015 |
| 57 | Qualification for stock options market making business | CSRC | January 2015 |
| 58 | Main market maker of SSE 50ETF option contracts | Shanghai Stock Exchange | January 2015 |
| 59 | Qualification of standard interest rate swap and forward centralized settlement of standard bonds | Shanghai Clearing House | April 2015 |
| 60 | Qualification of participating in the net settlement of bond trade | Shanghai Clearing House | April 2015 |
| 61 | Provide private equity with valuation and calculation service, share registration service, sales backstage service support and other outsourcing services, as well as other value-added services derived from the above services | Asset Management Association of China | April 2015 |
| 62 | Qualification of pilot innovative business for one-way video verification of investors' identities | China Securities Depository and Clearing Corporation Limited | June 2015 |
| 63 | Permission to conduct Southbound trading under Shenzhen-Hong Kong stock connect | Shenzhen Stock Exchange | November 2016 |
| 64 | Agency qualification for subscription, purchasing and redeeming of gold ETF in spot | Shanghai Gold Exchange | June 2017 |
| 65 | Pilot program of cross-border business | CSRC | December 2017 |
| 66 | Qualification of tier-1 dealer on OTC options | CSRC | July 2018 |
| 67 | Carry out credit derivatives business | CSRC | December 2018 |
| 68 | Qualification of main market maker of funds listed on the SSE | Shanghai Stock Exchange | January 2019 |
| 69 | Conducting credit protection contract business | Shanghai Stock Exchange | February 2019 |
| 70 | Conducting market making business of treasury bond futures | CSRC | May 2019 |
| 71 | Pilot Program of Foreign Exchange Settlement and Sales Business | State Administration of Foreign Exchange | August 2019 |
| 72 | Conducting credit protection certificate business | Shanghai Stock Exchange | December 2019 |
| 73 | Conducting market making business of commodity options | CSRC | December 2019 |
| 74 | Conducting market making business of stock index options | CSRC | December 2019 |
| 75 | Conducting pilot fund investment advisory business | CSRC | February 2020 |

| No. | Type of License | Approval Department | Years |
|---|---|---|---|
| 76 | Conducting agency for trading of foreign exchange Business | State Administration of Foreign Exchange | July 2020 |
| 77 | Conducting market making business of commodity futures | CSRC | January 2021 |
| 78 | Conducting pilot business of account management function optimization | CSRC | November 2021 |
| 79 | Engaging in "Southbound Trading" business | PBOC | December 2021 |

In 2022, the individual business qualifications obtained by the Company mainly include

| | | | |
|---|---|---|---|
| 1 | Qualification for tier-1 dealer on commodity swap business | Shanghai Futures Exchange | July 2022 |
| 2 | Qualification for market making and trading business of listed securities | CSRC | September 2022 |

## II. LIST OF BRANCH OFFICES AND SECURITIES BRANCHES

### *1. Establishment of Securities Branch Offices of the Company*

As of the end of the Reporting Period, the basic information of the establishment of securities branch offices of the Company is as follows:

Unit: Ten Thousand Yuan Currency: RMB

| No | Name | Address | Date of establishment | Registered capital (or working capital) | Zip code | Person in charge | Contact number | Business scope |
|---|---|---|---|---|---|---|---|---|
| 1 | Anhui Branch | 6/F & 7/F, Block A, Feili Shidai Square Commercial Complex, No. 310 Suixi Road, Luyang District, Hefei | August 25, 2014 | 10,000 | 230011 | Chen Zhijun | 0551-64297088 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending; agency sale of securities investment funds; agency sale of financial products. |
| 2 | Beijing Branch | Room 1501, 15/F, Block 28, Fengsheng Hutong, Xicheng District, Beijing | May 28, 2010 | 500 | 100032 | Wang Yujie | 010-63211388 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending; agency sale of securities investment funds; agency sale of financial products. |
| 3 | Changzhou Branch | No.9, North Heping Road, Changzhou | April 16, 2014 | 2,000 | 213003 | Yuan Hongbin | 0519-81006688 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending; agency sale of securities investment funds; agency sale of financial products. |

| No | Name | Address | Date of establishment | Registered capital (or working capital) | Zip code | Person in charge | Contact number | Business scope |
|---|---|---|---|---|---|---|---|---|
| 4 | Fujian Branch | Unit 10D, Block A, Tefang Portman Wealth Center, No. 81 Zhanhong Road, Siming District, Xiamen | September 18, 2014 | 2,000 | 361004 | Chu Rentang | 0592-2997899 | Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to ancillary works such as project contracting, project information transmission and recommendation and customer relationship maintenance of underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only). |
| 5 | Guangdong Branch | Units 02 & 03, 36/F, No. 10 Huaxia Road, Tianhe District, Guangzhou | May 19, 2012 | 500 | 510620 | Liu Yong | 020-88830128 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending; agency sale of securities investment funds; agency sale of financial products. |
| 6 | Henan Branch | No. 16, Nongye Road East, Jinshui District, Zhengzhou | April 16, 2014 | 2,000 | 450008 | Tao Mingqing | 0371-89998299 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |

| No | Name | Address | Date of establishment | Registered capital (or working capital) | Zip code | Person in charge | Contact number | Business scope |
|---|---|---|---|---|---|---|---|---|
| 7 | Heilongjiang Branch | 3/F, Block B, Aocheng International, No. 239 Xuanhua Street, Nangang District, Harbin, Heilongjiang Province | May 28, 2010 | 500 | 150001 | Wang Haibin | 0451-51994000 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products; management of local business departments. |
| 8 | Hubei Branch | 24/F, Unit 6, Building 6-7, Wuhan 1818 Center (Phase 2), No. 109 Zhongbei Road, Shuiguohu Street, Wuchang District, Wuhan | March 19, 2012 | 500 | 430070 | Min Jie | 027-87739318 | Securities brokerage; securities investment consulting; securities underwriting (limited to ancillary works such as project contracting, project information transmission and recommendation and customer relationship maintenance of underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products; management of securities branches at Hubei of Huatai Securities Co., Ltd. |
| 9 | Hunan Branch | Rooms 1301-1305 & 1313-1316, Buildings 4 & 5, Huayuanhua Center, No 36, Section 2, Middle Xiangjiang Road, Tianxin District, Changsha, Hunan Province | May 27, 2014 | 500 | 410015 | Deng Jing | 0731-85120568 | Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting and sponsoring (limited to ancillary works such as project contracting, project information transmission and recommendation and customer relationship maintenance). |

| No | Name | Address | Date of establishment | Registered capital (or working capital) | Zip code | Person in charge | Contact number | Business scope |
|---|---|---|---|---|---|---|---|---|
| 10 | Jiangxi Branch | No. 1416, Jinggangshan Avenue, Xihu District, Nanchang, Jiangxi Province | November 3, 2014 | 500 | 330002 | Wan Bin | 0791-86600577 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; intermediary introduction business for the futures companies; agency sale of financial products; management of securities branches at Jiangxi. |
| 11 | Liaoning Branch | Units 1, 2, 3 and 4, 15/F, Block B, Enterprise Square, No. 125 Qingnian Street, Shenhe District, Shenyang City, Liaoning Province | June 3, 2011 | 500 | 110004 | Chen Min | 024-31881777 | Securities brokerage; securities investment consulting; margin financing and securities lending business; agency sale of securities investment funds; intermediary introduction business for the futures companies; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only). |
| 12 | Nanjing Branch | No. 90 Zhongshan Road East, Qinhuai District, Nanjing, Jiangsu Province | April 9, 2010 | 2,000 | 210002 | Wang Yansheng | 025-84791077 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |

| No | Name | Address | Date of establishment | Registered capital (or working capital) | Zip code | Person in charge | Contact number | Business scope |
|---|---|---|---|---|---|---|---|---|
| 13 | Nantong Branch | Fangtian Building, No. 6 Yaogang Road, Nantong, Jiangsu Province | May 28, 2010 | 500 | 226000 | Ren Qiaojian | 0513-85529888 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |
| 14 | Shandong Branch | Rooms 2101 & 2104, 21/F, Block A, Yinfeng Fortune Plaza, No. 1 West Long'ao Road, Lixia District, Jinan City | April 16, 2014 | 2,000 | 250061 | Zhang Feng | 0531-55686555 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |
| 15 | Shanghai Branch | Room 2201, No. 18 Dongfang Road, China (Shanghai) Pilot Free Trade Zone | May 28, 2010 | 500 | 200120 | Lu Chunguang | 021-28972296 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |
| 16 | Shenzhen Branch | 8A, Fund Mansion, No. 5999, Yitian Road, Lianhua Street, Futian District, Shenzhen | March 19, 2012 | 500 | 518048 | Wang Lianfen | 0755-82492098 | Securities brokerage; securities underwriting (limited to contracting); securities investment consulting; margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |

| No | Name | Address | Date of establishment | Registered capital (or working capital) | Zip code | Person in charge | Contact number | Business scope |
|---|---|---|---|---|---|---|---|---|
| 17 | Sichuan Branch | Rooms 2503, 2504, 2505, 2506, 2507 and 2508, 25/F, Unit 1, Building 1, China Overseas Chinese Financial Center, No. 33, Jiaozi Avenue, Hitech Zone, Chengdu, China (Sichuan) Pilot Free Trade Zone | May 19, 2012 | 500 | 610091 | Li Hui | 028-8125398 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |
| 18 | Suzhou Branch | 4/F & 5/F, No. 102 Xinshi Road, Canglang District, Suzhou | May 28, 2010 | 500 | 215000 | Liu Xiaobing | 0512-67579666 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |
| 19 | Taizhou Branch | No. 22, Yingchun Road West, Hailing District, Taizhou, Jiangsu Province | August 4, 2014 | 2,000 | 225300 | Wang Yujie | 0523-86234237 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |

| No | Name | Address | Date of establishment | Registered capital (or working capital) | Zip code | Person in charge | Contact number | Business scope |
|---|---|---|---|---|---|---|---|---|
| 20 | Tianjin Branch | Block C-I, 5/F, North Finance Building, No. 5 Youyi Avenue, Hexi District, Tianjin | May 28, 2010 | 500 | 300211 | Li Yijun | 022-59657718 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |
| 21 | Wuxi Branch | No. 325, Jiefang Road West, Wuxi, Jiangsu Province | June 11, 2014 | 2,000 | 214000 | Lu Rong | 0510-82723020 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |
| 22 | Northwest Branch | Room 21401, Unit 2, Building 2, CROSS Wanxianghui, No. 21 Gaoxin Six Road, Zhangba Sub-district Office, High-Tech Zone, Xi'an, Shaanxi Province | August 5, 2019 | – | 710000 | Gao Hong | 029-87897055 | Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy financial bonds) only). |

| No | Name | Address | Date of establishment | Registered capital (or working capital) | Zip code | Person in charge | Contact number | Business scope |
|---|---|---|---|---|---|---|---|---|
| 23 | Xuzhou Branch | 1-301# to 1-308#, Building B, Baolong Square, No. 99 Heping Road, Yunlong District, Xuzhou City | April 16, 2014 | 2,000 | 221001 | Li Gang | 0516-85602988 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |
| 24 | Yancheng Branch | Room 201, Building 6, Financial City, No. 5 Century Avenue, Yancheng City | March 24, 2014 | 2,000 | 224002 | Zhang Tingwen | 0515-88216888 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |
| 25 | Yangzhou Branch | No. 406, Wenchang Middle Road, Guangling District, Yangzhou | August 4, 2014 | 2,000 | 225001 | Ji Chunbo | 0514-82196688 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |

| No | Name | Address | Date of establishment | Registered capital (or working capital) | Zip code | Person in charge | Contact number | Business scope |
|---|---|---|---|---|---|---|---|---|
| 26 | Yunnan Branch | 6/F, Block C, Dushi Mingyuan Community, Middle Renmin Road, Kunming, Yunnan Province | February 25, 2014 | 500 | 650021 | Yin Tianshui | 0871-65951973 | Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only). |
| 27 | Zhejiang Branch | Rooms 2801-2808, Xingguangcheng, No.1766 Binsheng Road, Changhe Street, Binjiang District, Hangzhou, Zhejiang Province | March 25, 2013 | 500 | 310052 | Wang Jie | 0571-86698700 | Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only). |
| 28 | Zhenjiang Branch | Rooms 101, 201 and 301, Building 1, Huangshan Yaju, No. 6 Huangshan South Road, Zhenjiang, Jiangsu Province | March 24, 2014 | 2,000 | 212000 | Wang Jixiang | 0511-85037099 | Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products. |

### *2. Number and Distribution of Securities Branches of the Company*

As of the end of the Reporting Period, the number and distribution of securities branches of the Company are as follows:

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 1 | Anhui 5 | Hefei | Securities Branch in Huaining Road, Hefei | Rooms 1104 and 1211-1213, Block C, Landmark Plaza, No. 288, Huaining Road, Zhengwu District, Hefei City | 230022 | Fan Huijuan | 0551-65175008 |
| 2 | | | Securities Branch in Chuangxin Road, Hefei | 4F, Block C, Chuangxin Department, No. 2760, Chuangxin Road, High-tech District, Hefei City, Anhui Province | 230088 | Hu Longqi | 0551-62686969 |
| 3 | | Ma'anshan | Securities Branch in Hudong Middle Road, Ma'anshan | No. 1046, Hudong Middle Road, Huashan District, Ma'anshan City | 243000 | Gao Guosheng | 0555-2963619 |
| 4 | | Chuzhou | Securities Branch in Fengle Avenue, Chuzhou | Nos. 1112 & 1114, Commercial Block S3, No. 1118 Fengle Avenue (Yutianxia South Garden), Chuzhou City, Anhui Province | 239001 | Lu Rudong | 0550-3019976 |
| 5 | | Tongling | Securities Branch in Huaihe Avenue, Tongling | Shop 142, 1/F, No. 203A, 2/F, Huijin Building, Tongling Trade Building, Middle Section of Huaihe Avenue, Tongguan District, Tongling City, Anhui Province | 244000 | Hu Jing | 0562-2801988 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 6 | Beijing 6 | Beijing | Securities Branch in Dongsanhuan North Road, Beijing | Inner Flat 01, No. 102, 1/F (01), Block 27, Dongsanhuan North Road, Chaoyang District, Beijing | 100062 | Wei Na | 010-59725337 |
| 7 | | | Securities Branch in Suzhou Street, Beijing | Rooms 901-903, 9/F Weiya Building, Block 18, No. 29 Suzhou Street, Haidian District, Beijing | 100080 | Zhang Zhiqun | 010-62523799 |
| 8 | | | Securities Branch in International Finance and Economy Center, Xisanhuan, Beijing | Room 403, 4/F, No. 87 Xisanhuan North Road, Haidian District, Beijing | 100048 | Chen Xi | 010-68733708 |
| 9 | | | Securities Branch in Yonghe Temple, Beijing | Room 501, 5/F, Block F, Room 116, 1/F, & Room 216, 2/F, Block D, No. 28 Andingmen East Street, Dongcheng District, Beijing | 100007 | Zhao Youqiang | 010-84273989 |
| 10 | | | Securities Branch in Yuetan South Street, Beijing | 3/F Wanfeng Yihe Business Club, No. 12A Yuetan South Street, Xicheng District, Beijing | 100045 | Yang Junpeng | 010-68058688 |
| 11 | | | Securities Branch in Xueyuan South Road, Beijing | Room 107, 1/F, Room 309, 3/F, No. 62 Xueyuan South Road, Haidian District, Beijing | 100081 | Liu Zhifen | 010-82263313 |
| 12 | Inner Mongolia 3 | Baotou | Securities Branch in Huanghe Street, Baotou | No. 87, Huanghe Street, Xitu Hightech Zone, Baotou City, Inner Mongolia Autonomous Region | 014040 | Yin Tao | 0472-4136027 |
| 13 | | | Securities Branch in Gangtie Street, Baotou | 2/F, No. 15 Gangtie Street, Qingshan District, Baotou City, Inner Mongolia Autonomous Region | 014010 | Ma Xiaoju | 0472-6867886 |
| 14 | | Hohhot | Securities Branch in Xinhua East Street, Saihan District, Hohhot | Room 1707, 17/F, Block A, Wanda Plaza Complex, No. 26, Xinhua East Street, Saihan District, Hohhot City, Inner Mongolia Autonomous Region | 010010 | Qi Hong | 0471-3251997 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 15 | Hebei 1 | Shijiazhuang | Securities Branch in Ziqiang Road, Shijiazhuang | Unit 0-103A, Commercial Podium of Office Building (1/F), Zhongjiao Fortune Center T1/T2, No. 118 Ziqiang Road, Qiaoxi District, Shijiazhuang City, Hebei Province | 050051 | Han Jiancai | 0311-66788203 |
| 16 | Fujian 4 | Fuzhou | Securities Branch in North Wuyi Road, Fuzhou | 19/F, Block 3, Zhengxiang Center, No. 153 North Wuyi Road, Shuibu Street, Gulou District, Fuzhou City | 350009 | Liu Biqing | 0591-88037887 |
| 17 | | Quanzhou | Securities Branch in Jinhuai Street, Quanzhou | Units 705-707, Building 1, Zhongjun Square, No. 16 Jinhuai Street, Fengze District, Quanzhou, Fujian Province | 362000 | Jiang Yongjun | 0595-22187188 |
| 18 | | Xiamen | Securities Branch in Xiahe Road, Xiamen | Rooms 201 & 202, Unit One, Block B, Haiyi Building, No. 668 Xiahe Road, Siming District, Xiamen City | 361004 | Lv Yuexiang | 0592-2997398 |
| 19 | | Zhangzhou | Securities Branch in Shuixian Avenue, Zhangzhou | Room 101, Room 403, Room 404, Building B, No. 88 Shuixian Street, Longwen District, Zhangzhou City, Fujian Province | 363000 | Liu Huafeng | 0596-2900350 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 20 | Guangdong 23 | Foshan | Securities Branch in Denghu East Road, Foshan | Units 1203-1206, 12/F, Huaya Financial Center, No. 8 Denghu East Road, Guicheng Street, Nanhai District, Foshan City (subject to domicile declaration) | 528200 | Yang Siyu | 0757-29808978 |
| 21 | | Guangzhou | Securities Branch in Zhujiang West Avenue, Guangzhou | 17/F (self-edited rooms 05, 06 and 07), No. 15 Zhujiang West Avenue, Tianhe District, Guangzhou City | 510000 | Zheng Chengbin | 020-37279969 |
| 22 | | | Securities Branch in Pazhou Avenue, Guangzhou | Rooms 2304, 2305, 2306 and 2307, No. 109 Pazhou Avenue, Haizhu District, Guangzhou City | 510440 | Zhu Daoming | 020-39213388 |
| 23 | | | Securities Branch in Middle Guangzhou Avenue, Guangzhou | Rooms 103, 3205 and 3206, No. 307 Middle Guangzhou Avenue, Yuexiu District, Guangzhou City | 510220 | Liu Li | 020-84133637 |
| 24 | | | Securities Branch in Huanshi East Road, Guangzhou | Rooms S1201 & 1218-23, 12/F, South Tower, No. 371-375 Huanshi East Road, Yuexiu District, Guangzhou City, Guangdong Province | 510060 | Cheng Feng | 020-83853823 |
| 25 | | | Securities Branch in Xingmin Road, Guangzhou | Rooms 906-911, No. 222-3, Xingmin Road, Tianhe District, Guangzhou | 510620 | Lin Hao | 020-89286707 |
| 26 | | | Securities Branch in Tianhecheng, Guangzhou | Units 03-1, 05, 06 and 07, 36/F, Yuehai Tianhecheng Building (namely, Tianhecheng East Tower), No. 208 Tianhe Road, Tianhe District, Guangzhou City | 510620 | Tang Jia | 020-22031389 |
| 27 | | | Securities Branch in Yuncheng West Road, Guangzhou | Rooms 4002, 4003 & 4004, No. 888 Yuncheng West Road, Baiyun District, Guangzhou City | 510420 | Luo Fanglin | 020-86273767 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 28 | | Zhongshan | Securities Branch in Zhongshan Fifth Road, Zhongshan | No. 2 of Unit 01, 1/F, Block 3, Zima Benteng Square, No. 2 Zhongshan Fifth Road, Eastern District, Zhongshan City | 528403 | Liao Xiwu | 0760-89823338 |
| 29 | | Shantou | Securities Branch of Huatai Securities Co., Ltd. in Changping Road, Shantou | Rooms 103 and 202, North Tower, China Resources Building, No. 95 Changping Road, Longhu District, Shantou City, Guangdong Province | 515041 | Chen Yu | 0754-89898179 |
| 30 | | Shenzhen | Securities Branch in Qianhai, Shenzhen | Rooms 101, 102, 201, 202, 301 and 402, Building B7, Qianhai Shenzhen-Hong Kong Fund Town, No. 128 Guiwan Fifth Road, Nanshan Sub-district, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen City | 518031 | Cheng Tao | 0755-25889919 |
| 31 | | | Securities Branch in Caitian Road, Shenzhen | 1/F & 2/F, Block 3, Fuyuan Building, No. 2014-9 Caitian Road, Futian District, Shenzhen City | 518026 | Ma Jianmin | 0755-82993655 |
| 32 | | | Securities Branch in China Resources Building, Keyuan South Road, Shenzhen | Rooms L1805 & L1806, China Resources Building, No. 2666 Keyuan South Road, Haizhu Community, Yuehai Sub-district, Nanshan District, Shenzhen | 518059 | Xiao Kang | 0755-23819115 |
| 33 | | | Securities Branch in Longgang Avenue, Shenzhen | 102S, Block 2, Vanke Times Square, Shangjing Community, Longcheng Subdistrict, Longgang District, Shenzhen City (at the junction of Longgang Avenue and Longcheng Avenue) | 518172 | Gao Jian | 0755-85205902 |
| 34 | | | Securities Branch in Baidu International Building, Keyuan Road, Shenzhen | 33/F, East Tower, Baidu International Building, Xuefu Road East, Yuehai Street, Nanshan District, Shenzhen City | 518040 | Wang Shaolian | 0755-82531008 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 35 | | | Securities Branch in Shennan Avenue, Shenzhen | Room 2501A, Block B, Phase I Donghai International Center, No. 7888 Shennan Road, Donghai Community, Xiangmihu Street, Futian District, Shenzhen City | 518040 | Li Chendong | 0755-82719339 |
| 36 | | | Securities Branch in China Resources Land Building, Shennan Avenue, Shenzhen | Rooms 2904, 2905 and 2906, Block D, China Resources Land Building, No. 19 Kefa Road, Dachong Community, Yuehai Sub-district, Nanshan District, Shenzhen | 518057 | Song Tao | 0755-25870808 |
| 37 | | | Securities Branch in Hongli Road, Shenzhen | BC, 9/F, Block A, CIS Commercial Center, No. 1061 Xiangmei Road, Xiangmihu Street, Futian District, Shenzhen City | 518000 | Li Xiaoshan | 0755-82080300 |
| 38 | | | Securities Branch in Fund Building, Shennan Avenue, Shenzhen | 8B, Fund Building, No. 5999 Yitian Road, Lianhua Street, Futian District, Shenzhen City | 518053 | Cao Mengming | 0755-26626388 |
| 39 | | | Securities Branch in Rongchao Business Center, Yitian Road, Shenzhen | Rooms 2201-2212, Building A, Rongchao Business Center, No. 6003 Yitian Road, Fuxin Community, Lianhua Street, Futian District, Shenzhen City | 518026 | Wu Sheng | 0755-83767319 |
| 40 | | | Securities Branch in Yitian Road, Shenzhen | Flats 02, 03, 04, 17/F, China Travel Service HK Building, No. 4011 Shennan Avenue, Futian District, Shenzhen City | 518048 | Shen Jiayan | 0755-82766159 |
| 41 | | | Securities Branch in Zhuzilin 4th Road, Shenzhen | Flats 10H, 10I, 10J, China Economy and Trading Building, No. 18 Zizhu 7th Road, Zhulin Community, Xiangmihu Street, Futian District, Shenzhen City | 518041 | Gu Guoxu | 0755-82027636 |
| 42 | | | Securities Branch in Zhongxin Road, Houhai, Shenzhen | Units 1203, 1205 and 1206, Xizhilang Building, No. 3033 Zhongxin Road, Weilan Coast Community, Yuehai Street, Nanshan District, Shenzhen | 518048 | Chen Shun | 0755-27247971 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 43 | Guangxi 2 | Nanning | Securities Branch in Minzu Avenue, Nanning | Rooms 702-704, 7/F, South Office Building, Nanning China Resources Center, No. 136-5, Minzu Avenue, Qingxiu District, Nanning | 530029 | Wu Shiyan | 0771-5570215 |
| 44 | | Wuzhou | Securities Branch in Xidi 3rd Road, Wuzhou | Business office No. 3-2 and business apartment Nos. 2801-2809, 1/F, No. 19 Xidi 3rd Road, Wuzhou City | 543002 | Qin Shumin | 0774-3862288 |
| 45 | Hainan 2 | Haikou | Securities Branch in Guoxing Road, Haikou | Room 3807, 38/F, New Hainan Building, No. 5 Guoxing Road, Meilan District, Haikou City, Hainan Province | 570102 | He Ruijin | 0898-66202789 |
| 46 | | Sanya | Securities Branch in Yingbin Road, Sanya | Unit 1201, Yangguang Financial Square, No. 360-1 Yingbin Road, Jiyang District, Sanya City, Hainan Province | 572021 | Zhao Yang | 0898-88211669 |
| 47 | Shanxi 1 | Taiyuan | Securities Branch in Tiyu Road, Taiyuan | No. 58, Tiyu Road, Xiaodian District, Taiyuan City | 030001 | Wang Guoqi | 0351-7775553 |
| 48 | Henan 3 | Zhengzhou | Securities Branch in Jingsan Road, Zhengzhou | Guanghui Building, No. 15, Jingsan Road, Jinshui District, Zhengzhou City | 450003 | Yu Dong | 0371-65585009 |
| 49 | | | Securities Branch in Nongye Road, Zhengzhou | No. 101, Floors 1-2, Building 1, No. 16, East Nongye Road, Jinshui District, Zhengzhou City | 450000 | Zhou Rui | 0371-60958371 |
| 50 | | | Securities Branch in Zijingshan Road, Zhengzhou | 18/F (whole floor), Building 2, Zhengzhou Zhengshang Lanhai Plaza, Erligang, Zijingshan Road, Guancheng District, Zhengzhou City | 450008 | Xia Mengfei | 0371-58670567 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 51 | Heilongjiang 5 | Harbin | Securities Branch in West 16th Street, Harbin | No. 15, West 16th Street, Daoli District, Harbin City, Heilongjiang Province | 150010 | Song Fei | 0451-51531366 |
| 52 | | | Securities Branch in Xuanhua Street, Harbin | Floors 1-2, Block B, Aocheng International, No. 239, Xuanhua Street, Nangang District, Harbin City | 150001 | Wang Qishen | 0451-51998768 |
| 53 | | Mudanjiang | Securities Branch in Xiyitiao Road, Mudanjiang | No. 236, Xiyitiao Road, Xi'an District, Mudanjiang City, Heilongjiang Province | 157001 | Ma Xiuhui | 0453-8111898 |
| 54 | | Suihua | Securities Branch in Zhengyang Street, Zhaodong, Suihua | Zhengyang South 10th Street, No. 3, Zhaodong, Suihua City, Heilongjiang Province (Office of ICBC Zhaodong Branch on the 2/F) | 151100 | Sun Peng | 0455-8182228 |
| 55 | | Daqing | Securities Branch in Xinchao Street, Daqing | Commercial Service Building S10, Xinchao Jiayuan Community Phase I, Ranghulu District, Daqing City, Heilongjiang Province | 163400 | Zheng Ye | 0459-8971477 |
| 56 | Jilin 3 | Changchun | Securities Branch in Minkang Road, Changchun | No. 855, Minkang Road, Nanguan District, Changchun City | 130041 | Cheng Bo | 0431-81910599 |
| 57 | | | Securities Branch in Ziyou Avenue, Changchun | No. 1000, Ziyou Avenue, Chaoyang District, Changchun City | 130021 | Guo Jiayin | 0431-81919187 |
| 58 | | Jilin | Securities Branch in Jiefang East Road, Jilin City | Branch No. 7, Dongchang Complex Building 2, No. 62 Jiefang East Road, Changyi District, Jilin City, Jilin Province | 132001 | Zhou Laiying | 0432-65128799 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 59 | Hubei 29 | Xiaogan | Securities Branch in Zijin Road, Anlu | No. 1, Zijin Road, Anlu City, Hubei Province | 432600 | Zou Yizhao | 0712-5231718 |
| 60 | | | Securities Branch in Xiyue Avenue, Dawu | Xiyue Avenue, Dawu County, Hubei Province | 432800 | Chen Junhong | 0712-7226466 |
| 61 | | | Securities Branch in Xiannv Avenue, Hanchuan | No. 215, Xiannv Avenue, Hanchuan City, Hubei Province | 431600 | Li Zhihua | 0712-8296358 |
| 62 | | | Securities Branch in Changzheng Road, Xiaogan | No. 29, Changzheng Road, Xiaogan City, Hubei Province | 432000 | Zhang Hongkai | 0712-2326827 |
| 63 | | | Securities Branch in West Main Street, Yingcheng | Shop 20, Gucheng Xindu, Gucheng Avenue, Chengzhong Street, Yingcheng City, Xiaogan City, Hubei Province | 432400 | Pan Jianping | 0712-3226017 |
| 64 | | | Securities Branch in Chaoyang Road, Yunmeng | No. 1, Chaoyang Road, Yunmeng County, Hubei Province | 432500 | Long Nina | 0712-4338338 |
| 65 | | Enshi | Securities Branch in Jingui Avenue, Enshi | No. 15, Jingui Avenue, Enshi City, Hubei Province | 445000 | Feng Bo | 0718-8237528 |
| 66 | | | Securities Branch in Yezhou Avenue, Jianshi | No. 109, Yezhou Avenue, Yezhou Town, Jianshi County | 445300 | Chen Yan | 0718-3230098 |
| 67 | | | Securities Branch in Chutian Road, Badong | No. 5 Chutian Road, Badong County, Enshi Tujia and Miao Autonomous Prefecture, Hubei Province | 444300 | Zhang Zhenqian | 0718-8239026 |
| 68 | | | Securities Branch in Fengxiang Avenue, Laifeng | No. 87, Fengxiang Avenue, Laifeng County | 445700 | Si Guoyao | 0718-6288118 |
| 69 | | | Securities Branch in Nanbin Avenue, Lichuan | Rooms 106 and 107, Block 8, Nanbin Garden, No. 66 Nanbin Avenue, Group 1, Wangjiawan Village, Dongcheng Subdistrict Office, Lichuan City | 445400 | Qin Xiqiong | 0718-7283339 |
| 70 | | Jingzhou | Securities Branch in Middle Jiangjin Road, Jingzhou | No. 14, Floor 1-2, Building 2, Xiangxie Lidu, Middle Jiangjin Road, Shashi District, Jingzhou City | 434000 | Yu Yanhua | 0716-8249551 |
| 71 | | | Securities Branch in Bijiashan Road, Shishou | No. 88, Bijiashan Road, Xiulin Agency, Shishou City | 434400 | Zuo Feng | 0716-7282593 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 72 | | Shiyan | Securities Branch in Chaoyang Middle Road, Shiyan | No. 29, Chaoyang Middle Road, Maojian District, Shiyan City | 442000 | Zhang Xingxin | 0719-8688188 |
| 73 | | Shennongjia Forestry District | Securities Branch in Shennong Avenue, Shennongjia | No. 225, Shennong Avenue, Songbai Town, Shennongjia Forestry District | 442400 | Liu Chao | 0719-3336276 |
| 74 | | Wuhan | Securities Branch in Minzu Avenue, Wuhan | No. 1 Minzu Avenue, Hongshan District, Wuhan City | 430074 | Xu Hui | 027-87575660 |
| 75 | | | Securities Branch in Jianghan Road, Wuhan | R1, 1/F and R1-R3, 2/F, Shipping International Plaza, No. 250 Jianghan Road, Jiang'an District, Wuhan City | 430032 | Wang Li | 027-83632286 |
| 76 | | | Securities Branch in Youyi Avenue, Wuhan | Rooms 03 and 04, 1/F, Unit 3, Building 1, Vanke Jinyu Huafu, No. 29 Fangji Road, Yangyuan Street, Wuchang District, Wuhan City | 430080 | Liu Hongyan | 027-86880966 |
| 77 | | | Securities Branch in Shouyi Road, Wuhan | No. 115, Shouyi Road, Wuchang District, Wuhan City | 430060 | Li Pan | 027-88133377 |
| 78 | | | Securities Branch in Wuluo Road, Wuhan | Room 1F-21, 1/F and Room 5-13, 15/F, Building 3, Disiman International Center, No. 421, Wuluo Road, Wuchang District, Wuhan City | 430070 | Wang Kai | 027-87816068 |
| 79 | | | Securities Branch in Xinhua Road, Wuhan | No. 314, Xinhua Road, Jianghan District, Wuhan City | 430015 | Zhang Feng | 027-85558889 |
| 80 | | Xiangyang | Securities Branch in Changhong North Road, Xiangyang | No. 19, Changhong North Road, Hightech Zone, Xiangyang City | 441000 | Zhang Suicui | 0710-3278298 |
| 81 | | Huanggang | Securities Branch in Dongmen Road, Huanggang | Shops 101 & 102, 1/F and No. 201, 2/F, Building 8, No. 91-36 Dongmen Road, Huangzhou District, Huanggang City, Hubei Province | 438000 | Ning Yi | 0713-8613915 |
| 82 | | | Securities Branch in Minzhu Road, Wuxue | Shops 101-104 and 201-203, Building 3, Guoding Mansion, No. 138-17 Minzhu Road, Wuxue City, Hubei Province | 435400 | Li Zhongrun | 0713-6758589 |
| 83 | | | Securities Branch in Ronghui Road, Macheng | No. 33, Ronghui Road, Macheng City, Hubei Province | 438300 | Zou Rui | 0713-2772385 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 84 | | Yichang | Securities Branch in Zilong Road, Dangyang | No. 59, Zilong Road, Dangyang City, Hubei Province | 444100 | Wang Zhenpeng | 0717-3252238 |
| 85 | | | Securities Branch in Xiling First Road, Yichang | No. 10, Xiling First Road, Yichang City | 443000 | Xu Jian | 0717-6223391 |
| 86 | | | Securities Branch in Changjiang Avenue, Yidu | No. 167, Changjiang Avenue, Lucheng, Yidu City | 443300 | Hu Dewen | 0717-4836899 |
| 87 | | | Securities Branch in Park Road, Zhijiang | Junction of Tuanjie Road and Park Road, Majiadian, Zhijiang City | 443200 | Zhou Wenting | 0718-4200539 |
| 88 | Hunan 3 | Changsha | Securities Branch in Furong Middle Road, Changsha | Units 30028-30032, Fuxing Commercial Plaza, No. 303, Section 1, Furong Middle Road, Kaifu District, Changsha City, Hunan Province | 410007 | Tang Jingyu | 0731-85561098 |
| 89 | | Yueyang | Securities Branch in Tianyue Avenue, Pingjiang, Yueyang | Beside to the Local Tax Bureau, Tianyue Avenue, Pingjiang County, Yueyang City | 414500 | Chen Muyuan | 0730-6297006 |
| 90 | | | Securities Branch in Wulipai, Yueyang | 3/F, Jiamei Building, Wulipai, Yueyang City | 414000 | Chen Siyuan | 0730-8240599 |
| 91 | Jiangxi 3 | Nanchang | Securities Branch in Supu Road, Nanchang | No. 111, Supu Road, Donghu District, Nanchang City, Jiangxi Province | 330006 | Han Tao | 0791-86270340 |
| 92 | | | Securities Branch in Fenghe Middle Avenue, Nanchang | North side of Room 104 and Room 204, No. 2 Office and Commerce Building, Xinghehui Business Center, No. 1333 Fenghe Middle Avenue, Honggutan New District, Nanchang City, Jiangxi Province | 330100 | Wu Di | 0791-83751699 |
| 93 | | Ganzhou | Securities Branch in M&A Fund Park, Ganzhou | Shops 1-1, 1-10, 2-1 and 2-10, Building 1, Yangming International Center, Zhangjiang New Zone, Zhanggong District, Ganzhou City, Jiangxi Province | 341000 | Liu Jingwei | 0797-5886858 |
| 94 | Jiangsu 93 | Changzhou | Securities Branch in Dongheng Street, Changzhou | No. 2, Dongheng Street, Changzhou City | 213003 | Yang Lu | 18106123792 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 95 | | | Securities Branch in Heping North Road, Changzhou | No. 9, Heping North Road | 213000 | Jing Wei | 0519-85522173 |
| 96 | | | Securities Branch in Taihu East Road, Changzhou | Nos. 1-10, 11, 12, 26, 27 and 28, Fuchen Park, Taihu East Road, Xinbei District, Changzhou City | 213000 | Yan Yao | 0519-86921660 |
| 97 | | | Securities Branch in Huayuan Street, Changzhou | A-101 and 201, No. 137 Huayuan Street, Wujin District, Changzhou City, Jiangsu Province | 213159 | Zou Wenjuan | 0519-81000818 |
| 98 | | | Securities Branch in Nanhuan First Road, Jintan | Nos. 109, 110, 111 and 112, Building 1, Binhe Xingcheng, Jintan District, Changzhou City | 213200 | Yao Haitang | 0519-82696969 |
| 99 | | | Securities Branch in South Street, Liyang | No. 91, South Street, Liyang City | 213300 | Shi Yuefeng | 18961106969 |
| 100 | | Huaian | Securities Branch in East Huahai Road, Huaian | Shops 1004-1006, and Rooms 801-814, Building 1, Huifeng Central Plaza, Huaian City | 223301 | Wei Xiang | 0517-83907001 |
| 101 | | | Securities Branch in Chengde North Road, Huaiyin, Huaian | Rooms 2, 3, 4, Building 2, Chengde Mansion, Huaiyin District, Huaian City | 223300 | Yu Le | 0517-84908988 |
| 102 | | | Securities Branch in Hongri Avenue, Lianshui, Huaian | Rooms 103 and 104, Building Z02, Xin Lian Yi Pin, Zhong Lian One City, Lianshui County, Huaian | 223400 | Hu Xi | 0517-82660908 |
| 103 | | | Securities Branch in Xiangyu Avenue, Huai'an District, Huaian | No. 1007 Xiangyu Avenue, Huaian District, Huaian City | 223200 | Shen Zhongqin | 0517-85198077 |
| 104 | | | Securities Branch in Huaihe East Road, Xuyi, Huaian | No. 45, Huaihe East Road, Xucheng Town, Xuyi County, Huaian City, Jiangsu Province | 211700 | Kang Le | 0517-88219875 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 105 | | Nanjing | Securities Branch in Zhenzhu South Road, Lishui | Room 6, Building 109, Guangcheng Oriental City, No. 99 Zhenzhu South Road, Yongyang Town, Lishui District, Nanjing City | 211200 | Li Guangxiang | 025-56235323 |
| 106 | | | Securities Branch in Qingliangmen Street, Nanjing | Room 1901, No. 39 Qingliangmen, Gulou District, Nanjing City | 210036 | Zhang Haiqiao | 025-86586116 |
| 107 | | | Securities Branch in Changjiang Road, Nanjing | 1/F & 2/F, No. 99 Changjiang Road, Nanjing City | 210005 | Xing Qin | 025-84798478 |
| 108 | | | Securities Branch in Baota Road, Gaochun, Nanjing | No. 188-6, Baota Road, Chunxi Town, Gaochun District, Nanjing City, Jiangsu Province | 211300 | Xing Jiabin | 025-56816719 |
| 109 | | | Securities Branch in Wenlan Road, Nanjing | No. 6, Wenlan Road, Xianlin University Town, Qixia District, Nanjing | 210024 | Li Boyang | 025-58010075 |
| 110 | | | Securities Branch in Lushan Road, Nanjing | No. 168, Lushan Road, Jianye District, Nanjing City | 210029 | Jiang Xianming | 025-83539789 |
| 111 | | | Securities Branch in Minzhi Road, Nanjing | 12/F, Block N, Nanjing Zendai Hima Centre, No. 2 Minzhi Road, Yuhuatai District, Nanjing | 210002 | Dai Yang | 025-86895618 |
| 112 | | | Securities Branch in Tianyuan East Road, Jiangning, Nanjing | Rooms 801-805, Building 8, Fortune Plaza II, No. 228 Tianyuan East Road, Chunhua Street, Jiangning, Nanjing City | 211100 | Hou Jiarui | 025-83389130 |
| 113 | | | Securities Branch in Daguang Road, Nanjing | Room 202A, Guanghua Building, No. 39 Daguang Road, Qinhuai District, Nanjing City | 210016 | Li Ying | 025-84636866 |
| 114 | | | Securities Branch in Xiongzhou West Road, Liuhe, Nanjing | 9/F, Building 1, No. 12 Xiongzhou West Road, Xiongzhou Street, Liuhe District, Nanjing City | 211500 | Xie Xiangshun | 025-57115051 |
| 115 | | | Securities Branch in Ningshuang Road, Nanjing | 12/F, Building A, Yunmi City, No. 19 Ningshuang Road, Yuhuatai District, Nanjing City, Jiangsu Province | 210007 | Xu Minfeng | 025-84480958 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 116 | | | Securities Branch in Yushi Street, Nanjing | No. 96, Yushi Street, Nanjing City | 210008 | Yang Haikun | 025-84701234 |
| 117 | | | Securities Branch in Zhimaying, Nanjing | No. 26, Zhimaying, Nanjing City | 210004 | Chu Dongbing | 025-52210618 |
| 118 | | | Securities Branch in Zhonghua Road, Nanjing | No. 255, Zhonghua Road, Nanjing City, Jiangsu Province | 210001 | Wang Huan | 025-52230208 |
| 119 | | | Securities Branch in Huatai Securities Building, East Zhongshan Road, Nanjing | 25/F, No. 90 East Zhongshan Road, Qinhuai District, Nanjing | 210009 | Li Li | 025-84718112 |
| 120 | | | Securities Branch in Zhenghe Middle Road, Nanjing | Room 902, 9/F, Building D, Nanjing Yangtze River International Shipping Center, No. 118, Zhenghe Middle Road; No. 3-15-2, Yongning Street, Gulou District, Nanjing | 210003 | Zhang Anzhong | 025-83539292 |
| 121 | | | The Third Securities Branch in Zhongyang Road, Nanjing | Block 6, No. 399, Zhongyang Road, Nanjing City, Jiangsu Province | 210037 | Li Guoping | 025-83581188 |
| 122 | | | Securities Branch in Pukou Avenue, Nanjing | Room 3004, Building 1, No. 11 Pukou Avenue, Jiangpu Street, Pukou District, Nanjing | 210032 | Ma Qiaoping | 025-83176012 |
| 123 | | Nan Tong | Securities Branch in Changjiang Road, Haimen | No. 231, Changjiang Road, Haimen Town, Haimen City, Jiangsu Province | 226100 | Zhu Bing | 0513-82227766 |
| 124 | | | Securities Branch in Middle Changjiang Road, Hai'an, Nantong | No. 93, Middle Changjiang Road, Hai'an Town, Hai'an County, Nantong City, Jiangsu Province | 226600 | Zhai Jiping | 0513-88856678 |
| 125 | | | Securities Branch in Gongnong Road, Nantong | Rooms 2404-2405, South Building, Harmony City, No. 57 Gongnong Road, Nantong City | 226000 | Sha Fei | 0513-85126758 |
| 126 | | | Securities Branch in Middle Renmin Road, Nantong | East half of the 2/F, Jinxin Building, No. 79, Middle Renmin Road, Chongchuan District, Nantong City | 226001 | Fan Ying | 0513-85123188 |
| 127 | | | Securities Branch in Jianghai Road, Rudong, Nantong | Southern section of the 4/F, Room 101, Zhongyang Plaza, No. 2 East Jianghai Road, Chengzhong Street, Rudong County | 226400 | Shi Shushu | 0513-84883333 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 128 | | | Securities Branch in Shanghai East Road, Nantong | Room 101, Block 2, Jinhaiyuan, Development Zone, Nantong City | 226009 | Zhu Bing | 0513-85895597 |
| 129 | | | Securities Branch in New Century Avenue, Tongzhou, Nantong | Office 01B-2, No. 170, New Century Avenue, High-tech Zone, Nantong | 226300 | Ji Xi | 0513-81692959 |
| 130 | | | Securities Branch in Yaogang Road, Nantong | No. 6, Yaogang Road, Nantong City, Jiangsu Province | 226006 | Xu Ke | 0513-85580999 |
| 131 | | | Securities Branch in Middle Renmin Road, Qidong | No. 505, Middle Renmin Road, Huilong Town, Qidong City, Jiangsu Province | 226200 | Yao Liang | 0513-83652208 |
| 132 | | | Securities Branch in Fushou Road, Rugao | Rooms 2-1 & 2-2, Complex Building, Chengjian Jiayuan Phase III, Rucheng Town, Rugao City, Jiangsu Province | 226500 | Wang Yongsheng | 0513-87335888 |
| 133 | | Suzhou | Securities Branch in Jinshajiang Road, Changshu | No. 18, Jinshajiang Road, Changshu City, Jiangsu Province | 215500 | Pan Yi | 0512-52895998 |
| 134 | | | Securities Branch in Heilongjiang North Road, Kunshan | 3/F, Building 3, No. 8 Heilongjiang North Road, Kunshan Development Zone, Jiangsu Province | 215300 | Liu Xinglin | 0512-55219166 |
| 135 | | | Securities Branch in Ganjiang West Road, Suzhou | No. 1359, Ganjiang West Road, Suzhou City, Jiangsu Province | 215004 | Lu Renyan | 0512-68270515 |
| 136 | | | Securities Branch in Heshan Road, Suzhou | 2/F, Building 2, Jinri Jiayuan (No. 56, Heshan Road), Hightech Zone, Suzhou City | 215000 | Ruan Jing | 0512-68785488 |
| 137 | | | Securities Branch in Renmin Road, Suzhou | No. 1925, Renmin Road, Suzhou City, Jiangsu Province | 215001 | Zhang Zhen | 0512-67579766 |
| 138 | | | Securities Branch in East Suzhou Avenue, Suzhou | 29A, Modern Media Plaza, No. 265 East Suzhou Avenue, Suzhou Industrial Park | 215028 | Gong Chen | 0512-67248873 |
| 139 | | | Securities Branch in Xinshi Road, Suzhou | No. 102, Xinshi Road, Canglang District, Suzhou City, Jiangsu Province | 215007 | Guo Hengxi | 0512-65187816 |
| 140 | | | Securities Branch in Taiping South Road, Taicang | No. 36-1, Taiping South Road, Chengxiang Town, Taicang City | 215400 | Liu Lihong | 0512-53589559 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 141 | | | Securities Branch in Guangzhou Road, Shengze Town, Wujiang | Room 107, Huiying Mansion, Financial Business Center, North Side of Chenjiaqiao Village Road, Xincheng District, Shengze Town, Wujiang District, Suzhou City | 215228 | Fan Xiaofeng | 0512-63910061 |
| 142 | | | Securities Branch in Middle Changjiang Road, Jingang Town, Zhangjiagang | No. 251, Middle Changjiang Road, Jingang Town, Zhangjiagang City, Jiangsu Province | 215633 | Zhang Lin | 0512-56767800 |
| 143 | | | Securities Branch in Yangshe East Road, Zhangjiagang | No. 2, Yangshe Road East | 215600 | Liu Xiao | 0512-58127000 |
| 144 | | | Securities Branch in Wuzhong Avenue, Suzhou | Rooms 106, 111,112 on 1/F and Rooms 202 & 203 on 2/F, Wuzhong Commercial Center, Building 1, No. 198 Su Street, Yuexi Sub-district, Wuzhong Economic Development Zone, Suzhou | 215104 | Sun Qiang | 0512-66021886 |
| 145 | | | Securities Branch in Gaoxin Road, Wujiang District, Suzhou | Nos. 946 and 948, Gaoxin Road, Songling Town, Wujiang District, Suzhou City | 215200 | Zhao Yang | 0512-63956208 |
| 146 | | Taizhou | Securities Branch in East Street, Jiangyan | No. 23, East Avenue, Luotang Street, Jiangyan District, Taizhou City, Jiangsu Province | 225500 | Miao Genping | 0523-88209518 |
| 147 | | | Securities Branch in Middle Renmin Road, Jingjiang | No. 150-3, Middle Renmin Road, Jingjiang City, Jiangsu Province | 214500 | Wu Haojun | 0523-89101088 |
| 148 | | | Securities Branch in Guoqing West Road, Taixing | D106 & D206, Hotel Building 4, Qingyun Garden, Taixing City, Jiangsu Province | 225400 | Tao Jin | 0523-87095597 |
| 149 | | | Securities Branch in Jingang South Road, Gaogang, Taizhou | Room 02, Building 6, Dushi Jiayuan Phase I, Jingang South Road, Gaogang District, Taizhou City, Jiangsu Province | 225300 | Zhang Zhan | 0523-86985597 |
| 150 | | | Securities Branch in Middle Yingwu Road, Xinghua, Taizhou | No. 198, Middle Yingwu Road, Xinghua City, Jiangsu province | 225700 | Cai Li'ang | 0523-83256333 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 151 | | Wuxi | Securities Branch in Futai Road, Jiangyin | 5/F, New Baiye Square, No. 8 Futai Road, Jiangyin City | 214421 | Yu Bo | 0510-86837528 |
| 152 | | | Securities Branch in Huandong Road, Huashi Town, Jiangyin | No. 680, Huandong Road, Huashi Town, Jiangyin City | 214421 | Chen Dongdong | 0510-81662778 |
| 153 | | | Securities Branch in West Avenue, Zhouzhuang Town, Jiangyin | No. 318, West Avenue, Zhouzhuang Town, Jiangyin City | 214423 | Yan Ming | 0510-81660193 |
| 154 | | | Securities Branch in Hongqiao North Road, Changjing Town, Jiangyin | No. 10, Hongqiao North Road, Changjing Town, Jiangyin City | 214411 | Zhou Junning | 0510-81662758 |
| 155 | | | Securities Branch in Yingxiu Road, Qingyang Town, Jiangyin | No. 111, Yingxiu Road, Qingyang Town, Jiangyin City | 214401 | Liu Chaohui | 0510-86817241 |
| 156 | | | Securities Branch in Shenpu Road, Lingang, Jiangyin | No. 108, Shenpu Road, Lingang Sub-district, Jiangyin City | 214443 | Huang Yaqiu | 0510-81666278 |
| 157 | | | Securities Branch in Liangqing Road, Wuxi | 1/F, Jiangong Building, No. 56 Liangqing Road, Wuxi City | 214000 | You Lingyan | 0510-82768155 |
| 158 | | | Securities Branch in Jiefang West Road, Wuxi | No. 327, Jiefang West Road, Wuxi City | 214000 | Zhang Ye | 0510-82722975 |
| 159 | | | Securities Branch in Financial First Street, Wuxi | Unit 01B, First Floor, No. 11, Financial First Street, Taihu New City, Binhu District, Wuxi City | 214123 | Tang Kai | 0510-85065672 |
| 160 | | | Securities Branch in Yongle Road, Wuxi | 1/F, Shuili Building, No. 12 Nanhebang, Yongle Road, Liangxi District, Wuxi City | 214021 | Dong Jun | 0510-85045101 |
| 161 | | | Securities Branch in Jiefang East Road, Yixing | No. 177, Jiefang East Road, Yicheng Sub-district, Yixing City | 214299 | Wan Lei | 0510-80793526 |
| 162 | | Lianyungang | Securities Branch in Tongguan South Road, Lianyungang | No. 69, Tongguan South Road, Haizhou District, Lianyungang City, Jiangsu Province | 222001 | Liu Lei | 0518-85519068 |
| 163 | | Suqian | Securities Branch in Beijing North Road, Shuyang | No. 17 (on the first floor of CCB), Beijing North Road, Shucheng Town, Shuyang County | 223600 | Feng Lingtong | 0527-87880259 |
| 164 | | | Securities Branch in Hongze Lake Road, Suqian | No. 581, Hongze Lake Road, Suqian City | 223800 | Zhang Yang | 0527-84390068 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 165 | | Xuzhou | Securities Branch in Science Park, Xuzhou | Room 103, 1/F & Rooms 306, 307 and 308, 3/F, Technology Building, Technology Avenue, Quanshan District, Xuzhou City | 221006 | Zhou Xuehong | 0516-85850911 |
| 166 | | | Securities Branch in Tangmu Road, Pei County, Xuzhou | No. 2, Tangmu Road, Pei County, Xuzhou City, Jiangsu Province | 221600 | Luo Wei | 0516-81202066 |
| 167 | | | Securities Branch in Huaihai East Road, Xuzhou | No. 165, 1F/F and Rooms 2102 – 2105, Unit A, Suning Plaza, No. 29 Huaihai East Road, Gulou District, Xuzhou City | 221000 | Jiao Shuai | 0516-83718027 |
| 168 | | | Securities Branch in Renmin East Road, Suining, Xuzhou | Rooms 104, 205, 206, 214 and 215, Unit 1, Building 1, Hongrui Jiadi, Renmin East Road, Suicheng Town, Suining County | 221200 | Zhang Lei | 0516-81307121 |
| 169 | | | Securities Branch in Heping Road, Xuzhou | Room 1-104, Building B, Baolong Square, No. 99 Heping Road, Yunlong District, Xuzhou City | 221116 | Wang Guihang | 0516-83538896 |
| 170 | | | Securities Branch in Jianguo West Road, Xuzhou | Room 109, 1/F & Room 205, 2/F, Block 1A, Fortune Plaza, No. 75 Jianguo West Road, Xuzhou City | 221000 | Zhang Zhengxing | 0516-85803998 |
| 171 | | | Securities Branch in Daqiao West Road, Xinyi | No. 8, Daqiao West Road, Xinyi, Xuzhou City, Jiangsu Province | 221400 | Wang Lei | 0516-88989808 |
| 172 | | | Securities Branch in Zhongyang Avenue, Feng County, Xuzhou | (Shops 2-10, Mingshi Garden), No. 5101 Zhongyang Avenue, Feng County, Xuzhou City, Jiangsu Province | 221700 | Chen Yanzhi | 0516-66650130 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 173 | | Yancheng | Securities Branch in Renmin South Road, Dafeng, Yancheng | Rooms 102, 103 and 104, Building B, Yangguang Mall, Dafeng District, Yancheng | 224100 | Yang Fei | 0515-83928806 |
| 174 | | | Securities Branch in Middle Hailing Road, Dongtai | Rooms 8017 & 8018, Building 3, Shangye New Village, No. 78 Middle Hailing Road, Dongtai | 224200 | Xi Jing | 0515-85105761 |
| 175 | | | Securities Branch in Chenghe Road, Funing, Yancheng | No. 63(C), Chenghe Road, Funing County | 224400 | Fu Yacheng | 0515-87875111 |
| 176 | | | Securities Branch in South Hongxing Alley, Binhai, Yancheng | Room 15-103 and Room 15-104, No. 15 Commercial and Residential Building, No. 16 Commercial and Office Building, Lvdu Jiayuan, No. 29 South Hongxing Alley, Dongkan Street, Binhai County | 224500 | Zhou Dehong | 0515-87021988 |
| 177 | | Yangzhou | Securities Branch in Pinghuai Road, Gaoyou, Yangzhou | No. 37, Pinghuai Road, Gaoyou | 225600 | Guan Yizhi | 0514-84666552 |
| 178 | | | Securities Branch in Yeting East Road, Baoying, Yangzhou | No. 10, Yeting East Road, Baoying County | 225800 | Zuo Enlin | 0514-88230488 |
| 179 | | | Securities Branch in South Longchuan Road, Jiangdu, Yangzhou | Nos. 220, 222 and 226, Business Buildings, Longchuan Road, Zhongyuan Europe City, Xiannv Town, Jiangdu District, Yangzhou City | 225200 | Liu Handong | 0514-86534998 |
| 180 | | | Securities Branch in Wenchang West Road, Yangzhou | (Park International Building) No. 56, Wenchang West Road, Yangzhou City, Jiangsu Province | 225000 | Cheng Li | 0514-85863888 |
| 181 | | | Securities Branch in Wenchang Middle Road, Yangzhou | No. 406, Wenchang Middle Road, Yangzhou City, Jiangsu Province | 225001 | Zhang Jingbao | 0514-87055888 |
| 182 | | | Securities Branch in Zhenzhou East Road, Yizheng, Yangzhou | No. 101, Zhenzhou East Road, Zhenzhou Town, Yizheng City, Jiangsu Province | 211400 | Lu Zaiyan | 0514-83962098 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 183 | | Zhenjiang | Securities Branch in Cuizhu South Road, Yangzhong | No. 235, Cuizhu South Road, Sanmao Sub-district, Yangzhong City | 212200 | Ling Qi | 0511-88399933 |
| 184 | | | Securities Branch in Guyang Middle Avenue, Dantu, Zhenjiang | Rooms 131-133, Hengyu Building, Guyang Middle Avenue, Dantu District, Zhenjiang City | 212000 | Xu Rui | 0511-85115898 |
| 185 | | | Securities Branch in Fenghuang Road, Danyang, Zhenjiang | Nos. 16-1 to 16-3, Fenghuang Road, Development Zone, Danyang | 212300 | Hou Yeping | 0511-86699772 |
| 186 | | | Securities Branch in Huayang North Road, Jurong, Zhenjiang | No. 1, Huayang North Road, Huayang Town, Jurong City | 212400 | Xu Kai | 051185979998 |
| 187 | Liaoning 7 | Dalian | Securities Branch in Shengli East Road, Dalian | Nos. 223 and 231, Market Street; Nos. 2-1, 2-2 and 2-3, Unit 1, No. 227 Market Street, Xigang District, Dalian City, Liaoning Province | 116013 | Tang Wei | 0411-82815866 |
| 188 | | | Securities Branch in Lianhe Road, Dalian | No. 4, Meiduyuan, Shahekou District, Dalian City, Liaoning Province | 116021 | Jia Jing | 0411-84342688 |
| 189 | | Panjin | Securities Branch in Shiyou Street, Panjin | Jiguanwei, Shiyou Street, Xinglongtai District, Panjin City | 124010 | Wang Fan | 0427-3257500 |
| 190 | | Shenyang | Securities Branch in Daxi Road, Shenyang | No. 187, Daxi Road, Shenhe District, Shenyang City, Liaoning Province | 110014 | Wang Hui | 024-31976665 |
| 191 | | | Securities Branch in Guangrong Street, Shenyang | Floors 2-5, No. 23, Guangrong Street, Heping District, Shenyang City, Liaoning Province | 110003 | Liu Xiaoqing | 024-31883577 |
| 192 | | | Securities Branch in Qingnian Street, Shenyang | No. 320 (Building group 201), Qingnian Street, Heping District, Shenyang City, Liaoning Province | 110004 | Zhang Sai | 024-31883388 |
| 193 | | Yingkou | Securities Branch in Bohai Street, Yingkou | No. 16-A-1, Bohai Street East, Zhanqian District | 115000 | Wang Ran | 0417-3350961 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 194 | Shandong 7 | Jinan | Securities Branch in Jingqi Road, Jinan | West Hall, 1F, Runheng Building, No. 83, Jingqi Road, Shizhong District, Jinan City | 250000 | Zhang Qinlei | 18660186343 |
| 195 | | | Securities Branch in Jiefang East Road, Jinan | Room 203, 2/F, Podium of Shandong Port Luhai Logistics Building, No. 25-6 Jiefang East Road, Lixia District, Jinan City | 250061 | Wang Qiang | 0531-82318318 |
| 196 | | | Securities Branch in Jiefang Road, Jinan | 1/F, East Dongyuan Building, No. 30 Jiefang Road, Lixia District, Jinan City | 250013 | Cheng Gaofeng | 0531-85829568 |
| 197 | | Yantai | Securities Branch in Changshan Road, Laiyang | No. 32, Changshan Road, Laiyang City, Shandong Province | 265200 | Zhang Baigang | 0535-7999111 |
| 198 | | | Securities Branch in Jinhua Street, Yantai | No. 85, Jinhua Street, Zhifu District, Yantai City, Shandong Province | 264000 | Wang Xiaodong | 0535-2150055 |
| 199 | | Qingdao | Securities Branch in West Hong Kong Road, Qingdao | No. 79, West Hong Kong Road, Shinan District, Qingdao, Shandong Province | 266071 | Cui Junfeng | 0532-85713938 |
| 200 | | Linyi | Securities Branch in Jinqueshan Road, Linyi | Room 101, Block B, Weite Tianyuan Square, Jinqueshan Road, Lanshan District, Linyi City, Shandong Province | 276000 | Jing Jianfei | 0539-7030698 |
| 201 | Shanghai 15 | Shanghai | Securities Branch in Jiangning Road, Putuo District, Shanghai | Room 901, No. 1158, Jiangning Road, Putuo District, Shanghai | 200060 | Chen Xiaoxue | 021-33532200 |
| 202 | | | Securities Branch in West Guangzhong Road, Jing'an District, Shanghai | Rooms 1103 & 1105, Nos. 359 & 365, West Guangzhong Road, Jing'an District, Shanghai | 200435 | Bao Jianghao | 021-56761987 |
| 203 | | | Securities Branch in Guobin Road, Yangpu District, Shanghai | Rooms 1801-1804, No. 36, Guobin Road, Yangpu District, Shanghai | 200433 | Qi Lili | 021-33621855 |
| 204 | | | Securities Branch in Huanghe Road, Shanghai | 4/F, No. 333, Huanghe Road, Huangpu District, Shanghai | 200003 | He Wei | 021-63181398 |
| 205 | | | Securities Branch in Raffles Square, Huangpu District, Shanghai | Room 5003-05 (actual room numbers are 4403A, 4403B, 4404), No. 268, Central Tibet Road, Huangpu District, Shanghai | 200042 | Shi Cao | 021-63550001 |
| 206 | | | Securities Branch in Weihai Road, Jing'an District, Shanghai | Room 1305, No. 511, Weihai Road, Jing'an District, Shanghai | 200041 | Xu Yixuan | 021-62678287 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 207 | | | Securities Branch in Mudanjiang Road, Shanghai | 5/F, No. 1508, Mudanjiang Road, Baoshan District, Shanghai | 201999 | Duan Baodong | 021-56106616 |
| 208 | | | Securities Branch in Wangyuan South Road, Fengxian District, Shanghai | Nos. 46, 47, 48 and 49, Miaojing New Village, Fengxian District, Shanghai | 201400 | Yang Junjie | 021-67136006 |
| 209 | | | Securities Branch in Fushan Road, Pudong New District, Shanghai | Rooms 03B-05A, 26/F (actual floor number: 23/F), No. 388, Fushan Road, China (Shanghai) Pilot Free Trade Zone | 200120 | Hu Shengqi | 021-20773068 |
| 210 | | | Securities Branch in Tianyaoqiao Road, Xuhui District, Shanghai | Rooms 1103, 1105, 1107 and 1109, No. 329, Tianyaoqiao Road, Xuhui District, Shanghai | 200030 | Zhang Renrong | 021-54254885 |
| 211 | | | Securities Branch in Xianxia Road, Changning District, Shangha | No. 1398-1, Xianxia Road, Changning District, Shanghai (Temporary) | 200336 | Li Zhongyi | 021-52983009 |
| 212 | | | Securities Branch in Wuding Road, Shanghai | 6/F & 7/F, No. 1088, Wuding Road, Jing'an District, Shanghai | 200040 | Xie Feng | 021-62566063 |
| 213 | | | Securities Branch in South Huangpi Road, Huangpu District, Shanghai | Units 01B, 02, 03, 05, 06, 3/F, Building A, Block 4, No. 1, Lane 838, South Huangpi Road, Huangpu District, Shanghai | 200011 | Huang Weiqing | 021-63356099 |
| 214 | | | Securities Branch in Miaojing Road, Pudong New District, Shanghai | 1-3/F, No. 642, Miaojing Road, Pudong New District, Shanghai | 201299 | Miao Cong | 021-33825017 |
| 215 | | | Securities Branch in Century Avenue, Pudong New District, Shanghai | Unit 05, 1/F, No. 1229 Century Avenue, China (Shanghai) Pilot Free Trade Zone | 200120 | Huang Wei | 021-58392077 |
| 216 | | | Securities Branch in Dongfang Road, Pudong New District, Shanghai | Rooms 03 and 04, 15/F (actually Rooms 03 and 04, 12/F), No. 18 Dongfang Road, China (Shanghai) Pilot Free Trade Zone | 201120 | Luo Yihong | 021-28972315 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 217 | Sichuan 7 | Chengdu | Securities Branch in Jinhui West 2nd Street, Chengdu | Room 2103, 21/F, Unit 1, Building 10, Tianfu Xingu, No. 399, West Section, Fucheng Avenue, Hitech Zone, Chengdu, China (Sichuan) Pilot Free Trade Zone | 610000 | Yang Rui | 028-87448096 |
| 218 | | | Securities Branch in Tianfu Square, Chengdu | Nos. 02 and 03, 21/F, Unit 1, Block 1, No. 5 Xiyu Street, Qingyang District, Chengdu City, Sichuan Province | 610041 | Gao Xiongwei | 028-85512252 |
| 219 | | | Securities Branch in Renmin South Road, Chengdu | Rooms 1506 and 1507, 15/F, Unit 1, Building 1, Xinxiwang Building, No. 45, Renmin Road South Section IV, Wuhou District, Chengdu City, Sichuan Province | 610031 | Li Huiying | 028-85590880 |
| 220 | | | Securities Branch in Shujin Road, Chengdu | Rooms 1901 and 1905, Block B, Jinsha Wanrui Center, No. 1 Shujin Road, Qingyang District, Chengdu City | 610091 | Li Xiao | 028-61505176 |
| 221 | | | Securities Branch in Tianfu Avenue, Chengdu | Rooms 1401 and 04, 14/F, Block 1, No. 588 Middle Section of Tianfu Avenue, Hitech Zone, Chengdu City, China (Sichuan) Pilot Free Trade Zone | 610213 | Wang Hongtao | 028-85640443 |
| 222 | | | Securities Branch in Shixili, Xipu, Chengdu | Annexes 13 and 14 of No. 68 Yuanlin Road, Xipu Town, Pidu District, Chengdu City | 611731 | Liu Feng | 028-87843269 |
| 223 | | Deyang | Securities Branch in Diamond Plaza, Changjiang West Road, Deyang | A2, A3, A4, A5 and A6, 5/F, Building 1, Diamond Plaza, No. 29, Section 2, Changjiang West Road, Deyang, Sichuan Province | 618100 | Shang Guang | 0838-7201167 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 224 | Guizhou 1 | Guiyang | Securities Branch in Zhonghua North Road, Guiyang | No. 16-3, Guizhou Post Building, No. 2 Zhonghua North Road, Yuxiu Sub-district, Yunyan District, Guiyang City, Guizhou Province | 550001 | Shu Mengxiang | 0851-86753279 |
| 225 | Chongqing 1 | Chongqing | Securities Branch in Jiangbeizui, Chongqing | Rooms 1502 and 1503, 15/F, Unit 2, No. 9 Juxianyan Square, Jiangbei District, Chongqing | 400084 | He Xiaoping | 023-68901837 |
| 226 | Tianjin 4 | Tianjin | Securities Branch in Baidi Road, Tianjin | No. 240, Baidi Road, Nankai District | 300192 | Zhang Haiyan | 022-87893469 |
| 227 | | | Securities Branch in Erwei Road, Dongli Development Zone, Tianjin | Rooms 209-211, 2/F, Caizhi Building, No. 9, Erwei Road, Dongli Development Zone, Tianjin City | 300399 | Liu Yongjun | 022-84373801 |
| 228 | | | Securities Branch in Qinjian Road, Tianjin | Bottom Floor (Business Area), Yunhan Building, No. 185, Qinjian Road, Hongqiao District | 300130 | Li Shuai | 022-26532286 |
| 229 | | | Securities Branch in Huachang Road, Tianjin | Units 07, 08, 09 and 10, 2/F, Building 1, No. 40, Huachang Road, Hedong District, Tianjin City | 300151 | Xu Jianguo | 022-58811908 |
| 230 | Gansu 1 | Lanzhou | Securities Branch in Donggang West Road, Lanzhou | 4/F, Changye Golden Villa, No. 621 Donggang West Road, Chengguan District, Lanzhou City, Gansu Province | 730000 | Fu Jie | 0931-8106511 |
| 231 | Shaanxi 2 | Xi'an | Securities Branch in Wenyi North Road, Xi'an | 1/F and 6/F, Western Culture Plaza, No. 11, Wenyi North Road, Beilin District, Xi'an City, Shaanxi Province | 710054 | Jia Gang | 029-87889991 |
| 232 | | | Securities Branch in Zhangba East Road, Xi'an | 1/F, Jintai Holiday Flower City, Zhangba East Road, Yanta District, Xi'an City | 710065 | Chen Yuwen | 029-85587020 |
| 233 | Qinghai 1 | Xining | Securities Branch in Xinning Road, Xining | Room 59-147, 3/F, Building 5, Hexin Center, No. 23, Xinning Road, Chengxi District, Xining City, Qinghai Province | 810000 | Liang Xu | 0971-6368338 |
| 234 | Xinjiang 1 | Yining | Securities Branch in Jiefang West Road, Yining City | 8/F, Jinrong Building, No. 243, Jiefang West Road, Yining City | 835000 | Wang Hui | 0999-8986569 |

| No | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of the person in charge |
|---|---|---|---|---|---|---|---|
| 235 | Ningxia 1 | Yinchuan | Securities Branch in Yinjiaqu North Street, Yinchuan | Room 101, Commercial Building No. 1, Jinhai Mingyue Garden, No. 65 Yinjiaqu North Street, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region | 750004 | Liu Ming | 0951-6019666 |
| 236 | Zhejiang 8 | Hangzhou | Securities Branch in Jiefang East Road, Hangzhou | Room 14102, Building 3, GTland Plaza, Shangcheng District, Hangzhou City, Zhejiang Province | 310004 | Wang Qianwen | 0571-28002220 |
| 237 | | | Securities Branch in Qiushi Road, Hangzhou | Rooms 501B and 805, North Tower, Gongyuan Building, No. 8 Qiushi Road, Xihu District, Hangzhou City, Zhejiang Province | 310007 | Zhu Weizhou | 0571-87756088 |
| 238 | | Ningbo | Securities Branch in Liuting Street, Ningbo | 3/F, Office Building, No. 230, Liuting Street, Haishu District, Ningbo City, Zhejiang Province | 315010 | Ren Xin | 0574-87023678 |
| 239 | | Shaoxing | Securities Branch in Fushan, Shaoxing | No. 213 (101 & 102), No. 215 (101 & 102) and No. 217 (233, 234 & 236-241), Huancheng West Road, Shaoxing City, Zhejiang Province | 312000 | Li Wenhui | 0575-85222916 |
| 240 | | Wenzhou | Securities Branch in Yangguang Avenue, Yongjia | Shops 8-13, 1/F, Yangguang Building, Xinqiao Village, Jiangbei Sub-district, Yongjia County, Zhejiang Province | 325102 | Liu Jiexing | 0577-66992188 |
| 241 | | Zhoushan | Securities Branch in Jiefang East Road, Zhoushan | Rooms 802 & 803, No. 166-1, No. 118, Jiefang East Road, Dinghai District, Zhoushan City, Zhejiang Province | 316100 | Zhang Hangqing | 0580-3066008 |
| 242 | | Taizhou | Securities Branch in Zhongxin Avenue, Taizhou | Northeast Section, Room 104, Donggang Complex Office Building, No. 183, Zhongxin Avenue, Taizhou City, Zhejiang Province | 318000 | Chen Huang | 0576-89811389 |
| 243 | | Jiaxing | Securities Branch in Fanggong Road, Jiaxing | Nos. 1115 & 1119, Fanggong Road, Nanhu District, Jiaxing City, Zhejiang Province | 314000 | Gu Lijia | 0573-82862312 |

## III. INFORMATION DISCLOSURES INDEX

1. During the Reporting Period, the Company disclosed the following matters on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and on the website of the Shanghai Stock Exchange (www.sse.com.cn):

| No. | Date | Announcement |
|---|---|---|
| 1 | 2022-01-07 | H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended December 31, 2021 |
| 2 | 2022-02-07 | Announcement by Huatai Securities Co., Ltd. on Obtaining Approval by the CSRC for the Registration of Public Issuance of Corporate Bonds to Professional Investors |
| 3 | 2022-02-10 | H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended January 31, 2022 |
| 4 | 2022-03-04 | Announcement by Huatai Securities Co., Ltd. on the Establishment of a Public Welfare Foundation, Announcement by Huatai Securities Co., Ltd. on the Listing of Offshore Bonds on The Stock Exchange of Hong Kong Limited, Announcement by Huatai Securities Co., Ltd. on Providing Guarantee for the Issuance of USD Bonds of Wholly-owned Offshore Subsidiaries |
| 5 | 2022-03-05 | H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended February 28, 2022 |
| 6 | 2022-03-19 | H Share Announcement of HTSC (Date of Board Meeting) |
| 7 | 2022-03-23 | Announcement by Huatai Securities Co., Ltd. on the Briefing on the Annual Results of 2021 |
| 8 | 2022-03-26 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 9 | 2022-03-28 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Announcement by Huatai Securities Co., Ltd. on Preliminary Financial Data for the Year of 2021 |

| No. | Date | Announcement |
|---|---|---|
| 10 | 2022-03-31 | 2021 Annual Report of Huatai Securities Co., Ltd., 2021 Annual Report Summary of Huatai Securities Co., Ltd., Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Matters Concerning 2021 Annual Report of the Company, 2021 Audit Report of Huatai Securities Co., Ltd., Special Explanation of Huatai Securities Co., Ltd. on Occupation of Non-operating Funds and Occupation of Other Associated Funds and Transaction of Other Associated Funds for 2021, Report on Performance of Duties of Audit Committee under the Board of Huatai Securities Co., Ltd. in 2021, Report on Performance of Duties of the Independent Directors of the Company for 2021, Annual Internal Control Audit Report of Huatai Securities Co., Ltd. in 2021, Corporate Social Responsibility Report of Huatai Securities Co., Ltd. for 2021, Annual Internal Control Evaluation Report of Huatai Securities Co., Ltd. for 2021, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-first Meeting of the Fifth Session of the Board, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Nomination of Candidates for Directors of the Company, Statements of Candidates for Independent Directors of Huatai Securities Co., Ltd., Statements of Nominators of Independent Directors of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twelfth Meeting of the Fifth Session of the Supervisory Committee, Announcement by Huatai Securities Co., Ltd. on Change of Accounting Firms, Announcement by Huatai Securities Co., Ltd. on Amendments to the Articles of Association, Announcement by Huatai Securities Co., Ltd. on Repurchase and Cancellation of Part of the Restricted A Shares, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Repurchase and Cancellation of Part of the Restricted A Shares by the Company, Legal Opinions from King & Wood Mallesons (Nanjing) on Repurchase and Cancellation of Part of the Restricted Shares under the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Announcement on Annual Profit Distribution Plan of Huatai Securities Co., Ltd. for 2021, Announcement by Huatai Securities Co., Ltd. on Resignation of Independent Non-executive Director, Announcement by Huatai Securities Co., Ltd. on Anticipation of Ordinary Transactions with Related Parties in 2022 |
| 11 | 2022-04-02 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 12 | 2022-04-07 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended March 31, 2022 |

| No. | Date | Announcement |
|---|---|---|
| 13 | 2022-04-09 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-second Meeting of the Fifth Session of the Board, Independent Opinion of Huatai Securities Co., Ltd. on the Appointment of Members of the Executive Committee and Chief Information Officer of the Company |
| 14 | 2022-04-15 | Announcement by Huatai Securities Co., Ltd. on Resignation of Non-executive Director |
| 15 | 2022-04-20 | H Share Announcement of HTSC (Date of Board Meeting) |
| 16 | 2022-04-28 | Announcement by Huatai Securities Co., Ltd. on Change of Registered Address of Holding Subsidiary Huatai Futures Co., Ltd. |
| 17 | 2022-04-30 | First Quarterly Report of 2022 of Huatai Securities Co., Ltd. |
| 18 | 2022-05-06 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 19 | 2022-05-07 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Announcement by Huatai Securities Co., Ltd. on Holding Subsidiary Huatai Futures Co., Ltd. Increasing Registered Capital, H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended April 30, 2022 |
| 20 | 2022-05-11 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 21 | 2022-05-14 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 22 | 2022-05-21 | Notice of Convening Annual General Meeting of 2021 and 2022 First A Shareholders Class Meeting by Huatai Securities Co., Ltd., Documents of 2021 Annual General Meeting, 2022 First A Shareholders Class Meeting, 2022 First H Shareholders Class Meeting of Huatai Securities Co., Ltd. |
| 23 | 2022-05-28 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 24 | 2022-06-01 | Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-fourth Meeting of the Fifth Session of the Board |
| 25 | 2022-06-03 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |

| No. | Date | Announcement |
|---|---|---|
| 26 | 2022-06-07 | H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended May 31, 2022 |
| 27 | 2022-06-11 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 28 | 2022-06-14 | Indicative Announcement by Huatai Securities Co., Ltd. on Notes on Attending 2021 Annual General Meeting and 2022 First A Shareholders Class Meeting during the Prevention and Control Period of the COVID-19 Pandemic |
| 29 | 2022-06-23 | Announcement by Huatai Securities Co., Ltd. on the Resolutions of 2021 Annual General Meeting, 2022 First A Shareholders Class Meeting and 2022 First H Shareholders Class Meeting, the Articles of Association of Huatai Securities Co., Ltd., Legal Opinions from King & Wood Mallesons on 2021 Annual General Meeting, 2022 First A Shareholders Class Meeting and 2022 First H Shareholders Class Meeting of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on Approval of Qualification as Director, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-fifth Meeting of the Fifth Session of the Board, Announcement by Huatai Securities Co., Ltd. on Notice to Creditors Regarding the Repurchase and Cancellation of Part of the Restricted A Shares to Reduce Registered Capital |
| 30 | 2022-07-06 | H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended June 30, 2022 |
| 31 | 2022-07-09 | Announcement by Huatai Securities Co., Ltd. on the Completion of Acquiring Equity Interest in Huatai Futures |
| 32 | 2022-07-23 | H Share Announcement of HTSC – 2021 Corporate Annual Report |
| 33 | 2022-07-29 | Announcement by Huatai Securities Co., Ltd. on Implementation of Equity Distribution for 2021, Special Legal Opinions from King & Wood Mallesons (Nanjing) on Differentiated Distribution of Dividends of Huatai Securities Co., Ltd. in 2021 |
| 34 | 2022-08-04 | H Share Announcement of HTSC (Monthly Return of Equity Issuer on Movements in Securities for the Month Ended July 31, 2022) |
| 35 | 2022-08-12 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 36 | 2022-08-19 | H Share Announcement of HTSC (Date of Board Meeting) |
| 37 | 2022-08-24 | Announcement by Huatai Securities Co., Ltd. on Convening of 2022 Interim Results Briefing |
| 38 | 2022-08-31 | 2022 Interim Report of Huatai Securities Co., Ltd., 2022 Interim Report Summary of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-sixth Meeting of the Fifth Session of the Board |

| No. | Date | Announcement |
|---|---|---|
| 39 | 2022-09-01 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 40 | 2022-09-06 | H Share Announcement of HTSC (Monthly Return of Equity Issuer on Movements in Securities for the Month Ended August 31, 2022) |
| 41 | 2022-09-15 | Announcement by Huatai Securities Co., Ltd. on the Listing of Offshore Bonds on The Stock Exchange of Hong Kong Limited and Chongwa (Macao) Financial Asset Exchange Co., Limited, Announcement by Huatai Securities Co., Ltd. on Providing Guarantee for the Issuance of RMB Bonds of Wholly-owned Offshore Subsidiary |
| 42 | 2022-09-20 | Announcement by Huatai Securities Co., Ltd. On Approval of the Qualifications of Trading Business of Listing Securities |
| 43 | 2022-09-21 | Announcement by Huatai Securities Co., Ltd. on the Implementation of Repurchase and Cancellation of Part of the Restricted A Shares, Legal Opinions from King & Wood Mallesons (Nanjing) on Repurchase and Cancellation of Part of the Restricted Shares under the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd. |
| 44 | 2022-09-22 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 45 | 2022-09-27 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 46 | 2022-10-11 | H Share Announcement of HTSC (Monthly Return of Equity Issuer on Movements in Securities for the Month Ended September 30, 2022) |
| 47 | 2022-10-19 | H Share Announcement of HTSC (Date of Board Meeting) |
| 48 | 2022-10-21 | The Articles of Association of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Completion of the Change in Industrial and Commercial Registration of Registered Capital and Amendments to the Articles of Association |
| 49 | 2022-10-24 | Announcement by Huatai Securities Co., Ltd. on Serving Real Economies and Supporting High-quality Development |
| 50 | 2022-10-29 | Third Quarterly Report of 2022 of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-seventh Meeting of the Fifth Session of the Board, Administrative System regarding the Shares of the Company Held by Directors, Supervisors and Senior Management of Huatai Securities Co., Ltd.(Revised in 2022), Administrative System Regarding Investor Relationship of Huatai Securities Co., Ltd.(Revised in 2022), Management Measures for Information Disclosure of Huatai Securities Co., Ltd.(Revised in 2022), Terms of Reference of Special Committees under the Board (Revised in 2022), Announcement by Huatai Securities Co., Ltd. on Profit Distribution from Wholly-owned Subsidiary |

| No. | Date | Announcement |
|---|---|---|
| 51 | 2022-11-02 | Announcement by Huatai Securities Co., Ltd. on the Briefing on the Third Quarterly Results of 2022 |
| 52 | 2022-11-04 | H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended October 31, 2022 |
| 53 | 2022-11-16 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 54 | 2022-11-17 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 55 | 2022-11-19 | H Share Announcement of HTSC – Change of Principal Place of Business in Hong Kong |
| 56 | 2022-11-21 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 57 | 2022-11-23 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 58 | 2022-11-24 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 59 | 2022-11-26 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 60 | 2022-11-29 | Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-eighth Meeting of the Fifth Session of the Board, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Nomination of Candidates for Directors of the Company, Statements of Candidates for Independent Directors of Huatai Securities Co., Ltd., Statements of Nominators of Independent Directors of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Sixteenth Meeting of the Fifth Session of the Supervisory Committee, Announcement by Huatai Securities Co., Ltd. on Amendments to the Articles of Association and the Rules of Procedures for General Meetings, Notice of 2022 First Extraordinary General Meeting of Huatai Securities Co., Ltd., Document of 2022 First Extraordinary General Meeting of Huatai Securities Co., Ltd. |

| No. | Date | Announcement |
|---|---|---|
| 61 | 2022-12-01 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 62 | 2022-12-02 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 63 | 2022-12-06 | H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended November 30, 2022 |
| 64 | 2022-12-08 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 65 | 2022-12-15 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 66 | 2022-12-17 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 67 | 2022-12-22 | Indicative Announcement by Huatai Securities Co., Ltd. on Notes on Attending the 2022 First Extraordinary General Meeting during the Prevention of the COVID-19 Pandemic |
| 68 | 2022-12-24 | Announcement by Huatai Securities Co., Ltd. on Wholly-owned Subsidiary Huatai Futures Co., Ltd. Increasing Registered Capital |
| 69 | 2022-12-30 | Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |

| No. | Date | Announcement |
|---|---|---|
| 70 | 2022-12-31 | Announcement by Huatai Securities Co., Ltd. on the Election of an Employee Representative Director of the Sixth Session of the Board, Announcement by Huatai Securities Co., Ltd. on the Election of Employee Representative Supervisors of the Sixth Session of the Supervisory Committee, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the 2022 First Extraordinary General Meeting, Management System for Related-party Transactions of Huatai Securities Co., Ltd. (Revised in 2022), the Working System for Independent Directors of Huatai Securities Co., Ltd. (Revised in 2022), the Articles of Association of Huatai Securities Co., Ltd. (Revised in 2022), Rules of Procedures for General Meeting of Huatai Securities Co., Ltd. (Revised in 2022), Legal Opinions from King & Wood Mallesons on the 2022 First Extraordinary General Meeting of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the First Meeting of the Sixth Session of the Board, Independent Opinions of Independent Directors on Matters Related to the Rights Issue and Shareholders' Interim Return Plan of Huatai Securities Co., Ltd., Independent Opinion of Independent Director on Appointment of Senior Management of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the First Meeting of the Sixth Session of the Supervisory Committee, Statements of Huatai Securities Co., Ltd. on the Satisfaction of the Conditions for the Rights Issue of the Company, Proposal for Public Issuance of Shares by Way of Rights Issue of Huatai Securities Co., Ltd., Feasibility Analysis Report on the Use of Proceeds from the Rights Issue of Huatai Securities Co., Ltd., Report on Use of Proceeds Previously Raised by Huatai Securities Co., Ltd. and Assurance Report, Report on the Use of Proceeds Previously Raised of Huatai Securities Co., Ltd., Shareholders' Interim Return Plan (2023-2025) of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Risk Reminder of and Remedial Measures to the Dilution of Immediate Returns Resulted from the Rights Issue to the Existing Shareholders and the Undertakings by Relevant Parties, Notice of 2023 First Extraordinary General Meeting and 2023 First A Shareholders Class Meeting of Huatai Securities Co., Ltd. |

2. During the Reporting Period, the Company disclosed the following matters on the HKEXnews website of HKEX (www. hkexnews.hk):

| No. | Date | Announcement |
|---|---|---|
| 1 | 2022-01-06 | Monthly Return of Equity Issuer on Movements in Securities for the month ended December 31, 2021 |
| 2 | 2022-01-12 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2021 Short-term Corporate Bonds Publicly Issued to Professional Investors (Fifth Tranche) |
| 3 | 2022-01-13 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (First Tranche) (Type I) |
| 4 | 2022-01-14 | Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Corporate Bonds of Huatai Securities Co., Ltd. Non-publicly Issued to Professional Investors (First Tranche) |
| 5 | 2022-01-18 | Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Corporate Bonds of Huatai Securities Co., Ltd. Non-publicly Issued to Professional Investors (First Tranche) |
| 6 | 2022-01-25 | Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First Tranche) |
| 7 | 2022-01-27 | Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First Tranche) |
| 8 | 2022-02-07 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Obtaining Approval by the CSRC for the Registration of Public Issuance of Corporate Bonds to Professional Investors |
| 9 | 2022-02-08 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2021 Short-term Corporate Bonds Publicly Issued to Professional Investors (Fourth Tranche) |
| 10 | 2022-02-09 | Monthly Return of Equity Issuer on Movements in Securities for the month ended January 31, 2022 |

| No. | Date | Announcement |
|---|---|---|
| 11 | 2022-02-11 | Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First Tranche), Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2021 Short-term Corporate Bonds Publicly Issued to Professional Investors (Second Tranche) (Type I) |
| 12 | 2022-02-15 | Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First Tranche) |
| 13 | 2022-03-03 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Establishment of a Public Welfare Foundation, Announcement by Huatai Securities Co., Ltd. on the Listing of Offshore Bonds on The Stock Exchange of Hong Kong Limited, Announcement by Huatai Securities Co., Ltd. on Providing Guarantee for the Issuance of USD Bonds of Wholly-owned Offshore Subsidiary |
| 14 | 2022-03-04 | Monthly Return of Equity Issuer on Movements in Securities for the month ended February 28, 2022 |
| 15 | 2022-03-15 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2019 Corporate Bonds Publicly Issued to Qualified Investors (First Tranche) (Type I) |
| 16 | 2022-03-18 | Date of Board Meeting |
| 17 | 2022-03-22 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2020 Corporate Bonds Publicly Issued to Qualified Investors (First Tranche) (Type I), Announcement by Huatai Securities Co., Ltd. on the Briefing on the Annual Results of 2021 |
| 18 | 2022-03-25 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 19 | 2022-03-27 | Announcement on Preliminary Financial Data for the Year of 2021, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |

| No. | Date | Announcement |
|---|---|---|
| 20 | 2022-03-30 | Results Announcement for the Year Ended December 31, 2021, Proposed Amendments To the Articles of Association, Proposed Change of Accounting Firms, Proposed Change of Directors, Announcement in Relation To Repurchase And Cancellation of Part of the Restricted A Shares, 2021 Corporate Social Responsibility Report, Final Dividend for the Year Ended December 31, 2021, Overseas Regulatory Announcement – 2021 Annual Report, 2021 Annual Report Summary, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-first Meeting of the Fifth Session of the Board, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twelfth Meeting of the Fifth Session of the Supervisory Committee, Announcement on Annual Profit Distribution Plan of Huatai Securities Co., Ltd. in 2021, Announcement by Huatai Securities Co., Ltd. on Anticipation of Ordinary Transactions with Related Parties in 2022, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Nomination of Candidates for Directors of the Company, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Matters Concerning 2021 Annual Report of the Company, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Repurchase and Cancellation of Part of the Restricted A Shares by the Company, Report on Performance of Duties of Independent Directors of Huatai Securities Co., Ltd. in 2021, Report on Performance of Duties of Audit Committee under the Board of Huatai Securities Co., Ltd. for 2021, Annual Internal Control Evaluation Report of Huatai Securities Co., Ltd. for 2021, Statements of Nominators of Independent Directors of Huatai Securities Co., Ltd., Statements of Candidates for Independent Directors of Huatai Securities Co., Ltd., Legal Opinions from King & Wood Mallesons (Nanjing) on Repurchase and Cancellation of Part of the Restricted Shares under the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Special Explanation of Huatai Securities Co., Ltd. on Occupation of Non-operating Funds and Transaction of Other Associated Funds for 2021, Internal Control Audit Report of Huatai Securities Co., Ltd. |
| 21 | 2022-04-01 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 22 | 2022-04-06 | Monthly Return of Equity Issuer on Movements in Securities for the month ended March 31, 2022, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |

| No. | Date | Announcement |
|---|---|---|
| 23 | 2022-04-08 | Overseas Regulatory Announcement – Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on the Appointment of Members of the Executive Committee and Chief Information Officer of the Company, Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-second Meeting of the Fifth Session of the Board |
| 24 | 2022-04-14 | Resignation of Non-Executive Director, List of Directors and Their Role and Function |
| 25 | 2022-04-19 | Date of Board Meeting, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2019 Corporate Bonds Publicly Issued to Qualified Investors (Second Tranche) (Type I), Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Second Tranche) |
| 26 | 2022-04-26 | 2021 Annual Report, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-Registered Holders |
| 27 | 2022-04-27 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Change of Registered Address of Holding Subsidiary Huatai Futures Co., Ltd. |
| 28 | 2022-04-29 | First Quarterly Report of 2022 |
| 29 | 2022-05-05 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 30 | 2022-05-06 | Monthly Return of Equity Issuer on Movements in Securities for the month ended April 30, 2022, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2021 Short-term Corporate Bonds Publicly Issued to Professional Investors (Eighth Tranche), Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Announcement by Huatai Securities Co., Ltd. on Holding Subsidiary Huatai Futures Co., Ltd. Increasing Registered Capital |

| No. | Date | Announcement |
|---|---|---|
| 31 | 2022-05-10 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Third Tranche) |
| 32 | 2022-05-13 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 33 | 2022-05-20 | Notice of 2021 AGM, Circular of 2021 Annual General Meeting, Form of Proxy of Holders of H Shares for Use at the AGM to Be Held on June 22, 2022, Notice of the 2022 First H Shareholders Class Meeting, Form of Proxy of Holders of H Shares for Use at the 2022 First H Shareholders Class Meeting to Be Held on June 22, 2022, Final Dividend for the Year Ended December 31, 2021 (Update) |
| 34 | 2022-05-27 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2013 Corporate Bonds (Ten-year Bonds), Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 35 | 2022-05-31 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-fourth Meeting of the Fifth Session of the Board |
| 36 | 2022-06-02 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 37 | 2022-06-06 | Monthly Return of Equity Issuer on Movements in Securities for the month ended May 31, 2022 |
| 38 | 2022-06-08 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Fifth Tranche) (Type I) |
| 39 | 2022-06-10 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 40 | 2022-06-13 | Overseas Regulatory Announcement – Indicative Announcement by Huatai Securities Co., Ltd. on Notes on Attending 2021 Annual General Meeting and 2022 First A Shareholders Class Meeting during the Prevention and Control Period of the COVID-19 Pandemic |

| No. | Date | Announcement |
|---|---|---|
| 41 | 2022-06-22 | Poll Results of 2021 Annual General Meeting, 2022 First A Share Class Meeting and 2022 First H Share Class Meeting; Distribution of Final Dividend; Change of Accounting Firm; Change of Directors; Proposal on Adjustment to the Composition of Special Committees under the Board; and Approval and Effectiveness of Articles of Association, List of Directors and Their Role and Function, Articles of Association, Final Dividend for the Year Ended December 31, 2021 (Update), Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-fifth Meeting of the Fifth Session of the Board, Legal Opinions from King & Wood Mallesons on 2021 Annual General Meeting, 2022 First A Shareholders Class Meeting and 2022 First H Shareholders Class Meeting of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on Notice to Creditors Regarding the Repurchase and Cancellation of Part of the Restricted A Shares to Reduce Registered Capital |
| 42 | 2022-07-05 | Monthly Return of Equity Issuer on Movements in Securities for the month ended June 30, 2022 |
| 43 | 2022-07-08 | Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second Tranche) |
| 44 | 2022-07-11 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Completion of Acquiring Equity Interest in Huatai Futures Co., Ltd., Announcement on Issuance Results for 2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second Tranche) |
| 45 | 2022-07-12 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2021 Short-term Corporate Bonds Publicly Issued to Professional Investors (Third Tranche) |
| 46 | 2022-07-22 | 2021 Corporate Annual Report |
| 47 | 2022-07-28 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Implementation of Equity Distribution for 2021, Special Legal Opinions from King & Wood Mallesons (Nanjing) on Differentiated Distribution of Dividends of Huatai Securities Co., Ltd. In 2021 |
| 48 | 2022-08-03 | Monthly Return of Equity Issuer on Movements in Securities for the month ended July 31, 2022 |
| 49 | 2022-08-08 | Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First Tranche) |

| No. | Date | Announcement |
|---|---|---|
| 50 | 2022-08-09 | Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First Tranche) |
| 51 | 2022-08-11 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 52 | 2022-08-12 | Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second Tranche) |
| 53 | 2022-08-15 | Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second Tranche) |
| 54 | 2022-08-18 | Date of Board Meeting, Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second Tranche) |
| 55 | 2022-08-19 | Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second Tranche) |
| 56 | 2022-08-23 | Overseas Regulatory Announcement –Announcement by Huatai Securities Co., Ltd. on Convening of 2022 Interim Results Briefing |
| 57 | 2022-08-25 | Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third Tranche) |
| 58 | 2022-08-26 | Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third Tranche) |
| 59 | 2022-08-30 | Interim Results Announcement for the Six Months ended June 30, 2022, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-sixth Meeting of the Fifth Session of the Board, 2022 Interim Report of Huatai Securities Co., Ltd., 2022 Interim Report Summary of Huatai Securities Co., Ltd. |
| 60 | 2022-08-31 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 61 | 2022-09-01 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Seventh Tranche) (Type II), Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Seventh Tranche) (Type I) |

| No. | Date | Announcement |
|---|---|---|
| 62 | 2022-09-02 | Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth Tranche) |
| 63 | 2022-09-05 | Monthly Return of Equity Issuer on Movements in Securities for the month ended August 31, 2022 |
| 64 | 2022-09-06 | Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth Tranche) |
| 65 | 2022-09-09 | Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth Tranche), Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2021 Perpetual Subordinated Bonds Publicly Issued to Professional Investors (First Tranche) |
| 66 | 2022-09-14 | Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth Tranche), Announcement by Huatai Securities Co., Ltd. on Providing Guarantee for the Issuance of RMB Bonds of Wholly-owned Offshore Subsidiary, Announcement by Huatai Securities Co., Ltd. on the Listing of Offshore Bonds on The Stock Exchange of Hong Kong Limited and Chongwa (Macao) Financial Asset Exchange Co., Limited |
| 67 | 2022-09-19 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. On the Approval for the Qualification for Market Making and Trading Business of Listed Securities |
| 68 | 2022-09-20 | Announcement on the Implementation of Repurchase and Cancellation of Part of the Restricted A Shares, Overseas Regulatory Announcement –Legal Opinions from King & Wood Mallesons (Nanjing) on Repurchase and Cancellation of Part of the Restricted Shares under the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd. |
| 69 | 2022-09-21 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 70 | 2022-09-26 | Next Day Disclosure Return |
| 71 | 2022-09-28 | 2022 Interim Report, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-registered Holders |
| 72 | 2022-10-10 | Monthly Return of Equity Issuer on Movements in Securities for the month ended September 30, 2022 |

| No. | Date | Announcement |
|---|---|---|
| 73 | 2022-10-13 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Eighth Tranche) (Type I), Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Eighth Tranche) (Type II) |
| 74 | 2022-10-17 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2019 Non-publicly Issued Corporate Bonds (Second Tranche) |
| 75 | 2022-10-18 | Date of Board Meeting |
| 76 | 2022-10-20 | Announcement on Completion of the Change of Registered Capital and the Amendment to the Articles of Association, Articles of Association, Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third Tranche) |
| 77 | 2022-10-23 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Serving Real Economies and Supporting High-quality Development |
| 78 | 2022-10-24 | Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third Tranche) |
| 79 | 2022-10-28 | Third Quarterly Report of 2022, Terms of Reference of Special Committees under the Board, Announcement on Profit Distribution from Wholly-owned Subsidiary, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-seventh Meeting of the Fifth Session of the Board, Administrative System regarding the Shares of the Company Held by Directors, Supervisors and Senior Management of Huatai Securities Co., Ltd. (Revised in 2022), Management Measures for Information Disclosure of Huatai Securities Co., Ltd. (Revised in 2022), Administrative System Regarding Investor Relationship of Huatai Securities Co., Ltd. (Revised in 2022) |
| 80 | 2022-11-01 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Briefing on the Third Quarterly Results of 2022 |
| 81 | 2022-11-03 | Monthly Return of Equity Issuer on Movements in Securities for the month ended October 31, 2022, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2022 Short-term Corporate Bonds Publicly Issued to Professional Investors (First Tranche) |

| No. | Date | Announcement |
|---|---|---|
| 82 | 2022-11-07 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2020 Subordinated Bonds Publicly Issued to Professional Investors (First Tranche) |
| 83 | 2022-11-14 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2021 Perpetual Subordinated Bonds Publicly Issued to Professional Investors (Third Tranche) |
| 84 | 2022-11-15 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 85 | 2022-11-17 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2020 Corporate Bonds Publicly Issued to Professional Investors (Fifth Tranche) |
| 86 | 2022-11-18 | Change of Principal Place of Business in Hong Kong, Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth Tranche) |
| 87 | 2022-11-21 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Announcement on Issuance Results for 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth Tranche) |
| 88 | 2022-11-22 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 89 | 2022-11-23 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 90 | 2022-11-25 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |

| No. | Date | Announcement |
|---|---|---|
| 91 | 2022-11-28 | Proposed Amendments to the Articles of Association, Proposed Appointment of Members of the Sixth Session of the Board and Proposed Appointment of Members of the Sixth Session of the Supervisory Committee, Notice of the EGM, Amendments to the Articles of Association, Amendments to the Rules of Procedures for General Meetings, Change of Business Scope and Amendments to Articles of Association, Amendments to the Working System for Independent Directors, Amendments to the Management System for Related-party Transactions, Election of Members of the Sixth Session of the Board, Election of Members of the Sixth Session of the Supervisory Committee and Notice of the 2022 First Extraordinary General Meeting, Form of Proxy of Holders of H Shares for Use at the 2022 First Extraordinary General Meeting to Be Held on December 30, 2022, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-registered Holders, Overseas Regulatory Announcement – Document of 2022 First Extraordinary General Meeting of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-eighth Meeting of the Fifth Session of the Board, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Sixteenth Meeting of the Fifth Session of the Supervisory Committee, Announcement by Huatai Securities Co., Ltd. on Amendments to the Articles of Association and the Rules of Procedures for General Meetings, Notice of 2022 First Extraordinary General Meeting of Huatai Securities Co., Ltd., Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Nomination of Candidates for Directors of the Company, Statements of Candidates for Independent Directors of Huatai Securities Co., Ltd., Statements of Nominators of Independent Directors of Huatai Securities Co., Ltd. |
| 92 | 2022-11-30 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 93 | 2022-12-01 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 94 | 2022-12-02 | Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Seventh Tranche), Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2020 Corporate Bonds Publicly Issued to Professional Investors (Sixth Tranche)(Type I), Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2020 Corporate Bonds Publicly Issued to Professional Investors (Sixth Tranche) (Type II) |

| No. | Date | Announcement |
|---|---|---|
| 95 | 2022-12-05 | Monthly Return of Equity Issuer on Movements in Securities for the month ended November 30, 2022 |
| 96 | 2022-12-06 | Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Corporation Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Seventh Tranche) |
| 97 | 2022-12-07 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 98 | 2022-12-09 | Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Eighth Tranche) |
| 99 | 2022-12-12 | Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Eighth Tranche) |
| 100 | 2022-12-14 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2021 Short-term Corporate Bonds Publicly Issued to Professional Investors (Ninth Tranche) (Type II), Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 101 | 2022-12-16 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |
| 102 | 2022-12-21 | Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Ninth Tranche), Indicative Announcement by Huatai Securities Co., Ltd. on Notes on Attending the 2022 First Extraordinary General Meeting during the Prevention of the COVID-19 Pandemic |
| 103 | 2022-12-22 | Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Ninth Tranche) |
| 104 | 2022-12-23 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Wholly-owned Subsidiary Huatai Futures Co., Ltd. Increasing Registered Capital |
| 105 | 2022-12-29 | Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee |

| No. | Date | Announcement |
|---|---|---|
| 106 | 2022-12-30 | Proposed Rights Issue of A Shares and H Shares, Notice of the 2023 First Extraordinary General Meeting, Notice of the 2023 First H Shareholders Class Meeting, Form of Proxy of Holders of H Shares for Use at the 2023 First Extraordinary General Meeting to Be Held on February 10, 2023, Form of Proxy of Holders of H Shares for Use at the 2023 First H Shareholders Class Meeting to Be Held on February 10, 2023, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-registered Holders, List of Directors and Their Role And Function, Articles of association, Poll Results of the 2022 First Extraordinary General Meeting; Election of Members of the Sixth Session of the Board, Election of Members of the Sixth Session of the Supervisory Committee; Role of Members of the Sixth Session of the Board; Election of Chairman of the Board, Chairman of the Supervisory Committee and Chief executive officer; Approval and Effectiveness of the Articles of Association; and Clarification of Director's Information, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Election of an Employee Representative Director of the Sixth Session of the Board, Announcement by Huatai Securities Co., Ltd. on the Election of Employee Representative Supervisors of the Sixth Session of the Supervisory Committee, Rules of Procedures for General Meeting of Huatai Securities Co., Ltd. (Revised in 2022), Working System for Independent Directors of Huatai Securities Co., Ltd. (Revised in 2022), the Management System for Related-party Transactions of Huatai Securities Co., Ltd. (Revised in 2022), Legal Opinions from King & Wood Mallesons on the 2022 First Extraordinary General Meeting of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the First Meeting of the Sixth Session of the Board, Independent Opinion of Independent Director on Appointment of Senior Management of Huatai Securities Co., Ltd., Independent Opinions of Independent Directors on Matters Related to the Rights Issue and Shareholders' Interim Return Plan of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the First Meeting of the Sixth Session of the Supervisory Committee |

3. During the Reporting Period, the Company disclosed the following matters on the website of the LSE (www.londonstockexchange.com):

| No. | Date | Announcement |
|---|---|---|
| 1 | 2022-03-03 | NOTICE OF BOND LISTING |
| 2 | 2022-03-28 | PRELIMINARY FINANCIAL DATA FOR THE YEAR OF 2021 |
| 3 | 2022-03-30 | 2021 ANNUAL FINANCIAL REPORT, 2021 CORPORATE SOCIAL RESPONSIBILITY REPORT, REPURCHASE AND CANCELLATION OF PART OF SHARES, PROPOSED AMENDMENTS OF THE ARTICLES OF ASSOCIATION, PROPOSED CHANGE OF ACCOUNTING FIRMS, PROPOSED CHANGE OF DIRECTORS |
| 4 | 2022-04-14 | RESIGNATION OF NON-EXECUTIVE DIRECTOR, LIST OF DIRECTORS AND THEIR ROLE AND FUNCTION |
| 5 | 2022-04-26 | 2021 ANNUAL REPORT |
| 6 | 2022-04-29 | FIRST QUARTERLY REPORT OF 2022 |
| 7 | 2022-05-20 | NOTICE OF AGM AND THE A SHAREHOLDERS CLASS MEETING |
| 8 | 2022-06-22 | RESULTS OF AGM AND A SHARE& H SHARE CLASS MEETING, LIST OF DIRECTORS AND THEIR ROLE AND FUNCTION, ARTICLES OF ASSOCIATION |
| 9 | 2022-07-28 | IMPLEMENTATION OF EQUITY DISTRIBUTION FOR 2021 |
| 10 | 2022-08-30 | INTERIM RESULTS ANNOUNCEMENT |
| 11 | 2022-09-14 | NOTICE OF BOND LISTING |
| 12 | 2022-09-20 | REPURCHASE AND CANCELLATION OF PART OF SHARES |
| 13 | 2022-09-29 | 2022 INTERIM REPORT |
| 14 | 2022-10-20 | ARTICLES OF ASSOCIATION, COMPLETION OF THE CHANGE OF REGISTERED CAPITAL |
| 15 | 2022-10-28 | THIRD QUARTERLY REPORT OF 2022, TERMS OF REFERENCE OF THE COMMITTEES OF THE BOARD, PROFIT DISTRIBUTION FROM WHOLLY-OWNED SUBSIDIARY |
| 16 | 2022-11-21 | CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG |
| 17 | 2022-11-28 | NOTICE OF THE FIRST EGM OF 2022, PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION, PROPOSED APPOINTMENT OF DIRECTORS AND SUPERVISORS |
| 18 | 2022-12-30 | NOTICE OF EGM AND THE A SHAREHOLDERS CLASS MEETING, PROPOSED RIGHTS ISSUE OF A SHARES AND H SHARES, LIST OF DIRECTORS AND THEIR ROLE AND FUNCTION |

HUATAI SECURITIES CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

# Independent Auditor's Report and Consolidated Financial Statements

For the year ended 31 December 2022
(Prepared under International Financial Reporting Standards)

HUATAI SECURITIES CO., LTD.

INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HUATAI SECURITIES CO., LTD.
(Incorporated in the People's Republic of China with Limited Liability)

**Opinion**

We have audited the consolidated financial statements of Huatai Securities Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 8 to 183, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key Audit Matters** - continued

**Valuations of financial instruments classified under the fair value hierarchy as level 3**

| The Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| The fair value of the Group's financial instruments is mainly based on active market quoted prices or valuation techniques. For level 3 financial instruments, including debt instruments, unlisted equity investments, private equity funds and over-the-counter derivative financial instruments, the Group uses valuation techniques to measure fair values.<br><br>As disclosed in Note 62 to the consolidated financial statements, as at 31 December 2022, the fair value of the Group's level 3 financial assets and financial liabilities amounted to RMB25,145 million and RMB10,942 million, respectively.<br><br>We identified valuation of level 3 financial instruments as a key audit matter because the amount involved was significant and the selection of valuation techniques and determination of unobservable inputs required significant judgements and estimations. | Our procedures in respect of this key audit matter included the following:<br><br>• Understanding and assessing the process and key controls relating to the valuation of level 3 financial instruments and testing the operating effectiveness of these controls;<br><br>• Evaluating the appropriateness of the valuation models used by the management for level 3 financial instruments;<br><br>• On a sample basis, reading the investment agreements to understand the relevant investment terms, identifying any conditions that were relevant to the valuations of these financial instruments and assessing the application in the valuation;<br><br>• Evaluating, on a sample basis, the appropriateness of the significant unobservable and observable inputs which were used for measuring the fair value of level 3 financial instruments;<br><br>• Performing independent valuations of level 3 financial instruments, on a sample basis, and comparing these valuations with the Group's valuations, with the involvement of our valuation experts, as appropriate. |

**Key Audit Matters** - continued

**Measurement of expected credit losses ("ECL") for margin accounts receivable and securities-backed lendings**

| The Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| The Group uses an expected credit loss ("ECL") model to determine the loss allowance for margin accounts receivable and securities-backed lendings.<br><br>The management exercised significant judgements and estimations in its assessment of ECL allowance of margin accounts receivable and securities-backed lendings. They included the determination of staging of the relevant financial assets, whether the credit risk had increased significantly and credit impairment events had occurred; the determination of key parameters used in the ECL model, including loss rate, exposure at default and forward-looking information for Stage 1 and 2 financial assets; the determination of recoverable amount in respect of Stage 3 financial assets based on value of collateral and repayment ability of borrowers.<br><br>As at 31 December 2022, the Group held margin accounts receivable of RMB102,175 million, less impairment allowance of RMB1,526 million as disclosed in Note 37 to the consolidated financial statements and securities-backed lendings of RMB7,705 million, less impairment allowance of RMB1,014 million as disclosed in Note 30 to the consolidated financial statements.<br><br>We identified the measurement of ECL for the Group's margin accounts receivable and securities-backed lendings as a key audit matter due to the significance of these assets to the Group's consolidated financial statements and the significant management estimations and judgments required in the measurement. | Our procedures in respect of this key audit matter included the following:<br><br>• Understanding and assessing the process and key controls relating to the measurement of ECL for margin accounts receivable and securities-backed lendings and testing the operating effectiveness of these controls;<br><br>• Evaluating the appropriateness of the ECL model, the critical assumptions and parameters used in the model with the involvement of our internal experts;<br><br>• Evaluating the appropriateness of the criteria for significant increase in credit risk ("SICR") and financial assets that were credit impaired determined by management and, on a sample basis, testing the application of such criteria to individual margin accounts receivable and securities-backed lendings;<br><br>• Examining the correctness of major inputs to the ECL model for selected samples, including exposure at default and loss rate, and the mathematical accuracy of the calculation of ECL;<br><br>• For credit-impaired financial assets, on a sample basis, assessing the reasonableness of expected credit losses made by management based on repayment ability of borrowers, value of collateral and other credit enhancements, as appropriate. |

**Key Audit Matters** - continued

**Consolidation of structured entities**

| The Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| The Group held interests as investor and/or acted as investment manager in various structured entities including asset management schemes, investment funds and partnerships. As disclosed in Note 57, as at 31 December 2022, the total assets of the consolidated structured entities amounted to RMB71,870 million and the total assets of the unconsolidated structured entities sponsored by the Group amounted to RMB528,130 million, respectively.<br><br>The Group consolidated the structured entities which it controlled. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns. The Group considered its power, arising from the rights entitled directly or indirectly, over the structured entities, and assessed whether the combination of investments it held together with its remuneration created exposure to variability of returns from the structured entities that are of such significance that it indicated the Group controlled the structured entities and should consolidated these structured entities.<br><br>We identified the determination of consolidation scope of structured entities as a key audit matter due to the significant judgments applied by the management in determining whether a structured entity was required to be consolidated by the Group and the significance of the impact arising from consolidating these structured entities to the Group's consolidated financial statements as a whole. | Our procedures in respect of this key audit matter included the following:<br><br>• Understanding and assessing the process and key controls relating to the consolidation of structured entities and testing the operating effectiveness of these controls;<br><br>• Selecting samples to perform the following audit procedures:<br><br>- inspecting agreements relating to the structured entity and understanding the purpose of its set up; assessing the appropriateness of the Group's judgement on the power the Group had over the structured entity according to the Group's rights and obligations under different transaction structures and its involvement with the structured entity;<br><br>- verifying the analysis on the Group's variable return which included, but was not limited to, fixed management fees and performance fees obtained through acting as asset manager, as well as the returns obtained from holding an interest in a structured entity;<br><br>- analysing the scope of the Group's decision-making power over the structured entity, the substantive rights held by other participants, the level of remuneration obtained from providing asset management services and the risk of variable return borne by holding other interests in the structured entity and, checking the Group's analysis on the magnitude and variability of variable return, assessing whether the Group acts as principal or agent in the structured entities;<br><br>- assessing the management's judgment on the consolidation of structured entities through carrying out the above procedures. |

**Other Information**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

**Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements**

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements** - continued

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT - continued

TO THE SHAREHOLDERS OF HUATAI SECURITIES CO., LTD. - continued
(A joint stock company incorporated in the People's Republic of China with limited liability)

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements** - continued

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

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

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

Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanghai, People's Republic of China

30 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Renminbi, unless otherwise stated)

| | Notes | Year ended 31 December 2022 | 2021 |
|---|---|---|---|
| **Revenue** | | | |
| Fee and commission income | 4 | 20,981,425 | 22,325,343 |
| Interest income | 5 | 13,744,117 | 14,741,059 |
| Net investment gains | 6 | 6,026,587 | 11,271,371 |
| | | 40,752,129 | 48,337,773 |
| Other income and gains | 7 | 6,072,243 | 3,588,631 |
| **Total revenue, gains and other income** | | 46,824,372 | 51,926,404 |
| Fee and commission expenses | 8 | (4,745,839) | (5,652,709) |
| Interest expenses | 9 | (11,111,339) | (10,990,375) |
| Staff costs | 10 | (10,051,898) | (11,357,194) |
| Depreciation and amortisation expenses | 11 | (1,552,576) | (1,432,645) |
| Tax and surcharges | 12 | (189,971) | (239,895) |
| Other operating expenses | 13 | (8,649,106) | (8,062,817) |
| Impairment losses under expected credit loss model, net of reversal | 14 | 485,349 | (548,188) |
| **Total expenses** | | (35,815,380) | (38,283,823) |
| **Operating profit** | | 11,008,992 | 13,642,581 |
| Share of profit of associates and joint ventures | | 1,219,046 | 2,629,981 |
| **Profit before income tax** | | 12,228,038 | 16,272,562 |
| Income tax expense | 15 | (862,708) | (2,671,669) |
| **Profit for the year** | | 11,365,330 | 13,600,893 |
| Attributable to: | | | |
| Shareholders of the Company | | 11,052,696 | 13,346,106 |
| Non-controlling interests | | 312,634 | 254,787 |
| | | 11,365,330 | 13,600,893 |
| Earnings per share (Expressed in Renminbi per share) | 19 | | |
| - Basic | | 1.18 | 1.47 |
| - Diluted | | 1.16 | 1.46 |

The notes on pages 18 to 183 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

| | Note | Year ended 31 December 2022 | 2021 |
|---|---|---|---|
| **Profit for the year** | | 11,365,330 | 13,600,893 |
| **Other comprehensive income/(expense) for the year** | | | |
| **Items that will not be reclassified to profit or loss:** | | | |
| Equity instruments at fair value through other comprehensive income/(expense) | | | |
| - Net change in fair value | | (59,673) | (504,393) |
| - Income tax impact | | 9,838 | 122,805 |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Net loss from debt instruments at fair value through other comprehensive income | | (122,522) | (49,215) |
| Fair value gain on hedging instruments designated in cash flow hedges | | 56,827 | 20,164 |
| Share of other comprehensive income of associates and joint ventures | | 18,719 | 51,482 |
| Exchange differences on translation of financial statements in foreign currencies | | 1,278,136 | (263,031) |
| Income tax impact | | 14,624 | (3,896) |
| **Other comprehensive income/(expense) for the year, net of income tax** | 18 | 1,195,949 | (626,084) |
| **Total comprehensive income for the year** | | 12,561,279 | 12,974,809 |
| Attributable to: | | | |
| Shareholders of the Company | | 12,062,324 | 12,760,128 |
| Non-controlling interests | | 498,955 | 214,681 |
| **Total** | | 12,561,279 | 12,974,809 |

The notes on pages 18 to 183 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
(Expressed in thousands of Renminbi, unless otherwise stated)

| | Notes | As at 31 December 2022 | 2021 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property and equipment | 20 | 6,287,383 | 5,178,222 |
| Investment properties | 21 | 217,586 | 294,008 |
| Goodwill | 22 | 3,352,219 | 2,836,429 |
| Land-use rights and other intangible assets | 23 | 7,439,816 | 6,790,673 |
| Interests in associates | 25 | 18,276,443 | 18,269,459 |
| Interests in joint ventures | 26 | 1,706,184 | 1,749,065 |
| Debt instruments at amortised cost | 27 | 36,586,707 | 25,299,666 |
| Debt instruments at fair value through other comprehensive income | 28 | 7,900,595 | 4,857,284 |
| Equity instruments at fair value through other comprehensive income | 29 | 241,587 | 163,138 |
| Financial assets at fair value through profit or loss | 31 | 10,142,583 | 9,896,339 |
| Refundable deposits | 32 | 42,706,777 | 27,627,129 |
| Deferred tax assets | 33 | 596,499 | 654,651 |
| Other non-current assets | 34 | 300,664 | 282,227 |
| **Total non-current assets** | | 135,755,043 | 103,898,290 |
| **Current assets** | | | |
| Accounts receivable | 35 | 7,804,341 | 10,287,174 |
| Other receivables, prepayments and other current assets | 36 | 2,157,529 | 2,122,246 |
| Margin accounts receivable | 37 | 100,648,375 | 116,942,245 |
| Debt instruments at amortised cost | 27 | 11,965,863 | 7,121,850 |
| Financial assets held under resale agreements | 30 | 34,824,221 | 11,751,970 |
| Debt instruments at fair value through other comprehensive income | 28 | 2,603,784 | 4,457,415 |
| Financial assets at fair value through profit or loss | 31 | 340,661,962 | 345,362,833 |
| Derivative financial assets | 38 | 15,788,301 | 15,247,805 |
| Clearing settlement funds | 39 | 8,716,506 | 8,580,941 |
| Cash held on behalf of brokerage clients | 40 | 140,460,346 | 143,640,263 |
| Cash and bank balances | 41 | 45,180,745 | 37,237,801 |
| **Total current assets** | | 710,811,973 | 702,752,543 |
| **Total assets** | | 846,567,016 | 806,650,833 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
AS AT 31 DECEMBER 2022
(Expressed in thousands of Renminbi, unless otherwise stated)

| | Notes | As at 31 December 2022 | 2021 |
|---|---|---|---|
| **Current liabilities** | | | |
| Short-term bank loans | 43 | 7,997,434 | 8,492,290 |
| Short-term debt instruments issued | 44 | 25,772,604 | 53,598,658 |
| Placements from other financial institutions | 45 | 25,877,713 | 14,018,721 |
| Accounts payable to brokerage clients | 46 | 152,551,723 | 147,501,833 |
| Employee benefits payable | 47 | 5,304,177 | 5,757,598 |
| Other payables and accruals | 48 | 108,096,572 | 106,620,755 |
| Contract liabilities | 49 | 218,943 | 265,637 |
| Current tax liabilities | | 524,997 | 1,245,374 |
| Financial assets sold under repurchase agreements | 50 | 144,117,998 | 130,710,001 |
| Financial liabilities at fair value through profit or loss | 51 | 43,005,621 | 28,289,462 |
| Derivative financial liabilities | 38 | 9,638,125 | 10,643,222 |
| Long-term bonds due within one year | 52 | 29,062,749 | 35,372,308 |
| **Total current liabilities** | | 552,168,656 | 542,515,859 |
| **Net current assets** | | 158,643,317 | 160,236,684 |
| **Total assets less current liabilities** | | 294,398,360 | 264,134,974 |
| **Non-current liabilities** | | | |
| Long-term bonds | 53 | 110,356,589 | 97,966,119 |
| Long-term bank loans | 54 | 804,903 | 722,816 |
| Non-current employee benefits payable | 47 | 6,588,448 | 7,057,339 |
| Deferred tax liabilities | 33 | 2,203,855 | 2,619,161 |
| Financial liabilities at fair value through profit or loss | 51 | 5,569,938 | 2,833,456 |
| Other payables and accruals | 48 | 1,025,918 | 900,299 |
| **Total non-current liabilities** | | 126,549,651 | 112,099,190 |
| **Net assets** | | 167,848,709 | 152,035,784 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
AS AT 31 DECEMBER 2022
(Expressed in thousands of Renminbi, unless otherwise stated)

| | Note | As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | 55 | 9,075,589 | 9,076,650 |
| Other equity instruments | 55 | 19,200,000 | 9,996,425 |
| Treasury shares | 55 | (1,202,324) | (1,231,547) |
| Reserves | 55 | 100,090,636 | 95,021,503 |
| Retained profits | 55 | 37,923,300 | 35,559,779 |
| Total equity attributable to shareholders of the Company | | 165,087,201 | 148,422,810 |
| Non-controlling interests | | 2,761,508 | 3,612,974 |
| **Total equity** | | 167,848,709 | 152,035,784 |

The notes on pages 18 to 183 form part of these consolidated financial statements.

Approved and authorised for issue by the board of directors on 30 March 2023.

| | |
|---|---|
| Zhang Wei | Wang Bing |
| Chairman of the Board, Director | Director |

HUATAI SECURITIES CO., LTD.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
# FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

| | Attributable to shareholders of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Reserves | | | | | | | | | |
| | Share capital (Note 55) | Other equity instruments (Note 55) | Treasury shares (Note 55) | Capital reserve (Note 55) | Surplus reserve (Note 55) | General reserve (Note 55) | Fair value reserve (Note 55) | Cash flow hedges reserve (Note 38) | Translation reserve (Note 55) | Retained profits (Note 55) | Total | Non-controlling interests | Total equity |
| **As at 1 January 2022** | 9,076,650 | 9,996,425 | (1,231,547) | 70,562,359 | 6,569,922 | 18,106,044 | 223,143 | (14,184) | (425,781) | 35,559,779 | 148,422,810 | 3,612,974 | 152,035,784 |
| **Changes in equity for 2022** | | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | - | - | 11,052,696 | 11,052,696 | 312,634 | 11,365,330 |
| Other comprehensive income / (expense) for the year | - | - | - | - | - | - | (139,013) | 56,827 | 1,091,814 | - | 1,009,628 | 186,321 | 1,195,949 |
| Total comprehensive income / (expense) for the year | - | - | - | - | - | - | (139,013) | 56,827 | 1,091,814 | 11,052,696 | 12,062,324 | 498,955 | 12,561,279 |
| Issue of perpetual bonds | - | 9,200,000 | - | (2,627) | - | - | - | - | - | - | 9,197,373 | - | 9,197,373 |
| Acquisition of non-controlling interests | - | - | - | (182,476) | - | - | - | - | - | - | (182,476) | (1,407,524) | (1,590,000) |
| Equity-settled share-based payments | - | - | 19,992 | 208,953 | - | - | - | - | - | - | 228,945 | 37,706 | 266,651 |
| Appropriation to surplus reserve | - | - | - | - | 1,220,987 | - | - | - | - | (1,220,987) | - | - | - |
| Appropriation to general reserve | - | - | - | - | - | 2,918,394 | - | - | - | (2,918,394) | - | - | - |
| Dividends declared to ordinary shareholders for the year | - | - | - | - | - | - | - | - | - | (4,063,640) | (4,063,640) | - | (4,063,640) |
| Dividends payable to perpetual subordinated bonds | - | - | - | - | - | - | - | - | - | (485,730) | (485,730) | - | (485,730) |
| Other comprehensive income that has been reclassified to retained profits | - | - | - | - | - | - | 424 | - | - | (424) | - | - | - |
| Others | (1,061) | 3,575 | 9,231 | (104,150) | - | - | - | - | - | - | (92,405) | 19,397 | (73,008) |
| **As at 31 December 2022** | 9,075,589 | 19,200,000 | (1,202,324) | 70,482,059 | 7,790,909 | 21,024,438 | 84,554 | 42,643 | 666,033 | 37,923,300 | 165,087,201 | 2,761,508 | 167,848,709 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
# FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

| | Attributable to shareholders of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Reserves | | | | | | | | | |
| | Share capital (Note 55) | Other equity instruments (Note 55) | Treasury shares (Note 55) | Capital reserve (Note 55) | Surplus reserve (Note 55) | General reserve (Note 55) | Fair value reserve (Note 55) | Cash flow hedges reserve (Note 38) | Translation reserve (Note 55) | Retained profits (Note 55) | Total | Non-controlling interests | Total equity |
| **As at 1 January 2021** | 9,076,650 | - | (1,626,546) | 70,750,052 | 5,711,067 | 15,792,946 | 605,917 | (34,348) | (202,856) | 28,998,618 | 129,071,500 | 3,240,535 | 132,312,035 |
| **Changes in equity for 2021** | | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | - | - | 13,346,106 | 13,346,106 | 254,787 | 13,600,893 |
| Other comprehensive income / (expense) for the year | - | - | - | - | - | - | (383,217) | 20,164 | (222,925) | - | (585,978) | (40,106) | (626,084) |
| Total comprehensive income / (expense) for the year | - | - | - | - | - | - | (383,217) | 20,164 | (222,925) | 13,346,106 | 12,760,128 | 214,681 | 12,974,809 |
| Issue of perpetual bonds | - | 9,996,425 | - | - | - | - | - | - | - | - | 9,996,425 | - | 9,996,425 |
| Equity-settled share-based payments | - | - | 443,963 | (235,027) | - | - | - | - | - | - | 208,936 | 43,893 | 252,829 |
| Capital injection by non-controlling shareholders | - | - | - | 47,327 | - | - | - | - | - | - | 47,327 | 113,865 | 161,192 |
| Acquisition of treasury shares | - | - | (48,964) | - | - | - | - | - | - | - | (48,964) | - | (48,964) |
| Appropriation to surplus reserve | - | - | - | - | 858,855 | - | - | - | - | (858,855) | - | - | - |
| Appropriation to general reserve | - | - | - | - | - | 2,313,098 | - | - | - | (2,313,098) | - | - | - |
| Dividends declared to ordinary shareholders for the year | - | - | - | - | - | - | - | - | - | (3,612,549) | (3,612,549) | - | (3,612,549) |
| Other comprehensive income that has been reclassified to retained profits | - | - | - | - | - | - | 443 | - | - | (443) | - | - | - |
| Others | - | - | - | 7 | - | - | - | - | - | - | 7 | - | 7 |
| **As at 31 December 2021** | 9,076,650 | 9,996,425 | (1,231,547) | 70,562,359 | 6,569,922 | 18,106,044 | 223,143 | (14,184) | (425,781) | 35,559,779 | 148,422,810 | 3,612,974 | 152,035,784 |

The notes on pages 18 to 183 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of Renminbi, unless otherwise stated)

| | Note | Year ended 31 December 2022 | 2021 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Profit before income tax | | 12,228,038 | 16,272,562 |
| Adjustments for: | | | |
| Interest expenses | | 11,111,339 | 10,990,375 |
| Share of profit of associates and joint ventures | | (1,219,046) | (2,629,981) |
| Depreciation and amortisation expenses | | 1,552,576 | 1,432,645 |
| Impairment losses under expected credit loss model, net of reversal | | (485,349) | 548,188 |
| Expenses recognised from equity-settled share-based payment | | 249,094 | 243,690 |
| Gains on disposal of property and equipment | | (2,161) | (296) |
| Foreign exchange (gains) / losses | | (628,245) | 282,024 |
| Dividend income and interest income from financial assets through other comprehensive income and debt instruments at amortised cost | | (1,412,606) | (1,883,646) |
| Net losses arising from derecognition of financial assets at fair value through other comprehensive income | | 197,789 | 100,557 |
| Net gains arising from derecognition of debt instruments at amortised cost | | (92) | (46,269) |
| Net gains arising from acquisition of investment in an associate | | (151,563) | - |
| Net losses arising from disposal of investment in an associate | | 528 | - |
| Unrealised fair value changes in financial instruments at fair value through profit or loss | | 8,175,234 | 8,694,589 |
| Unrealised fair value changes in derivatives | | (1,820,649) | (10,147,672) |
| Operating cash flows before movements in working capital | | 27,794,887 | 23,856,766 |
| Increase in refundable deposits | | (15,079,648) | (2,863,339) |
| Decrease/ (increase) in margin accounts receivable | | 16,681,508 | (14,814,298) |
| Decrease/ (increase) in accounts receivable, other receivables and prepayments | | 1,713,525 | (2,284,276) |
| Increase in financial assets held under resale agreements | | (644,556) | (1,578,867) |
| Decrease/ (increase) in financial instruments at fair value through profit or loss | | 13,843,160 | (59,417,653) |
| (Increase)/ Decrease in restricted bank deposits | | (410,003) | 4,986,351 |
| Decrease/ (increase) in cash held on behalf of brokerage clients | | 3,237,552 | (18,973,439) |
| Increase in accounts payable to brokerage clients | | 5,049,890 | 11,114,199 |
| Increase in other payables and accruals | | 1,172,997 | 1,361,311 |

| | Note | Year ended 31 December 2022 | 2021 |
|---|---|---|---|
| **Cash flows from operating activities: - continued** | | | |
| (Decrease)/increase in employee benefits payable | | (922,312) | 1,683,427 |
| Increase/(decrease) in financial assets sold under repurchase agreements | | 13,407,997 | (9,189,967) |
| Increase in placements from other financial institutions | | 11,847,252 | 9,201,319 |
| Cash from/(used in) operations | | 77,692,249 | (56,918,466) |
| Income taxes paid | | (1,906,305) | (2,894,184) |
| Interest paid | | (5,495,377) | (5,524,444) |
| Net cash generated from / (used in) operating activities | | 70,290,567 | (65,337,094) |
| **Cash flows from investing activities** | | | |
| Proceeds on disposal of property and equipment | | 23,563 | 5,914 |
| Dividends received from associates | | 1,513,199 | 1,124,363 |
| Dividend income and interest income from financial assets through other comprehensive income and debt instruments at amortised cost | | 1,269,369 | 1,883,646 |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | | 7,539,834 | 8,624,877 |
| Proceeds from disposal of debt instruments at amortised cost | | 18,766,877 | 25,958,988 |
| Purchase of property and equipment, investment properties, other intangible assets and other non-current assets | | (1,431,835) | (2,953,175) |
| Payment made on acquisition of a subsidiary, net of cash acquired | | (288,673) | (803,430) |
| Acquisition of interests in associates | | (405,728) | (412,745) |
| Divestments of associates and joint ventures | | 164,431 | 1,195,428 |
| Purchase of debt instruments at amortised cost | | (34,728,283) | (27,909,822) |
| Purchase of financial assets at fair value through other comprehensive income | | (9,137,754) | (6,976,086) |
| Net cash used in from investing activities | | (16,715,000) | (262,042) |

| | Note | Year ended 31 December 2022 | 2021 |
|---|---|---|---|
| **Cash flows from financing activities:** | | | |
| Proceeds from issuance of short-term debt instruments | | 50,182,816 | 129,076,996 |
| Proceeds from issuance of long-term bonds | | 40,125,807 | 56,580,701 |
| Proceeds from issuance of perpetual bonds | | 9,197,373 | 9,996,425 |
| Proceeds from bank loans | | 8,753,624 | 247,402 |
| Repayment of bank loans | | (9,210,440) | (2,795,165) |
| Repayment of debt securities issued | | (113,178,717) | (140,777,597) |
| Short-term bank loans interest paid | | (113,531) | (126,999) |
| Long-term bank loans interest paid | | (39,067) | (22,956) |
| Short-term debt instruments interest paid | | (914,870) | (827,947) |
| Long-term bonds interest paid | | (4,877,102) | (3,435,757) |
| Dividends paid | | (4,455,564) | (3,612,549) |
| Payment of lease liabilities | | (568,238) | (462,158) |
| Payment on repurchase and cancellation of shares | | (9,230) | - |
| Payment of acquisition of treasury shares | | - | (48,964) |
| Acquisition of partial interest of a subsidiary | | (1,590,000) | - |
| Cash received from Restricted Share Incentive Scheme of A Shares | | - | 413,941 |
| Net cash (used in) /generated from financing activities | 42(b) | (26,697,139) | 44,205,373 |
| Net increase / (decrease) in cash and cash equivalents | | 26,878,428 | (21,393,763) |
| Cash and cash equivalents at the beginning of the year | | 45,901,362 | 67,646,413 |
| Effect of foreign exchange rate changes | | 2,769,270 | (351,288) |
| Cash and cash equivalents at the end of the year | 42(a) | 75,549,060 | 45,901,362 |

The notes on pages 18 to 183 form part of these consolidated financial statements.

## 1. General information

Huatai Securities Co., Ltd. (the "Company"), formerly known as Jiangsu Securities Company, was approved by the People's Bank of China ("PBOC"), and registered with the Administration for Industry and Commerce of Jiangsu Province on 9 April 1991, with a registered capital of RMB10 million. The Company was renamed as Huatai Securities Limited Liability Company on 21 December 1999 and then renamed as Huatai Securities Co., Ltd. on 7 December 2007 as a result of the conversion into a joint stock limited liability company.

The Company publicly issued RMB784,561,275 ordinary shares (the "A shares") in February 2010, and was listed on the Shanghai Stock Exchange on 26 February 2010.

In June 2015, the Company issued RMB1,562,768,800 H shares, which were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

In August 2018, the Company completed the non-public issuance of 1,088,731,200 RMB-denominated ordinary shares (A Shares) by way of "Non-Public Issuance to Specific Investors".

In June 2019, the Company issued 82,515,000 Global Deposits Receipts (the "GDRs"), representing 825,150,000 new A shares, and was listed on the London Stock Exchange plc (the "London Stock Exchange").

In September 2022, the Company completed the repurchase and cancellation of 1,060,973 restricted A Shares. As at 31 December 2022, the Company's registered capital was RMB9,075,589,027 and the Company has a total of 9,075,589,027 issued shares of RMB1 each.

As at 31 December 2022, the Company has 28 branches and 243 securities business offices. Please refer to Note 24 for details of subsidiaries of the Company.

The Company and its subsidiaries (the "Group") are principally engaged in securities brokerage, securities proprietary trading, securities underwriting and sponsorship, securities investment advisory, asset management, margin financing and securities lending, agency sale of financial products, intermediary introduction business for the futures companies, agency sale and custody of securities investment fund, mutual fund management, brokerage of spot contracts for precious metal such as gold, proprietary trading of spot contract for gold, direct investment business, alternative investment business, stock option market making, futures brokerage business and other business activities as approved by the China Securities Regulatory Commission("the CSRC").

## 2. Significant accounting policies

### *(1) Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Group are set out below.

### *(2) Application of amendments to IFRSs*

***Amendments to IFRSs that are mandatorily effective for the current year***

In the current year, the Group has applied the following amendments to IFRSs issued by IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

| | |
|---|---|
| Amendments to IFRS 3 | Reference to the Conceptual Framework |
| Amendments to IAS 16 | Property, Plant and Equipment - Proceeds before Intended Use |
| Amendments to IAS 37 | Onerous Contracts - Cost of Fulfilling a Contract |
| Amendments to IFRSs | Annual Improvements to IFRSs 2018-2020 |

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

***New and amendments to IFRSs in issue but not yet effective***

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

| | |
|---|---|
| IFRS 17 | Insurance Contracts[1] |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2] |
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback[3] |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current[3] |
| Amendments to IAS 1 | Non-current Liabilities with Covenants[3] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 8 | Definition of Accounting Estimates[1] |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a SingleTransaction[1] |

**2. Significant accounting policies** - continued

***(2) Application of amendments to IFRSs*** - continued

***New and amendments to IFRSs in issue but not yet effective*** - continued

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all the above new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

***(3) Basis of preparation of the consolidated financial statements***

The consolidated financial statements have been prepared on the historical cost basis except that the following assets and liabilities are measured at their fair value: financial derivatives, non-derivative financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income. The methods used to measure fair value are discussed further in Note 2(8).

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company. All financial information presented in RMB has been rounded to the nearest thousand, except when otherwise indicated. The Group translates the consolidated financial statements of subsidiaries from their respective functional currencies into the Group's functional currency if the subsidiaries' functional currencies are not the same as that of the Group.

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgments made by management in the application of IFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 2(29).

**2. Significant accounting policies** - continued

***(4) Basis of consolidation***

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see Note 2(4)(ii)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

(ii) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised gains arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meet the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the reporting period between non-controlling interests and the shareholders of the Company.

**2. Significant accounting policies** - continued

***(4) Basis of consolidation*** - continued

(ii) Subsidiaries and non-controlling interests - continued

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(8)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(4)(iii)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(15)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) or applied the exemption from the requirement to apply equity accounting method and measured the investment at fair value through profit or loss. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair value of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(15)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in other comprehensive income.

**2. Significant accounting policies** - continued

***(4) Basis of consolidation*** - continued

(iii) Associates and joint ventures - continued

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund and similar entities, such investment is measured at fair value through profit or loss in the Group's consolidated statement of financial position.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(8)).

In the Company's statement of financial position, investments in associates and joint venture of the Company are accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) or applied the exemption from the requirement to apply equity accounting method and measured the investment at fair value through profit or loss.

**2. Significant accounting policies** - continued

***(5) Goodwill***

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(15)).

On disposal of a CGU during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

***(6) Foreign currency***

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

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

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of the reporting period. The resulting exchange differences are recognised in profit or loss, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

**2. Significant accounting policies** - continued

***(6) Foreign currency*** - continued

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to RMB using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of equity securities investment designated as at fair value through other comprehensive income (FVOCI) (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss), which are recognised as OCI in reserve.

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

***(7) Cash and cash equivalents***

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

***(8) Financial instruments***

(i) Recognition and initial measurement

Financial instruments are recognised/derecognised on the date the Group commits to purchase/sell the investment. Financial instruments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVTPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 2(8)(iv). Financial instruments are subsequently accounted for as follows, depending on their classification.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

**2. Significant accounting policies** - continued

***(8) Financial instruments*** - continued

(ii) Classification and subsequent measurement - continued

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instruments is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets - Business model assessment*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**2. Significant accounting policies** - continued

***(8) Financial instruments*** - continued

(ii) Classification and subsequent measurement - continued

*Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**2. Significant accounting policies** - continued

***(8) Financial instruments*** - continued

(ii) Classification and subsequent measurement - continued

*Financial assets - Subsequent measurement and gains and losses*

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
| Debt instruments at FVOCI | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. |

*Financial liabilities - Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk is to be recognised in OCI (without reclassification to profit or loss). Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**2. Significant accounting policies** - continued

***(8) Financial instruments*** - continued

(iii) Impairment

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost;
- debt instruments measured at FVOCI;
- financial guarantee contracts；
- contract assets； and
- lease receivables.

Debt instruments at fair value, FVTPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for accounts receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

**2. Significant accounting policies** - continued

***(8) Financial instruments*** - continued

(iii) Impairment - continued

*Measurement of ECLs* - continued

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

*Significant increases in credit risk*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

**2. Significant accounting policies** - continued

***(8) Financial instruments*** - continued

(iii) Impairment - continued

*Significant increases in credit risk* - continued

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

*Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

*Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisations; or
- the disappearance of an active market for a security because of financial difficulties.
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

**2. Significant accounting policies** - continued

***(8) Financial instruments*** - continued

(iii) Impairment - continued

*Presentation of allowance for ECL in the consolidated statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

*Write-off*

The gross carrying amount of a financial asset is written-off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written-off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iv) Fair value measurement

If there is an active market for a financial asset or financial liability, the quoted market price without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. Quoted prices from an active market are prices that are readily and regularly available from an exchange, dealer, broker, industry group or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of the reporting period. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

**2. Significant accounting policies** - continued

***(8) Financial instruments*** - continued

(iv) Fair value measurement - continued

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

(v) Derecognition of financial assets and financial liabilities

Financial assets (or a part of a financial asset or group of financial assets) are derecognised when the financial assets meet one of the following conditions:

- the contractual rights to the cash flows from the financial asset expire; or

- the Group transfers substantially all the risks and rewards of ownership of the financial assets or where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the control over that asset is relinquished.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but retains control, the Group continues to recognise the financial asset and relevant liability to the extent of its continuing involvement in the financial asset.

The financial liability (or part of it) is derecognised only when the underlying present obligation (or part of it) specified in the contracts is discharged, cancelled or expired. An agreement between the Group and an existing lender to replace the original financial liability with a new financial liability with substantially different terms, or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the carrying amount of the derecognised financial liability and the consideration paid is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis, or by realising the asset and settling the liability simultaneously.

(vii) Equity instruments

An equity instrument is a contract that proves the ownership interest of the residual assets after deducting all liabilities of the Group. Considerations received from issuance of equity instruments net of transaction costs are recognised in equity. Considerations and transaction costs paid by the Group for repurchasing its own equity instruments are deducted from equity.

**2. Significant accounting policies** - continued

***(8) Financial instruments*** - continued

(viii) Perpetual bonds

At initial recognition, the Group classifies the perpetual bonds issued as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial liabilities and equity instruments.

Perpetual bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

(ix) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(x) Hedge accounting

At the inception of a hedging relationship, the Group formally designates the hedge instruments and the hedged items, and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to meet the hedge effectiveness in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to analyse the sources of hedge ineffectiveness which are expected to affect the hedging relationship in remaining hedging period. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group would rebalance the hedging relationship.

The Group designates such hedged items as debt securities issued with floating interest that expose the Group to the risk of variability of its cash flows.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting and are therefore treated as derivatives held for trading with fair value gains or losses recognised in profit or loss. Hedges which meet the strict criteria for hedge accounting are accounted for in accordance with the Group's accounting policy as set out below.

**2. Significant accounting policies** - continued

***(8) Financial instruments*** - continued

(x) Hedge accounting - continued

*Fair value hedges*

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or unrecognised firm commitment, that is attributable to a particular risk and could affect the profit or loss or other comprehensive income. Among them, the circumstances affecting other comprehensive income are limited to the hedging for the risk exposure from fair value change of non-trading equity investment designated as at FVOCI. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and the gains and losses from both are taken to profit or loss or other comprehensive income.

For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item and the face value is amortised over the remaining term of the original hedge using the effective interest rate method.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

The Group discontinues fair value hedge accounting when the hedging relationship ceases to meet the qualifying criteria after taking into account any rebalancing of the hedging relationship, including the hedging instrument has expired or has been sold, terminated or exercised. If the hedged items are derecognised, the unamortised fair value is recorded in profit or loss.

*Cash flow hedges*

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, a highly probable forecast transaction or a component of any such item, and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in profit or loss.

**2. Significant accounting policies** - continued

***(8) Financial instruments*** - continued

(x) Hedge accounting - continued

*Cash flow hedges* - continued

When the hedged cash flow affects profit or loss, the gain or loss on the hedging instrument recognised directly in other comprehensive income is recycled in the corresponding income or expense line of the statement of profit or loss. When the hedging relationship ceases to meet the qualifying criteria after taking into account any rebalancing of the hedging relationship, including the hedging instrument has expired or has been sold, terminated or exercised, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income until the hedged forecast transaction ultimately occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

*Net investment hedges*

Net investment hedge is a hedge of the currency risk of a net investment in a foreign institution operation.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised directly in other comprehensive income; the gain or loss relating to the ineffective portion is recognised in profit or loss immediately. Gains and losses accumulated in other comprehensive income are included in profit or loss when the foreign operation is disposed of as part of the gain or loss on the disposal.

***(9) Margin financing and securities lending***

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

The classification, subsequent measurement and impairment of margin financing receivables is based on policies in Note 2(8). Securities lent are not derecognised when the risk and rewards are not transferred, and interest income from margin financing receivables and securities lent is recognised accordingly.

**2. Significant accounting policies** - continued

***(9) Margin financing and securities lending*** - continued

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

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

***(10) Financial assets held under resale and sold under repurchase agreements***

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

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

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

***(11) Investments in subsidiaries***

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note 2(4).

In the Company's statement of financial position, investments in subsidiaries are accounted for using the cost method. The investment is stated at cost less impairment loss (Note 2(15)) in the statements of financial position. Except for declared but not yet distributed cash dividends or profits distribution that have been included in the price or consideration paid in obtaining the investments, the Group recognises its share of the cash dividends or profit distribution declared by the investees as investment income.

**2. Significant accounting policies** - continued

***(12) Property and equipment and construction in progress***

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(15)). Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Costs of construction in progress are determined based on the actual expenditures incurred which include all necessary expenditures incurred during the construction period, borrowing costs eligible for capitalisation and other costs incurred to bring the asset to its intended use.

Items classified as construction in progress are transferred to property and equipment when such assets are ready for their intended use.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

**2. Significant accounting policies** - continued

***(12) Property and equipment and construction in progress*** - continued

(iii) Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write-off the cost of items of property and equipment less their estimated residual values using the straight-line basis over their estimated useful lives.

Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

| Types of assets | Estimated useful lives | Estimated residual values | Depreciation rates |
|---|---|---|---|
| Buildings | 30 - 35 years | 3% | 2.77% - 3.23% |
| Motor vehicles | 5 - 8 years | 3% | 12.13% - 19.40% |
| Electronic equipment | 5 years | 3% | 19.40% |
| Furniture and fixtures | 5 years | 3% | 19.40% |

No depreciation is provided in respect of construction in progress. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

***(13) Investment property***

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is accounted for using the cost model and stated in the financial statements at cost less accumulated depreciation, and impairment losses (see Note 2(15)). The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale.

| | Estimated useful lives | Estimated residual values | Depreciation rates |
|---|---|---|---|
| Investment property | 30 - 35 years | 3% | 2.77% - 3.23% |

**2. Significant accounting policies** - continued

***(13) Investment property*** - continued

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

***(14) Land-use rights and other intangible assets***

Intangible assets are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment loss (see Note 2(15)). For an intangible asset with finite useful life, its cost less impairment loss is amortised on the straight-line method over its estimated useful life.

The respective amortisation periods for intangible assets are as follows:

| Types of assets | Estimated useful lives |
|---|---|
| Existing relationships with broker-dealers | Indefinite |
| Enterprise distribution channel customer relationships | Indefinite |
| Trading seat fee | Indefinite |
| Land-use rights | 40 - 50 years |
| Trade names | 11 - 20 years |
| Software and others | 2 - 14 years |

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

***(15) Impairment of non-financial assets***

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

- property and equipment
- construction in progress
- investment property
- right-of-use asset
- land-use rights and other intangible assets
- equity investment in subsidiaries, associates and joint ventures
- goodwill
- leasehold improvements and long-term deferred expenses

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

**2. Significant accounting policies** - continued

***(15) Impairment of non-financial assets*** - continued

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

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

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

***(16) Contract assets and contract liabilities***

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. Contract assets are assessed for ECL in accordance with the policy set out in Note 2(8)(iii) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

**2. Significant accounting policies** - continued

***(17) Employee benefits***

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

(iii) Other long-term employee benefits

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

(iv) Termination benefits

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

**2. Significant accounting policies** - continued

***(18) Share-based payments***

(i) Accounting treatment of cash-settled share-based payments

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If a cash-settled share-based payment do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises costs or expenses as services are received, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting. Until the liability is settled, the Group will remeasure the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognised in profit or loss for the current period.

When the Group receives services and has the obligation to settle the transaction, but the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group classifies the transaction as cash-settled.

(ii) Accounting treatment of equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises an amount at each balance sheet date during the vesting period based on the best estimate of the number of equity instruments expected to vest according to the newly obtained subsequent information of the changes of the number of the employees expected to vest the equity instruments. The Group measures the services received at the grant-date fair value of the equity instruments and recognises the costs or expenses as the services are received, with a corresponding increase in capital reserve.

When the Group receives services, but the Group has no obligation to settle the transaction because the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group also classifies the transaction as equity-settled.

***(19) Income tax***

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

**2. Significant accounting policies** - continued

***(19) Income tax*** - continued

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**2. Significant accounting policies** - continued

***(19) Income tax*** - continued

(iii) Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

***(20) Leases***

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

**2. Significant accounting policies** - continued

***(20) Leases*** - continued

(i) As a lessee - continued

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'other payables and accruals' in the statement of financial position.

**Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

**2. Significant accounting policies** - continued

***(20) Leases*** - continued

(ii) As a lessor - continued

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see Note 2(15)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income and gains'.

***(21) Provisions and contingent liabilities***

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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

**2. Significant accounting policies** - continued

***(22) Fiduciary activities***

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

***(23) Revenue recognition***

Revenue is recognised when control over a service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a variable consideration, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised services to a customer and includes in the transaction price some or all of the variable consideration estimated, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Commission income from brokerage business

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

(ii) Underwriting and sponsor fees

Underwriting fee is recognised when the Group has fulfilled its obligations under the underwriting contract.

**2. Significant accounting policies** - continued

***(23) Revenue recognition*** - continued

(ii) Underwriting and sponsor fees - continued

Depending on contract terms, sponsor fees are recognised progressively over time using a method that depicts the Group's performance, or at a point in time when the service is completed.

(iii) Advisory fees

Depending on the nature of the advisory services and the contract terms, advisory fees are recognised progressively over time using a method that depicts the Group's performance, or at a point in time when the advisory service is completed.

(iv) Asset management fees

Asset management fees include periodic management fees calculated based on assets under management and performance-based fees. The fees are recognised progressively over time using a method that depicts the Group's performance, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

(v) Other income

Other income is recognised on an accrual basis.

***(24) Expenses recognition***

(i) Commission expenses

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

(ii) Interest expenses

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

(iii) Other expenses

Other expenses are recognised on an accrual basis.

***(25) Dividend distribution***

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

**2. Significant accounting policies** - continued

***(26) Government grants***

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income and gains".

***(27) Related parties***

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

**2. Significant accounting policies** - continued

***(27) Related parties*** - continued

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**2. Significant accounting policies** - continued

***(28) Segment reporting***

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

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

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

***(29) Significant accounting estimates and judgements***

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Fair value of financial instruments

If the market for a financial instrument is not active, the Group determines the fair value by using valuation technique. Valuation technique makes maximum use of observable market input. However, where observable market inputs are not available, management makes estimates on such unobservable market inputs.

**2. Significant accounting policies** - continued

***(29) Significant accounting estimates and judgements*** - continued

(ii) Measurement of ECL

The following significant judgements are required in applying the accounting requirements for measuring the ECL.

*Significant increase of credit risk*

As explained in Note 2(8)(iii), ECL are measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

*Establishing groups of assets with similar credit risk characteristics*

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets move from 12-month to lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

*Models and assumptions used*

The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

*Forward-looking information*

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movements of different economic drivers and how these drivers will affect each other.

*Probability of default (PD)*

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

**2. Significant accounting policies** - continued

***(29) Significant accounting estimates and judgements*** - continued

(ii) Measurement of ECL - continued

*Loss given default (LGD)*

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

*Loss rate (LR)*

LR represents the Group's expectation of the likelihood and extent of loss on exposure based on the relevant loan to collateral ratio. The Group uses historical loss rates based on publicly available information and assesses their appropriateness.

(iii) Impairment of non-financial assets

At the end of the reporting period, the carrying amount of non-financial assets are reviewed to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, an impairment loss is provided. Goodwill and indefinite-lived intangible assets are tested annually for impairment.

Since the market price of an asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing the present value of future cash flows, significant judgements are exercised over the future cash flows and discounting rates, based on all relevant materials which can be obtained together with reasonable and supportable assumptions.

(iv) Income taxes

Determining income tax provisions requires the Group to estimate the future tax treatment of certain transactions. The Group evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also significant assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

**2. Significant accounting policies** - continued

***(29) Significant accounting estimates and judgements*** - continued

(v) Determination scope of consolidation

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

The Group held interests as investor and/or acted as investment manager in various structured entities including asset management schemes, investment funds and partnerships. The Group considered its power, arising from the rights entitled directly or indirectly, over the structured entities, and assessed whether the combination of investments it held together with its remuneration created exposure to variability of returns from the structured entities that are of such significance that it indicated the Group controlled the structured entities and should consolidated these structured entities.

**3. Taxation**

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

| Tax type | Tax basis | Tax rate |
|---|---|---|
| Value-added tax (VAT) | Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period. | 3% - 13% |
| City maintenance and construction tax | Based on VAT payable | 1% - 7% |
| Education surcharge | Based on VAT payable | 2% - 3% |
| Local Education surcharge | Based on VAT payable | 1% - 2% |
| Income tax | Based on taxable profits | 25%[(i)] |

(i) The income tax rate applicable to the Company and its subsidiaries in the Mainland China is 25% (2021: 25%). The income tax rate applicable to subsidiaries in Hong Kong is 16.5% (2021: 16.5%). The federal income tax of subsidiaries in the United States were provided at the rate of 21% (2021: 21%). Taxes of other overseas subsidiaries are charged at the relevant local rates.

## 4. Fee and commission income

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Income from securities brokerage and advisory business | 9,295,319 | 10,783,673 |
| Income from asset management business | 5,816,638 | 5,092,913 |
| Income from underwriting and sponsorship business | 3,712,850 | 4,053,693 |
| Income from futures brokerage business | 1,471,261 | 1,710,672 |
| Income from financial advisory business | 446,249 | 504,953 |
| Other commission income | 239,108 | 179,439 |
| Total | 20,981,425 | 22,325,343 |

## 5. Interest income

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Interest income from margin financing and securities lending | 7,829,590 | 9,079,183 |
| Interest income from financial institutions | 3,954,182 | 3,874,504 |
| Interest income from debt instruments at amortised cost | 1,144,983 | 966,185 |
| Interest income from securities-backed lendings | 279,512 | 330,323 |
| Interest income from debt instruments at fair value through other comprehensive income | 267,623 | 298,591 |
| Interest income from other financial assets held under resale agreements | 239,943 | 186,004 |
| Others | 28,284 | 6,269 |
| Total | 13,744,117 | 14,741,059 |

## 6. Net investment gains

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Dividend income and interest income from financial instruments at fair value through profit or loss | 8,586,040 | 9,332,733 |
| Net realised losses from disposal of an associate | (528) | - |
| Dividend income from equity instruments at fair value through other comprehensive income | - | 618,870 |
| Net realised gains/(losses) from disposal of derivative financial instruments | 14,012,826 | (17,553,798) |
| Net realised (losses)/gains from disposal of financial instruments at fair value through profit or loss | (13,160,288) | 18,618,785 |
| Net realised losses from disposal of debt instruments at fair value through other comprehensive income | (197,789) | (100,557) |
| Net gains arising from derecognition of debt instruments at amortised cost[(i)] | 92 | 46,269 |
| Unrealised fair value changes of derivative financial instruments | 4,961,468 | 9,003,658 |
| Unrealised fair value changes of financial instruments at fair value through profit or loss | (8,175,234) | (8,694,589) |
| Total | 6,026,587 | 11,271,371 |

(i) For the year ended 31 December 2022 and 31 December 2021, the Group sold certain investment securities measured at amortised cost. These sales were made because the financial assets no longer met the Group's investment policy due to a deterioration in their credit risk.

## 7. Other income and gains

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Income from commodity sales | 3,236,896 | 3,415,908 |
| Government grants[(i)] | 287,518 | 270,709 |
| Rental income | 47,964 | 44,481 |
| Gains on disposal of property and equipment | 1,109 | 296 |
| Gain on acquiring interest in an associate[(ii)] | 151,563 | - |
| Foreign exchange gain/(losses) | 2,199,198 | (282,024) |
| Others | 147,995 | 139,261 |
| Total | 6,072,243 | 3,588,631 |

(i) The government grants were received unconditionally by the Company and its subsidiaries from the local government where they reside.

(ii) During the year ended 31 December 2022, the Company purchased 36,000,010 A shares of Bank of Jiangsu Co., Ltd. ("Bank of Jiangsu") through the stock market, recognized a discounted income amounting to RMB151.56 million.

## 8. Fee and commission expenses

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Expenses for securities brokerage and advisory business | 2,669,423 | 3,401,888 |
| Expenses for futures brokerage business | 845,194 | 1,051,770 |
| Expenses for asset management business | 1,093,726 | 983,217 |
| Expenses for underwriting and sponsorship business | 132,448 | 213,002 |
| Expenses for financial advisory business | 2,321 | 1,484 |
| Other commission expenses | 2,727 | 1,348 |
| Total | 4,745,839 | 5,652,709 |

## 9. Interest expenses

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Interest expenses on long-term bonds | 4,454,208 | 4,450,296 |
| Interest expenses on financial assets sold under repurchase agreements | 2,822,526 | 2,922,914 |
| Interest expenses on placements from banks and other financial institutions | 1,904,572 | 1,788,534 |
| Interest expenses on short-term debt instruments issued | 899,652 | 865,817 |
| Interest expenses of accounts payable to brokerage clients | 602,090 | 664,432 |
| Interest expenses on short-term bank loans | 157,578 | 114,595 |
| Interest expenses on lease liabilities | 53,716 | 48,242 |
| Interest expenses on long-term bank loans | 39,067 | 22,956 |
| Others | 177,930 | 112,589 |
| Total | 11,111,339 | 10,990,375 |

## 10. Staff costs

| | Note | Year ended 31 December | |
|---|---|---|---|
| | | 2022 | 2021 |
| Salaries, bonuses and allowances | | 7,640,457 | 9,371,929 |
| Contribution to pension schemes | | 1,217,392 | 960,397 |
| Equity-settled share-based payment expense | 63 | 249,094 | 243,690 |
| Other social welfare | | 944,955 | 781,178 |
| Total | | 10,051,898 | 11,357,194 |

The domestic employees of the Group in the PRC participate in social welfare plans, including pension, medical, housing, and other welfare benefits, organised and administered by the governmental authorities. According to the relevant regulations, the premiums and welfare benefits contributions that should be borne by the Group are calculated on a regular basis and paid to the labour and social welfare authorities. The contributions to the social security plans are expensed as incurred.

The Group provides its full-time employees in Mainland China and certain countries or jurisdictions outside Mainland China with relevant pension plans as required by the governments or by local labour laws, including the basic pension plan in Mainland China, the Mandatory Provident Funds in Hong Kong and other statutory plans in certain countries outside Mainland China. The Group did not have any forfeited contributions under these pension plans.

## 10. Staff costs - continued

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.

## 11. Depreciation and amortisation expenses

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Amortisation of land-use rights and other intangible assets | 430,469 | 477,161 |
| Depreciation of property and equipment | 982,420 | 851,616 |
| - Right-of-use assets | 525,031 | 462,505 |
| - Other property and equipment | 457,389 | 389,111 |
| Amortisation of leasehold improvements and long-term deferred expenses | 127,043 | 88,859 |
| Depreciation of investment properties | 12,644 | 15,009 |
| Total | 1,552,576 | 1,432,645 |

## 12. Tax and surcharges

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| City maintenance and construction tax | 81,378 | 109,041 |
| Education surcharges | 58,348 | 79,544 |
| Others | 50,245 | 51,310 |
| Total | 189,971 | 239,895 |

## 13. Other operating expenses

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Cost of commodity sales | 3,259,403 | 3,424,414 |
| IT expenses | 1,955,741 | 1,398,190 |
| Marketing, advertising and promotion expenses | 600,943 | 642,662 |
| Consulting fees | 526,316 | 396,277 |
| Stock exchange fees | 418,653 | 383,240 |
| Postal and communication expenses | 277,532 | 263,386 |
| Products distribution expenses | 38,397 | 130,332 |
| Securities investor protection funds | 111,428 | 126,481 |
| Utilities | 52,747 | 53,575 |
| Rental expenses | 41,566 | 41,020 |
| Auditors' remuneration | 12,520 | 12,823 |
| Others | 1,353,860 | 1,190,417 |
| Total | 8,649,106 | 8,062,817 |

## 14. Impairment losses under expected credit loss model, net of reversal

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Reversal of impairment losses against cash and bank balances | (351) | (273) |
| (Reversal of) / provision for impairment losses against margin accounts receivable | (387,636) | 446,060 |
| Reversal of impairment losses against other receivables and prepayments | (720) | (28,750) |
| Reversal of impairment losses against debt instruments at amortised cost | (9,969) | (12,906) |
| (Reversal of) / provision for impairment losses against financial assets at fair value through other comprehensive income | (69,406) | 29,105 |
| Provision for impairment losses against financial assets held under resale agreements | 15,392 | 80,513 |
| (Reversal of) / provision for impairment losses against accounts receivable | (32,659) | 34,439 |
| Total | (485,349) | 548,188 |

## 15. Income tax expense

### *(a) Taxation in the consolidated income statements represents:*

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Current income tax | | |
| - Mainland China | 1,038,734 | 2,591,351 |
| - Hong Kong | 4,852 | 108,545 |
| - Overseas | 178,024 | 147,852 |
| | 1,221,610 | 2,847,748 |
| Adjustment in respect of prior years | | |
| - Mainland China | 27,018 | 7,302 |
| - Hong Kong | (62,700) | 8,919 |
| - Overseas | - | - |
| | (35,682) | 16,221 |
| Deferred tax | | |
| Reversal of temporary differences | (323,220) | (192,300) |
| Total | 862,708 | 2,671,669 |

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

(2) Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits. The federal income tax of subsidiaries in the United States were provided at the rate of 21%, whereas the states' income tax are charged at the applicable local tax rates.

### *(b) Reconciliation between income tax expense and accounting profit at applicable tax rate:*

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Profit before income tax | 12,228,038 | 16,272,562 |
| Notional tax calculated using the PRC statutory tax rate | 3,057,009 | 4,068,141 |
| Tax effect of non-deductible expenses | 337,466 | 421,300 |
| Tax effect of non-taxable income | (2,239,673) | (1,687,773) |
| Tax effect of deductible temporary differences or unused tax losses not recognised | 16,064 | 26,676 |
| Effect of using the deductible tax losses for which no deferred tax asset was recognised in previous period | (5,193) | (12,400) |
| Effect of different tax rates of the subsidiaries | (169,573) | (153,277) |
| Adjustment in respect of prior years | (35,682) | 16,221 |
| Others(Note) | (97,710) | (7,219) |
| Income tax expense for the year | 862,708 | 2,671,669 |

Note: The balance of others mainly represents tax impact of dividends to perpetual subordinated bonds.

## 16. Directors' and supervisors' remuneration

The remuneration of directors and supervisors for current year who held office is as follows:

| | Year ended 31 December 2022 | | | | | |
|---|---|---|---|---|---|---|
| Name | Directors' fees | Salaries, allowances and benefits in kind | Contribution to pension schemes | Discretionary bonuses | Annuity plan | Total |
| **Executive directors** | | | | | | |
| Zhang Wei | - | 449 | 43 | 1,010 | 208 | 1,710 |
| Zhou Yi | - | 1,396 | 43 | 2,280 | 186 | 3,905 |
| Yin lihong[2] | - | 235 | 26 | 193 | 184 | 638 |
| Zhu Xuebo[3] [13] | - | - | - | - | - | - |
| **Non-executive directors** | | | | | | |
| Ding Feng[1] | - | - | - | - | - | - |
| Chen Zhongyang[1][2] | - | - | - | - | - | - |
| Ke Xiang[1] | - | - | - | - | - | - |
| Hu Xiao[1] | - | - | - | - | - | - |
| Zhang Jin Xin[1][4] | - | - | - | - | - | - |
| Chen Yongbing[1][3] | - | - | - | - | - | - |
| Wang Tao[1][5] | - | - | - | - | - | - |
| **Independent non-executive directors** | | | | | | |
| Wang Jianwen | 240 | - | - | - | - | 240 |
| Wang Quansheng[2] | 140 | - | - | - | - | 140 |
| Peng Bing[4] | 20 | - | - | - | - | 20 |
| Wang Bing[4] | 20 | - | - | - | - | 20 |
| Tse Yung Hoi[4] | 20 | - | - | - | - | 20 |
| Chen Chuanming[3] | 120 | - | - | - | - | 120 |
| Liu Yan[6] | 240 | - | - | - | - | 240 |
| Chen Zhibin[6] | 240 | - | - | - | - | 240 |
| Au King Chi [6] [12] | 240 | - | - | - | - | 240 |
| **Supervisors** | | | | | | |
| Li Chongqi[1][4] | - | - | - | - | - | - |
| Zhou Hongrong[1][4] | - | - | - | - | - | - |
| Yu Lanying[1] | - | - | - | - | - | - |
| Zhang Xiaohong[1] | - | - | - | - | - | - |
| Fan Chunyan[1][6] | - | - | - | - | - | - |
| Zhang Ming[1][6] | - | - | - | - | - | - |
| Gu Chengzhong [7] | - | 912 | 43 | 2,650 | 128 | 3,733 |
| Wang Ying | - | 912 | 43 | 1,560 | 100 | 2,615 |
| Wang Juan[8] | - | 564 | 43 | 1,400 | 88 | 2,095 |
| Total | 1,280 | 4,468 | 241 | 9,093 | 894 | 15,976 |

## 16. Directors' and supervisors' remuneration - continued

| | Year ended 31 December 2021 | | | | | |
|---|---|---|---|---|---|---|
| Name | Directors' fees | Salaries, allowances and benefits in kind | Contribution to pension schemes | Discretionary bonuses | Annuity plan | Total |
| **Executive directors** | | | | | | |
| Zhang Wei | - | 422 | 38 | 1,349 | 176 | 1,985 |
| Zhou Yi | - | 1,315 | 38 | 2,723 | 178 | 4,254 |
| Zhu Xuebo(3) (13) | - | - | - | - | - | - |
| **Non-executive directors** | | | | | | |
| Ding Feng(1) | - | - | - | - | - | - |
| Chen Yongbing(1)(3) | - | - | - | - | - | - |
| Ke Xiang(1)(2) | - | - | - | - | - | - |
| Xu Qing(1)(9) | - | - | - | - | - | - |
| Hu Xiao(1) | - | - | - | - | - | - |
| Wang Tao(1)(5) | - | - | - | - | - | - |
| **Independent non-executive directors** | | | | | | |
| Chen Chuanming(3) | 240 | - | - | - | - | 240 |
| Lee Chi Ming(10) | 120 | - | - | - | - | 120 |
| Liu Yan(6) | 240 | - | - | - | - | 240 |
| Chen Zhibin(6) | 240 | - | - | - | - | 240 |
| Wang Jianwen | 240 | - | - | - | - | 240 |
| Au King Chi(6) (12) | 140 | - | - | - | - | 140 |
| **Supervisors** | | | | | | |
| Zhai Jun (11) | - | 511 | 32 | 3,190 | 124 | 3,857 |
| Zhang Ming(1)(6) | - | - | - | - | - | - |
| Yu Lanying(1) | - | - | - | - | - | - |
| Zhang Xiaohong(1) | - | - | - | - | - | - |
| Fan Chunyan(1)(6) | - | - | - | - | - | - |
| Gu Chengzhong (7) | - | 856 | 38 | 3,370 | 122 | 4,386 |
| Wang Ying | - | 856 | 38 | 2,360 | 95 | 3,349 |
| Wang Juan(8) | - | 532 | 38 | 450 | 84 | 1,104 |
| Total | 1,220 | 4,492 | 222 | 13,442 | 779 | 20,155 |

(1) The remunerations of these non-executive directors and supervisors of the Company were borne by its shareholders and other related parties including Jiangsu Guoxin Investment Group Limited, Jiangsu Communications Holdings Co., Ltd., CMB Wealth Management Company Limited and Jiangsu Govtor Capital Group Co., Ltd., etc. No allocation of the remunerations between these shareholders and the Group has been made during the reporting period.

(2) Appointed as executive director, non-executive director, independent non-executive director or supervisor on 22 June 2022.

(3) Resigned as executive director, non-executive director, independent non-executive director or supervisor on 22 June 2022.

**16. Directors' and supervisors' remuneration** - continued

(4) Appointed as executive director, non-executive director, independent non-executive director or supervisor on 30 December 2022.

(5) Resigned as executive director, non-executive director, independent non-executive director or supervisor on 14 April 2022.

(6) Resigned as executive director, non-executive director, independent non-executive director or supervisor on 30 December 2022.

(7) Appointed as chairman of the supervisory board on 29 October 2021.

(8) Appointed as executive director, non-executive director, independent non-executive director or supervisor on 29 October 2021.

(9) Resigned as executive director, non-executive director, independent non-executive director or supervisor on 29 October 2021.

(10) Resigned as executive director, non-executive director, independent non-executive director or supervisor on 22 June 2021.

(11) Resigned as chairman of the supervisory board on 29 October 2021.

(12) Appointed as independent non-executive director or supervisor on 22 June 2021.

(13) Mr. Zhu Xuebo, a former executive director of the Company, received remuneration from China Southern Asset Management.

(14) For the year ended 31 December 2022, in addition to remuneration of directors and supervisors as disclosed above, the Company recognized share-based payment expense amounted to RMB2,094 thousand, for the restricted shares granted to Zhou Yi under Restricted Share Incentive Scheme of A Shares. (For the year ended 31 December 2021: RMB1,589 thousand.)

There were no amounts paid during the year ended 31 December 2022 to the directors and supervisors in connection with their retirement from employment or compensation for loss of office with the Company, or inducement to join. During the year, there was no arrangement under which a director or a supervisor who had resigned waived or agreed to waive any remuneration.

## 17. Individuals with highest emoluments

Of the five individuals with the highest emoluments, none are directors or supervisors whose emoluments are disclosed in Note 16. The aggregate of the emoluments are as follows:

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Salaries and allowances | 16,484 | 18,198 |
| Discretionary bonuses | 23,332 | 42,830 |
| Employer's contribution to pension schemes | 637 | 458 |
| Share-based payments | 52,871 | 56,525 |
| Total | 93,324 | 118,011 |

The emoluments with the highest emoluments are within the following bands:

| | Year ended 31 December | |
|---|---|---|
| | 2022 Number of individuals | 2021 Number of individuals |
| HKD9,500,001 to HKD10,000,000 | - | - |
| HKD10,000,001 to HKD15,000,000 | - | - |
| HKD15,000,001 to HKD20,000,000 | 3 | 1 |
| HKD20,000,001 to HKD25,000,000 | - | 1 |
| Over HKD25,000,000 | 2 | 3 |
| Total | 5 | 5 |

No emoluments are paid or payable to these individuals as retirement from employment or as an inducement to join or upon joining the Company or as compensation for loss of office during the reporting period.

## 18. Other comprehensive income /(expense)

| | Year ended 31 December 2022 | | |
|---|---|---|---|
| | Before tax | Tax expense | Net of tax |
| Net gain from debt instruments at FVOCI | (122,522) | 14,624 | (107,898) |
| Equity instruments at FVOCI: | | | |
| - Net movements in fair value reserve (non-recycling) | (59,673) | 9,838 | (49,835) |
| Reserve from cash flow hedging instruments | 56,827 | - | 56,827 |
| Share of other comprehensive income of associates and joint ventures | 18,719 | - | 18,719 |
| Exchange differences on translation of financial statements in foreign currencies | 1,278,136 | - | 1,278,136 |
| Total | 1,171,487 | 24,462 | 1,195,949 |

| | Year ended 31 December 2021 | | |
|---|---|---|---|
| | Before tax | Tax expense | Net of tax |
| Net gain from debt instruments at FVOCI | (49,215) | (3,896) | (53,111) |
| Equity instruments at FVOCI: | | | |
| - Net movements in fair value reserve (non-recycling) | (504,393) | 122,805 | (381,588) |
| Reserve from cash flow hedging instruments | 20,164 | - | 20,164 |
| Share of other comprehensive income of associates and joint ventures | 51,482 | - | 51,482 |
| Exchange differences on translation of financial statements in foreign currencies | (263,031) | - | (263,031) |
| Total | (744,993) | 118,909 | (626,084) |

## 19. Basic and diluted earnings per share

### *(1) Basic earnings per share*

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

| | Note | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|---|
| Consolidated net profit attributable to ordinary shareholders of the Company (in RMB thousands) | 19(1)(a) | 10,618,815 | 13,249,590 |
| Weighted average number of ordinary shares (in thousands) | 19(1)(b) | 8,985,546 | 8,985,942 |
| Basic earnings per share attributable to ordinary shareholders (in RMB per share) | | 1.18 | 1.47 |

### *(a) Consolidated net profit attributable to ordinary shareholders of the Company (in RMB thousands)*

| | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Consolidated net profit attributable to equity shareholders of the Company | 11,052,696 | 13,346,106 |
| Dividends declared under Restricted Share Incentive Scheme of A Shares | (19,992) | (18,195) |
| Profit attributable to perpetual subordinated bonds holders of the Company [(i)] | (413,889) | (78,321) |
| Consolidated net profit attributable to ordinary shareholders of the Company (Adjusted) | 10,618,815 | 13,249,590 |

(i) For the purpose of calculating basic earnings per ordinary share in respect of the year ended 31 December 2022, RMB414 million (2021: RMB78 million) attributable to perpetual subordinated bonds were deducted from profits attributable to shareholders of the Company.

### *(b) Weighted average number of ordinary shares (in thousands)*

| | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Number of ordinary shares as at 1 January | 9,076,650 | 9,076,650 |
| Decrease in weighted average number of ordinary shares | (91,104) | (90,708) |
| Weighted average number of ordinary shares | 8,985,546 | 8,985,942 |

**19. Basic and diluted earnings per share** - continued

***(2) Diluted earnings per share***

Diluted earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company (diluted) by the weighted average number of ordinary shares outstanding:

| | Note | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|---|
| Consolidated net profit attributable to ordinary shareholders of the Company (diluted) | 19(2)(a) | 10,392,124 | 13,110,739 |
| Weighted average number of ordinary shares outstanding (in thousands) | | 8,985,546 | 8,985,942 |
| Diluted earnings per share attributable to ordinary shareholders (in Renminbi per share) | | 1.16 | 1.46 |

***(a) Consolidated net profit attributable to ordinary shareholders of the Company (diluted) is calculated as follows:***

| | Year ended 31 December 2022 | Year ended 31 December 2021 |
|---|---|---|
| Consolidated net profit attributable to ordinary shareholders of the Company (Adjusted) | 10,618,815 | 13,249,590 |
| Diluted adjustments: | | |
| Effect of conversion of convertible bonds from the associate of the Company[(ii)] | (225,720) | (138,059) |
| Assumed vesting of shares granted to employees of a subsidiary[(iii)] | (971) | (792) |
| Consolidated net profit attributable to ordinary shareholders of the Company (diluted) | 10,392,124 | 13,110,739 |

(i) The Group granted Restricted Stock Incentive Scheme of A shares to certain employees in 2021. Diluted earnings per share should take into account both the impact of the cash dividend of the current period distributed to the holders of restricted shares who are expected to reach the unlocking conditions and estimate number of restricted shares which will be unlocked. After considering the abovementioned impact, the Restricted Stock Incentive Scheme has an anti-dilutive effect and excluded from the calculation of diluted earnings per share for the year ended 31 December 2022 and 31 December 2021.

## 19. Basic and diluted earnings per share - continued

### *(2) Diluted earnings per share* - continued

### *(a) Consolidated net profit attributable to ordinary shareholders of the Company (diluted) is calculated as follows:* - continued

(ii) Bank of Jiangsu Co., Ltd. ("Bank of Jiangsu"), the associate of the Company issued convertible bonds in 2019. Diluted earnings per share takes into account the potential dilutive impact on the Group's share of profits of this associate due to the potential full conversion of bonds to shares.

(iii) The dilutive effect is due to the share-based payment schemes of AssetMark Financial Holdings, Inc. ("AssetMark").

## 20. Property and equipment

| | Buildings | Motor vehicles | Electronic equipment | Furniture and fixtures | Construction in progress | Right-of-use assets | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| As at 1 January 2022 | 3,910,449 | 151,202 | 1,711,037 | 348,516 | 96,059 | 2,054,590 | 8,271,853 |
| Additions | - | 43,818 | 366,134 | 76,964 | 212,731 | 816,869 | 1,516,516 |
| Transfer during the year (Note 34(b)) | 798 | - | 22 | 2,156 | (113,040) | - | (110,064) |
| Transfer in from investment properties (Note 21) | 122,515 | - | - | - | - | - | 122,515 |
| Acquisition of subsidiaries (Note 24) | 656,612 | - | 251 | 208 | - | - | 657,071 |
| Disposals | (196) | (33,438) | (159,628) | (3,835) | - | (356,056) | (553,153) |
| Transfer to investment properties (Note 21) | (565) | - | - | - | - | - | (565) |
| As at 31 December 2022 | 4,689,613 | 161,582 | 1,917,816 | 424,009 | 195,750 | 2,515,403 | 9,904,173 |
| **Accumulated depreciation** | | | | | | | |
| As at 1 January 2022 | (1,014,410) | (110,198) | (803,768) | (243,106) | - | (922,149) | (3,093,631) |
| Charge for the year | (128,479) | (12,393) | (285,399) | (31,118) | - | (525,031) | (982,420) |
| Transfer in from investment properties (Note 21) | (59,961) | - | - | - | - | - | (59,961) |
| Disposals | 11 | 30,344 | 143,667 | 3,092 | - | 341,739 | 518,853 |
| Transfer to investment properties (Note 21) | 369 | - | - | - | - | - | 369 |
| As at 31 December 2022 | (1,202,470) | (92,247) | (945,500) | (271,132) | - | (1,105,441) | (3,616,790) |
| **Carrying amount** | | | | | | | |
| As at 31 December 2022 | 3,487,143 | 69,335 | 972,316 | 152,877 | 195,750 | 1,409,962 | 6,287,383 |

## 20. Property and equipment - continued

| | Buildings | Motor vehicles | Electric equipment | Furniture and fixtures | Construction in progress | Right-of-use assets | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| As at 1 January 2021 | 3,778,317 | 153,956 | 1,393,319 | 288,254 | 36,551 | 1,797,496 | 7,447,893 |
| Additions | - | 1,640 | 394,584 | 66,158 | 141,329 | 425,077 | 1,028,788 |
| Transfer during the year (Note 34(b)) | - | - | 959 | 3,529 | (81,821) | - | (77,333) |
| Transfer in from investment properties (Note 21) | 142,890 | - | - | - | - | - | 142,890 |
| Disposals | - | (4,394) | (77,825) | (9,425) | - | (167,983) | (259,627) |
| Transfer to investment properties (Note 21) | (10,758) | - | - | - | - | - | (10,758) |
| As at 31 December 2021 | 3,910,449 | 151,202 | 1,711,037 | 348,516 | 96,059 | 2,054,590 | 8,271,853 |
| **Accumulated depreciation** | | | | | | | |
| As at 1 January 2021 | (871,680) | (106,561) | (663,130) | (193,919) | - | (598,519) | (2,433,809) |
| Charge for the year | (109,919) | (7,901) | (214,463) | (56,828) | - | (462,505) | (851,616) |
| Transfer in from investment properties (Note 21) | (38,154) | - | - | - | - | - | (38,154) |
| Disposals | - | 4,264 | 73,825 | 7,641 | - | 138,875 | 224,605 |
| Transfer to investment properties (Note 21) | 5,343 | - | - | - | - | - | 5,343 |
| As at 31 December 2021 | (1,014,410) | (110,198) | (803,768) | (243,106) | - | (922,149) | (3,093,631) |
| **Carrying amount** | | | | | | | |
| As at 31 December 2021 | 2,896,039 | 41,004 | 907,269 | 105,410 | 96,059 | 1,132,441 | 5,178,222 |

As at 31 December 2022 and 31 December 2021, included in buildings, there is a carrying amount of RMB40.57 million and RMB44.40 million, respectively, for which the Group has yet to obtain the relevant land or building certificates.

## 21. Investment properties

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| **Cost** | | |
| As at 1 January | 512,654 | 644,786 |
| Transfer to property and equipment (Note 20) | (122,515) | (142,890) |
| Transfer in from property and equipment (Note 20) | 565 | 10,758 |
| Disposals | (2,572) | - |
| As at 31 December | 388,132 | 512,654 |
| **Accumulated depreciation** | | |
| As at 1 January | (214,099) | (231,901) |
| Charge for the year | (12,644) | (15,009) |
| Transfer in from property and equipment (Note 20) | (369) | (5,343) |
| Transfer to property and equipment (Note 20) | 59,961 | 38,154 |
| Disposals | 1,152 | - |
| As at 31 December | (165,999) | (214,099) |
| **Impairment** | | |
| As at 1 January | (4,547) | (4,547) |
| Impairment losses for the year | - | - |
| As at 31 December | (4,547) | (4,547) |
| **Carrying amount** | 217,586 | 294,008 |

As at 31 December 2022 and 31 December 2021, included in investment properties, there is a carrying amount of RMB4.74 million and RMB5.19 million, respectively, for which the Group has yet to obtain the relevant land or building certificates.

## 22. Goodwill

| | |
|---|---|
| **Cost** | |
| As at 1 January 2022 | 2,836,429 |
| Acquisition through business combination | 271,374 |
| Effect of movements in exchange rates | 244,416 |
| As at 31 December 2022 | 3,352,219 |
| | |
| Impairment losses | |
| As at 1 January 2022 | - |
| Impairment losses | - |
| As at 31 December 2022 | - |
| | |
| **Carrying amounts** | |
| As at 1 January 2022 | 2,836,429 |
| As at 31 December 2022 | 3,352,219 |
| | |
| **Cost** | |
| As at 1 January 2021 | 2,260,945 |
| Acquisition through business combination | 633,975 |
| Effect of movements in exchange rates | (58,491) |
| As at 31 December 2021 | 2,836,429 |
| | |
| Impairment losses | |
| As at 1 January 2021 | - |
| Impairment losses | - |
| As at 31 December 2021 | - |
| | |
| **Carrying amounts** | |
| As at 1 January 2021 | 2,260,945 |
| As at 31 December 2021 | 2,836,429 |

The Group acquired the investment banking business together with the relevant assets and liabilities, and the interest in Huatai United Securities Co., Ltd. in 2006. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the investment banking CGU.

**22. Goodwill** - continued

The Group acquired the futures brokerage business together with the relevant assets and liabilities, and the interest in Huatai Futures Co., Ltd. (previously known as Great Wall Futures Co., Ltd.) in 2006. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the futures brokerage CGU.

The Group acquired the overseas asset management business together with the relevant assets and liabilities, and the interest in AssetMark Financial Holdings, Inc. in 2016. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the overseas asset management CGU.

AssetMark Financial Holdings, Inc. acquired 100% of the equity of Global Financial Private Capital, Inc. in April 2019. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the addition goodwill of the overseas asset management CGU.

AssetMark Financial Holdings, Inc. acquired 100% of the equity of WBI OBS Financial, Inc. in February 2020. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the addition goodwill of the overseas asset management CGU. In 2021, the Group adjusts its organizational structure. AssetMark Financial Holdings, Inc. 's subsidiary, AssetMark, Inc., merged WBI OBS Financial, LLC. Considering this is a combination under the same control, the goodwill remains unchanged.

AssetMark Financial Holdings, Inc. acquired 100% of the equity of Voyant, Inc. in July 2021. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the addition goodwill of the overseas asset management CGU.

AssetMark Financial Holdings, Inc. acquired 100% of the equity of Adhesion Wealth Advisor Solutions, Inc. in December 2022. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the addition goodwill of the overseas asset management CGU.

**22. Goodwill** - continued

Impairment testing on goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to operating segment as follows:

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Investment banking | 51,090 | 51,090 |
| Futures brokerage | 252 | 252 |
| Overseas asset management | 3,300,877 | 2,785,087 |
| Total | 3,352,219 | 2,836,429 |

For the investment banking and futures brokerage CGU, the cash flows generated from each subsidiary acquired are independent. Therefore, each of these acquired subsidiaries is a separate CGU. For the overseas asset management CGU, the Group considered that the primary business of Global Financial Private Capital, Inc. acquired in 2019, WBI OBS Financial, Inc. acquired in 2020, Voyant, Inc. acquired in 2021 and Adhesion Wealth Advisor Solutions, Inc. acquired in 2022 are the same as AssetMark Financial Holdings, Inc., and they can bring synergies to overseas asset management business. The Group assessed that there was only one CGU within AssetMark Financial Holdings, Inc.. The Group performed the impairment test for the goodwill generated from each CGU.

***(1) Investment banking and futures brokerage CGU***

The recoverable amounts of each CGU are determined based on value-in-use calculations, respectively. These calculations use cash flow projections with reference to financial budgets approved by management covering certain period. Cash-flows beyond the certain period are extrapolated using an estimated weighted average growth rate, which does not exceed the long-term average growth rate. As at 31 December 2022, the discount rate used by the investment banking and futures brokerage CGUs were 20 % and 18 %, respectively (20% and 18%, respectively, as at 31 December 2021), and the weighted average growth rate were 4.5% and 6.6 %, respectively (5% and 6.6%, respectively, as at 31 December 2021). The discount rate and weighted average growth rate reflected the risks and growth expectations of the relevant CGUs. Other major assumptions for the recoverable amount estimation relate to the estimation of cash inflows / outflows which include budgeted income and profit margins. Such estimation is based on the CGU's past performance and management's expectations for the market development.

## 22. Goodwill - continued

### *(2) Overseas asset management CGU*

The recoverable amount of the CGU has been determined based on fair value less costs of disposal based on the stock price of AssetMark Financial Holdings, Inc. in New York Stock Exchange as at 31 December 2022.

As at 31 December 2022, the Group performed its annual goodwill impairment test. No impairments were recognised for the goodwill related to investment banking CGU, futures brokerage CGU and overseas asset management CGU. The Group believes that appropriate assumptions have been made based on available information. The key assumptions based on the cash flow projections of the asset groups may change, which may cause the recoverable amounts to be over or below its book value.

## 23. Land-use rights and other intangible assets

| | Land-use rights | Existing relationships with broker-dealers | Enterprise distribution channel customer relationships | Trade names | Software and others | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| As at 1 January 2022 | 1,768,330 | 3,636,197 | 202,009 | 312,824 | 3,298,487 | 9,217,847 |
| Acquisition of subsidiaries | - | - | 23,427 | 10,981 | 26,355 | 60,763 |
| Additions | - | - | - | - | 565,955 | 565,955 |
| Disposals | - | - | - | - | (86) | (86) |
| Exchange differences | - | 295,470 | 16,790 | 24,915 | 196,426 | 533,601 |
| As at 31 December 2022 | 1,768,330 | 3,931,667 | 242,226 | 348,720 | 4,087,137 | 10,378,080 |
| **Accumulated amortisation** | | | | | | |
| As at 1 January 2022 | (117,114) | - | - | (131,462) | (2,178,598) | (2,427,174) |
| Charge for the year | (41,772) | - | - | (37,409) | (351,288) | (430,469) |
| Disposals | - | - | - | - | 86 | 86 |
| Exchange differences | - | - | - | (9,637) | (71,070) | (80,707) |
| As at 31 December 2022 | (158,886) | - | - | (178,508) | (2,600,870) | (2,938,264) |
| **Carrying amount** | | | | | | |
| As at 31 December 2022 | 1,609,444 | 3,931,667 | 242,226 | 170,212 | 1,486,267 | 7,439,816 |

## 23. Land-use rights and other intangible assets - continued

| | Land-use rights | Existing relationships with broker-dealers | Enterprise distribution channel customer relationships | Trade names | Software and others | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| As at 1 January 2021 | 362,281 | 3,738,930 | - | 300,370 | 2,846,622 | 7,248,203 |
| Acquisition of subsidiaries | - | - | 207,716 | 20,707 | 167,596 | 396,019 |
| Additions | 1,406,049 | - | - | - | 324,973 | 1,731,022 |
| Disposals | - | - | - | - | (1,667) | (1,667) |
| Exchange differences | - | (102,733) | (5,707) | (8,253) | (39,037) | (155,730) |
| As at 31 December 2021 | 1,768,330 | 3,636,197 | 202,009 | 312,824 | 3,298,487 | 9,217,847 |
| **Accumulated amortisation** | | | | | | |
| As at 1 January 2021 | (92,622) | - | - | (87,012) | (1,792,500) | (1,972,134) |
| Charge for the year | (24,492) | - | - | (46,907) | (405,762) | (477,161) |
| Disposals | - | - | - | - | 1,666 | 1,666 |
| Exchange differences | - | - | - | 2,457 | 17,998 | 20,455 |
| As at 31 December 2021 | (117,114) | - | - | (131,462) | (2,178,598) | (2,427,174) |
| **Carrying amount** | | | | | | |
| As at 31 December 2021 | 1,651,216 | 3,636,197 | 202,009 | 181,362 | 1,119,889 | 6,790,673 |

Existing relationships with brokers-dealers and enterprise distribution channel customer relationships are not amortised while their useful lives are assessed to be indefinite because there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

As at 31 December 2022, the Group performed its impairment test on the relationships with brokers-dealers based on the judgment of whether the recoverable amounts of the above individual intangible assets can be reliably estimated. The recoverable amounts are determined based on value-in-use calculation. The Group uses cash flow projections with reference to Assetmark Financial Holdings, Inc.'s financial budget approved by management covering a 7-year period and the discount rate of 15.18%. The current rate has reflected the specific risks of the underlying assets. The cash flows for the years beyond the financial budget are estimated at the long-term average growth rate of 3.5%.

As at 31 December 2022 the Group performed its impairment test on the enterprise distribution channel customer relationships based on the judgment of whether the recoverable amounts of the above individual intangible assets can be reliably estimated. The recoverable amounts are determined based on value-in-use calculation. The Group uses cash flow projections with reference to Voyant, Inc.'s financial budget approved by management covering a 10-year period and the discount rate of 19.91%. The current rate has reflected the specific risks of the underlying assets. The cash flows for the years beyond the financial budget are estimated at the long-term average growth rate of 2.5%.

Based on management's impairment assessment of the Group, no impairment loss was recognised for the year ended 31 December 2022 (31 December 2021: Nil).

## 24. Investments in subsidiaries

### *(a) Details of principal subsidiaries*

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. Unless otherwise stated, the class of shares hold is ordinary, and the issued and fully paid-up capital is expressed in Renminbi Yuan:

| Name of company | Place and date of Incorporation / establishment and business | Issued and fully paid-up capital | Equity interest held by the Company as at 31 December | | Principal activity | Auditor[1] GAAP | |
|---|---|---|---|---|---|---|---|
| | | | 2022 | 2021 | | 2022 | 2021 |
| Huatai United Securities Co., Ltd.[4] | PRC 5 September 1997 | RMB 997,480,000 | 99.92% | 99.92% | Investment banking | Deloitte PRC PRC GAAP | KPMG PRC PRC GAAP |
| Huatai Futures Co., Ltd.[4] | PRC 10 July 1995 | RMB 3,939,000,000 | 100.00% | 60.00% | Futures brokerage | Deloitte PRC PRC GAAP | KPMG PRC PRC GAAP |
| Huatai Purple Gold Investment Co., Ltd.[4] | PRC 12 August 2008 | RMB 5,200,000,000 | 100.00% | 100.00% | Equity investment | Deloitte PRC PRC GAAP | KPMG PRC PRC GAAP |
| Huatai Financial Holdings (Hong Kong) Limited[2] | Hong Kong 23 November 2006 | HKD 8,800,000,000 | 100.00% | 100.00% | Securities and futures brokerage | Deloitte HKFRSs | KPMG HKFRSs |
| Huatai International Financial Holdings Co., Ltd. | Hong Kong 5 April 2017 | HKD 10,200,000,002 | 100.00% | 100.00% | Holding company | Deloitte HKFRSs | KPMG HKFRSs |
| Huatai Innovative Investment Co., Ltd.[4] | PRC 21 November 2013 | RMB 2,300,000,000 | 100.00% | 100.00% | Altemative investment | Deloitte PRC PRC GAAP | KPMG PRC PRC GAAP |
| Huatai Securities (Shanghai) Assets Management Co., Ltd.[4] | PRC 16 October 2014 | RMB 2,600,000,000 | 100.00% | 100.00% | Asset management | Deloitte PRC PRC GAAP | KPMG PRC PRC GAAP |
| Shenzhen Huatai Ruilin Equity Management (Limited Partnership) [2][3][5] | PRC 28 September 2014 | RMB - | 31.00% | 31.00% | Equity investment | Deloitte PRC PRC GAAP | KPMG PRC PRC GAAP |
| Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership) [2][3][5] | PRC 1 June 2015 | RMB - | 45.00% | 45.00% | Equity investment | Deloitte PRC PRC GAAP | KPMG PRC PRC GAAP |
| Yili Suxin Investment Fund (Limited Partnership) [2][3][5] | PRC 19 February 2016 | RMB 1,810,000,000 | 24.73% | 24.73% | Equity investment | Deloitte PRC PRC GAAP | KPMG PRC PRC GAAP |
| AssetMark Financial Holdings, Inc.[2] | US 1 January 1996 | USD 73,563 | 68.89% | 69.16% | Asset management | KPMG LLP US GAAP | KPMG LLP US GAAP |
| Huatai Great Wall Capital Management Co., Ltd.[2][4] | PRC 6 December 2013 | RMB 650,000,000 | 100.00% | 100.00% | Spread trading and commodity warrant trading | Deloitte PRC PRC GAAP | KPMG PRC PRC GAAP |
| Huatai Great Wall Investment Management Co., Ltd.[2][4] | PRC 3 August 2017 | RMB 550,000,000 | 100.00% | 100.00% | Investment management | Deloitte PRC PRC GAAP | KPMG PRC PRC GAAP |

**24. Investments in subsidiaries** - continued

***(a) Details of principal subsidiaries*** - continued

(1) Auditors of the respective subsidiaries of the Group are as follows:

- Deloitte PRC represents Deloitte Touche Tohmatsu Certified Public Accountants LLP, a firm of certified public accountants registered in PRC;
- Deloitte represents Deloitte Touche Tohmatsu in Hong Kong, a firm of certified public accountants registered in Hong Kong;
- KPMG PRC represents KPMG Huazhen LLP, a firm of certified public accountants registered in PRC;
- KPMG represents KPMG in Hong Kong, a firm of certified public accountants registered in Hong Kong; and
- KPMG LLP represents KPMG in the United States, a firm of certified public accountants registered in the United States.

(2) These subsidiaries are indirectly controlled by the Company.

(3) As at 31 December 2022, the Company indirectly held less than 50% of the equity of Shenzhen Huatai Ruilin Equity Management (Limited Partnership), Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership) and Yili Suxin Investment Fund (Limited Partnership). According to the articles of partnership agreement, the Company has the power to control these funds and has the ability to use the power to affect the Company's variable return amount. Therefore, they are included in the scope of the consolidated financial statements.

(4) Company with limited liability in Mainland China.

(5) Limited partnership in Mainland China.

**24. Investments in subsidiaries** - continued

***(b) Partially-owned subsidiaries with material non-controlling interests***

During the year, the Company purchased 40% of its interest in Huatai Futures Co., Ltd. ("Huatai Futures") held by Huali Family Co., Ltd, increasing its continuing interest to 100%. The Company paid a final purchase price of RMB1,590 million. The registration procedures for industrial and commercial changes in equity changes have been completed. The equity interest held by the Company is 100% after the purchase. For the year ended 31 December 2022, the profit of Huatai Futures allocated to non-controlling interests was RMB71 million.

The following tables list out the information relating to AssetMark Financial Holdings, Inc., the subsidiary of the Group which have material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination:

| | AssetMark Financial Holdings, Inc. | |
|---|---|---|
| | 2022 | 2021 |
| NCI percentage | 31.11% | 30.84% |
| Assets | 10,528,077 | 8,926,805 |
| Liabilities | (2,699,030) | (2,552,832) |
| Net assets | 7,829,047 | 6,373,973 |
| Carrying amount of NCI | 2,435,946 | 1,965,733 |
| | | |
| Revenue | 3,067,256 | 2,438,905 |
| Profit for the year | 678,071 | 310,176 |
| Other comprehensive income | (1,056) | - |
| Total comprehensive income | 677,015 | 310,176 |
| Profit allocated to NCI | 228,739 | 95,658 |
| Dividend paid to NCI | - | - |
| | | |
| Cash flows from operating activities | 943,679 | 832,095 |
| Cash flows from investing activities | (638,926) | (1,038,588) |
| Cash flows from financing activities | 8,461 | 258,673 |

***(c) Acquisition of subsidiary***

**Adhesion Wealth Advisor Solutions, Inc.**

In order to improve the overall competitiveness in the market of Turn-Key Asset Management Platform("TAMP"), the Company's subsidiary AssetMark Financial Holdings, Inc. acquired all of the issued and outstanding equity interests of Adhesion Wealth Advisor Solutions, Inc. and its subsidiary ("Adhesion Wealth"). Adhesion Wealth is a leading provider of wealth management technology solutions to RIAs. Adhesion Wealth was originally founded in 2005 and Headquartered in Charlotte, NC. On 14 December 2022, AssetMark closed the acquisition and the equity interest held by the Group is 100% after the acquisition. As at 31 December 2022, AssetMark has paid a cash consideration of USD46.86 million and the consideration to be paid was USD3 million(RMB346.71 million). From the date of purchase, Adhesion Wealth is consolidated into the consolidated financial statements.

**24. Investments in subsidiaries** - continued

***(c) Acquisition of subsidiary*** - continued

Assets acquired and liabilities recognised at the date of acquisition were determined on a provisional basis. The fair values of the identifiable assets and liabilities of Adhesion Wealth Advisor Solutions, Inc. as at the date of acquisition were as follows:

| | Fair value recognised as at the date of acquisition |
|---|---|
| Cash and bank balances | 20,865 |
| Land-use rights and other intangible assets | 60,763 |
| Property and equipment | 454 |
| Deferred tax assets | 10,702 |
| Other receivables and prepayments | 7,604 |
| Other payables and accruals | (25,054) |
| Total identifiable net assets at fair value | 75,334 |
| Goodwill arising from acquisition | 271,374 |
| Cash consideration transferred | 325,848 |
| Purchase consideration liability | 20,860 |
| Less: fair value of net assets acquired | (75,334) |
| Carrying amount of goodwill | 271,374 |

Goodwill arose from the acquisition because the cost of the acquisition included a control premium. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth, and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Since the acquisition, Adhesion Wealth Advisor Solutions, Inc. contributed RMB2.78 million to the Group's revenue and RMB1.39 million losses to the consolidated profit for the year ended 31 December 2022.

**24. Investments in subsidiaries** - continued

***(d) Acquisition of assets through the purchase of a subsidiary***

In June 2022, the Company acquired 100% equity interests of Shanghai Shengju Asset Operation and Management Co., Ltd. ("Shengju") at a cash consideration of RMB673,523 thousand, and actually purchased the properties in Building C of Shanghai Poly Plaza for daily office use. The Group is of the opinion that the acquisition did not constitute a business.

The total consideration of the purchase was paid in 2021. For the year ended 31 December 2022, the net cash inflows arising on acquisition of Shengju amounted to RMB16,309 thousand.

Assets and liabilities of Shengju recognised at the date of acquisition:

| | As at the date of acquisition |
|---|---|
| Cash and bank balances | 16,309 |
| Property and equipment | 656,616 |
| Other receivables and prepayments | 190 |
| Other assets | 408 |
| | 673,523 |

**25. Interests in associates**

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Share of net assets | 18,276,443 | 18,269,459 |

As at 31 December 2022 and 31 December 2021, the Group has pledged the shares of interest in associates with a total book value of RMB4,649 million and RMB4,133 million to China Securities Finance Corporation Limited ("CSF") for the purpose of refinancing, respectively.

## 25. Interests in associates - continued

The following list contains only the particulars of material associates, all of which (except that Bank of Jiangsu has been listed on the Shanghai Stock Exchange) are unlisted corporate entities whose quoted market price is not available:

| Name of associate | Registered place | Registered capital | | Proportion of owner ship interest | | | | | | Principal activity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Group's effective interest | | Held by the Company | | Held by a subsidiary | | |
| | | 31/12/2022 | 31/12/2021 | 2022/12/31 | 2021/12/31 | 2022/12/31 | 2021/12/31 | 2022/12/31 | 2021/12/31 | |
| Bank of Jiangsu[(i)] | Nanjing | 14,769,657 | 14,769,628 | 5.88% | 5.63% | 5.88% | 5.63% | - | - | Commercial banking |
| China Southern Asset Management Co .,Ltd. | Shenzhen | 361,720 | 361,720 | 41.16% | 41.16% | 41.16% | 41.16% | - | - | Fund management |
| Nanjing Huatai Ruilian NO.1 Funds Mergers (Limited Partnership)[(ii)] | Nanjing | 5,442,000 | 5,442,000 | 48.27% | 48.27% | - | - | 48.27% | 48.27% | Equity investment |

All the above associates are accounted for using the equity method in the consolidated financial statements.

(i) For the year ended 31 December 2022, the Company has appointed one director in the board of directors of Bank of Jiangsu. The Company formulated certain specific implementation measures on the finance and operation policy-making of Bank of Jiangsu that had a significant influence over it. As of 31 December 2022, Bank of Jiangsu has converted 123,028 shares convertible bonds, accounting for 0.0011% of the total number of ordinary shares issued by Bank of Jiangsu before the conversion. In 2022, the Company purchased 36,000,010 A-shares of Bank of Jiangsu through the secondary market, The equity ratio of Bank of Jiangsu held by the Company was changed from 5.63% to 5.88%.

(ii) As at 31 December 2022, the Group holds 48.27% equity interest of Nanjing Huatai Ruilian No.1 Funds Mergers (Limited Partnership) ("No.1 Funds Mergers"). Pursuant to the limited partnership agreement, the Group is the co-manager of the fund, which has a significant influence over the fund. Therefore, it is accounted as an associate of the Group.

Summarised financial information of Bank of Jiangsu, China Southern Asset Management Co., Ltd. and NO. 1 Funds Mergers which are individually significant associates to the Group, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

**25. Interests in associates** - continued

Bank of Jiangsu

| | 2022 | 2021 |
|---|---|---|
| Gross amounts of the associate | | |
| Assets | 2,980,403,000 | 2,618,390,000 |
| Liabilities | (2,764,867,949) | (2,421,256,731) |
| Net assets | 215,535,051 | 197,133,269 |
| Revenue | 70,570,000 | 63,771,000 |
| Profit for the year | 26,459,381 | 20,558,735 |
| Other comprehensive income | 279,239 | 965,864 |
| Total comprehensive income | 26,738,620 | 21,524,599 |
| Dividend received from the associate | 332,800 | 262,912 |
| Reconciled to the Group's interest in the associate: | | |
| Net assets of the associate attributable to the parent company | 168,766,000 | 149,464,135 |
| The Group's effective interest | 5.88% | 5.63% |
| The Group's share of net assets of the associate | 9,841,473 | 8,387,646 |
| Carrying amount in the consolidated financial statements | 9,841,473 | 8,387,646 |

China Southern Asset Management Co., Ltd.

| | 2022 | 2021 |
|---|---|---|
| Gross amounts of the associate | | |
| Assets | 14,133,326 | 14,159,044 |
| Liabilities | (5,247,733) | (5,502,501) |
| Net assets | 8,885,593 | 8,656,543 |
| Revenue | 6,469,487 | 7,606,612 |
| Profit for the year | 1,770,586 | 2,162,975 |
| Other comprehensive income | 33,909 | (10,689) |
| Total comprehensive income | 1,804,495 | 2,152,286 |
| Dividend received from the associate | 614,702 | 530,548 |
| Reconciled to the Group's interest in the associate: | | |
| Net assets of the associate attributable to the parent company | 8,632,609 | 8,417,301 |
| The Group's effective interest | 41.16% | 41.16% |
| The Group's share of net assets of the associate | 3,553,182 | 3,464,561 |
| Carrying amount in the consolidated financial statements | 3,553,182 | 3,464,561 |

**25. Interests in associates** - continued

NO.1 Funds Mergers

| | 2022 | 2021 |
|---|---|---|
| Gross amounts of the associate | | |
| Assets | 3,517,571 | 5,870,306 |
| Liabilities | (10,413) | (4,282) |
| Net assets | 3,507,158 | 5,866,024 |
| Revenue | (1,613,876) | 270,252 |
| Profit for the year | (1,647,565) | 340,154 |
| Other comprehensive income | - | - |
| Total comprehensive income | (1,647,565) | 340,154 |
| Dividend received from the associate | 212,584 | 74,479 |
| | | |
| Reconciled to the Group's interest in the associate: | | |
| Net assets of the associate attributable to the parent company | 3,507,158 | 5,866,024 |
| The Group's effective interest | 48.27% | 48.27% |
| The Group's share of net assets of the associate | 1,692,905 | 2,831,530 |
| Other adjustment | (50,563) | (141,442) |
| Carrying amount in the consolidated financial statements | 1,642,342 | 2,690,088 |

Aggregate information of associates that are not individually material:

| | 2022 | 2021 |
|---|---|---|
| Aggregate carrying amount of individually immaterial associates in the consolidated financial statements | 3,239,446 | 3,727,164 |
| | | |
| Aggregate amounts of the Group's share of those associates' gains | (194,194) | 668,310 |
| Other comprehensive income | - | - |
| Total comprehensive income | (194,194) | 668,310 |

## 26. Interests in joint ventures

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Unlisted investment in a joint venture at fair value through profit or loss [(i)] | 741,464 | 823,289 |
| Unlisted investment in a joint venture | 964,720 | 925,776 |
| Total | 1,706,184 | 1,749,065 |

(i) The Group elected to measure its investment in Huatai International Greater Bay Area Investment Fund, L.P. of RMB741.46 million held through Huatai Financial Holdings (Hong Kong) Limited, a directly wholly-owned subsidiary, at fair value through profit or loss as management measured the performance of this joint venture on a fair value basis as at 31 December 2022.

The following list contains only the particulars of unlisted joint venture, which is accounted for using the equity method in the consolidated financial statements, and details of the joint venture as at 31 December 2022 and 31 December 2021 are as follows:

| | | | Proportion of ownership interest | | | |
|---|---|---|---|---|---|---|
| Name of joint venture | Registered place | Registered capital | Group's effective interest | Held by the Company | Held by a subsidiary | Principal activity |
| Huatai Merchants (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership) [(i)] | Nanjing | 10,001,000 | 10.00% | - | 10.00% | Equity investment |

(i) As at 31 December 2022, the Group held 10.00% equity interest of Huatai Merchant (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership). Pursuant to the limited partnership agreement, the Group and a third party contractually agree to share control of the fund, and have rights to the net assets of the fund. The directors of the Group consider the fund is jointly controlled by the Group and the third party, and it is therefore accounted for as a joint venture of the Group.

## 27. Debt instruments at amortised cost

### *(a) Analysed by nature:*

Non-current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Debt securities | 36,590,612 | 25,302,591 |
| Less: impairment losses | (3,905) | (2,925) |
| Total | 36,586,707 | 25,299,666 |
| Analysed as: | | |
| Listed outside Hong Kong | 15,935,425 | 10,987,272 |
| Listed inside Hong Kong | 134,246 | 123,799 |
| Unlisted | 20,517,036 | 14,188,595 |
| Total | 36,586,707 | 25,299,666 |

Current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Debt securities | 11,967,090 | 7,134,040 |
| Less: impairment losses | (1,227) | (12,190) |
| Total | 11,965,863 | 7,121,850 |
| Analysed as: | | |
| Listed outside Hong Kong | 8,840,419 | 3,904,501 |
| Unlisted | 3,125,444 | 3,217,349 |
| Total | 11,965,863 | 7,121,850 |

As at 31 December 2022, the Group has pledged debt instruments at amortised cost with a total fair value of RMB48,206 million and carrying amount of RMB47,753 million for the purpose of repurchase agreement business and derivative business (as at 31 December 2021: a total fair value of RMB25,841 million and carrying amount of RMB25,565 million).

## 27. Debt instruments at amortised cost - continued

### *(b) Analysis of the movements of provision for impairment losses:*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| At the beginning of the year | 15,115 | 28,568 |
| Reversal for the year, net | (9,969) | (12,906) |
| Written-off | (14) | (547) |
| At the end of the year | 5,132 | 15,115 |

## 28. Debt instruments at fair value through other comprehensive income

### *(a) Analysed by nature:*

Non-current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Debt securities | 7,695,974 | 4,576,580 |
| Loan and advances | 204,621 | 280,704 |
| Total | 7,900,595 | 4,857,284 |
| | | |
| Analysed as: | | |
| Listed outside Hong Kong | 1,629,903 | 957,186 |
| Listed inside Hong Kong | 972,819 | 1,346,510 |
| Unlisted | 5,297,873 | 2,553,588 |
| Total | 7,900,595 | 4,857,284 |

## 28. Debt instruments at fair value through other comprehensive income - continued

### *(a) Analysed by nature:* - continued

Current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Debt securities | 2,202,643 | 3,828,594 |
| Loan and advances | 401,141 | 628,821 |
| Total | 2,603,784 | 4,457,415 |
| Analysed as: | | |
| Listed outside Hong Kong | 1,506,397 | 2,937,220 |
| Listed inside Hong Kong | 696,246 | 858,805 |
| Unlisted | 401,141 | 661,390 |
| Total | 2,603,784 | 4,457,415 |

As at 31 December 2022, the Group did not pledge debt instruments at fair value through other comprehensive income to CSF for the purpose of replacement (as at 31 December 2021: RMB3,396 million).

As at 31 December 2022, the Group has pledged financial assets at fair value through other comprehensive income with a total fair value of RMB3,466 million for the purpose of repurchase agreement business (as at 31 December 2021: RMB2,408 million).

## 29. Equity instruments at fair value through other comprehensive income

### *(a) Analysed by nature:*

Non-current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Equity securities designated at financial assets at fair value through other comprehensive income | | |
| - Unlisted equity securities | 241,587 | 163,138 |
| Total | 241,587 | 163,138 |
| Analysed as: | | |
| Unlisted | 241,587 | 163,138 |

For the year ended 31 December 2022, the Group disposed some of the financial assets at fair value through other comprehensive income, as a result of adjustments in its strategy. The accumulated net realised loss of the financial asset disposed of was RMB424 thousand (for the year ended 31 December 2021: RMB443 thousand).

## 30. Financial assets held under resale agreements

### *(a) Analysed by collateral type:*

Current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Debt securities | 28,257,793 | 6,489,324 |
| Equity securities | 7,704,841 | 6,381,423 |
| Less: impairment losses | (1,138,413) | (1,118,777) |
| Total | 34,824,221 | 11,751,970 |

### *(b) Analysed by market:*

Current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Inter-bank market | 13,366,714 | 2,807,218 |
| Shenzhen stock exchange | 11,631,529 | 5,079,673 |
| Shanghai stock exchange | 8,912,172 | 2,311,925 |
| Others | 2,052,219 | 2,671,931 |
| Less: impairment losses | (1,138,413) | (1,118,777) |
| Total | 34,824,221 | 11,751,970 |

### *(c) Analysis of the movements of provision for impairment losses:*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| At the beginning of the year | 1,118,777 | 1,039,412 |
| Charge for the year, net | 15,392 | 80,513 |
| Written-off | - | (1,148) |
| Other | 4,244 | - |
| Total | 1,138,413 | 1,118,777 |

**30. Financial assets held under resale agreements** - continued

***(d) Analysed by remaining contractual maturities of securities-backed lendings:***

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Within 1 month | 1,632,472 | 1,357,437 |
| 1 to 3 months | 528,129 | 836,464 |
| 3 months to 1 year | 5,544,240 | 4,187,522 |
| Less: impairment losses | (1,014,020) | (1,069,179) |
| Total | 6,690,821 | 5,312,244 |

***(e) Analysed by the stage of ECL of securities-backed lendings:***

| | As at 31 December 2022 | | | |
|---|---|---|---|---|
| | 12-month ECL | Lifetime ECL-not credit impaired | Lifetime ECL-credit impaired | Total |
| Amortised cost | 6,696,552 | - | 1,008,289 | 7,704,841 |
| Impairment losses | (28,128) | - | (985,892) | (1,014,020) |
| Carrying amount | 6,668,424 | - | 22,397 | 6,690,821 |
| Collateral | 18,262,203 | - | 972,957 | 19,235,160 |

| | As at 31 December 2021 | | | |
|---|---|---|---|---|
| | 12-month ECL | Lifetime ECL-not credit impaired | Lifetime ECL-credit impaired | Total |
| Amortised cost | 5,250,484 | - | 1,130,939 | 6,381,423 |
| Impairment losses | (12,440) | - | (1,056,739) | (1,069,179) |
| Carrying amount | 5,238,044 | - | 74,200 | 5,312,244 |
| Collateral | 20,081,029 | - | 786,652 | 20,867,681 |

As at 31 December 2022, the fair value of the collateral of the Group's financial assets held under resale agreements was RMB36,336,682 thousand (31 December 2021: RMB27,196,360 thousand).

## 31. Financial assets at fair value through profit or loss

Non-current

***(a) Analysed by type:***

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Equity securities | 6,525,458 | 6,487,136 |
| Funds | 761,065 | 177,098 |
| Loan and advances | 2,856,060 | 2,915,424 |
| Debt securities | - | 219,793 |
| Wealth management products | - | 96,888 |
| Total | 10,142,583 | 9,896,339 |

***(b) Analysed as:***

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Listed outside Hong Kong | 524,533 | 822,231 |
| Unlisted | 9,618,050 | 9,074,108 |
| Total | 10,142,583 | 9,896,339 |

Current

***(a) Analysed by type:***

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Equity securities | 100,851,313 | 115,635,048 |
| Debt securities | 174,205,450 | 160,377,098 |
| Funds | 44,782,298 | 49,457,647 |
| Wealth management products | 20,575,405 | 19,197,235 |
| Loan and advances | 247,496 | 695,805 |
| Total | 340,661,962 | 345,362,833 |

**31. Financial assets at fair value through profit or loss** - continued

Current - continued

***(b) Analysed as:***

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Listed outside Hong Kong | 155,242,430 | 162,578,038 |
| Listed inside Hong Kong | 43,464,008 | 35,365,407 |
| Unlisted | 141,955,524 | 147,419,388 |
| Total | 340,661,962 | 345,362,833 |

As at 31 December 2022 and 31 December 2021, the fund investments with lock-up periods in its investment portfolio held by the Group are RMB735 million and RMB177 million, respectively.

As at 31 December 2022 and 31 December 2021, the listed equity securities held by the Group included approximately RMB10,529 million and RMB3,967 million of restricted shares, respectively. The restricted shares are listed in the PRC with a legally enforceable restriction on these securities that prevents the Group to dispose of within the specified period.

The equity interest in unlisted securities held by the Group are issued by private companies. The value of the securities is measured by comparing with comparable companies that are listed and in the same sector or measured by using other valuation techniques.

Non-current financial assets at fair value through profit or loss investments are expected to be realised or restricted for sale beyond one year from the end of the respective reporting periods. The fair value of the Group's investments in unlisted funds, which mainly invest in publicly traded equities listed in the PRC, are valued based on the net asset values of the funds calculated by the respective fund managers by reference to their underlying assets and liabilities' fair values.

The fair value of the Group's investments in equity securities without restriction, exchange-listed funds and debt securities are determined with reference to their quoted prices as at reporting date.

**31. Financial assets at fair value through profit or loss** - continued

As at 31 December 2022 and 31 December 2021, the Group has entered into securities lending arrangement with clients that resulted in the transfer of financial assets at fair value through profit or loss investments with total fair value of RMB2,902 million and RMB5,156 million to external clients, respectively, which did not result in derecognition of the financial assets. The fair value of collateral for the securities lending business is analysed in Note 37(c) together with the fair value of collateral of margin financing business.

As at 31 December 2022 and 31 December 2021, the Group has pledged financial assets at fair value through profit or loss investments with a total fair value of RMB16,119 million and RMB856 million to CSF for the purpose of replacement, respectively.

As at 31 December 2022 and 31 December 2021, the Group has pledged financial assets at fair value through profit or loss investments with a total fair value of RMB109,936 million and RMB110,282 million for the purpose of repurchase agreement business, bond lending business and derivative business, respectively.

As at 31 December 2022 and 31 December 2021, the wealth management products held by the Group included approximately RMB140 million and RMB105 million of restricted products, respectively. The restricted products are subscribed by the Group as the fund manager with a legally enforceable restriction on these products that prevents the Group to dispose of within the specified period.

## 32. Refundable deposits

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Deposits with stock exchanges | | |
| - Hong Kong Securities Clearing Company Limited | 5,286,738 | 60,334 |
| - China Securities Depository and Clearing Corporation Limited | 1,665,965 | 954,971 |
| - Hong Kong Stock Exchange | 65,987 | 1,495 |
| - Hong Kong Exchanges and Clearing Limited | 94,329 | 1,226 |
| | 7,113,019 | 1,018,026 |
| Deposits with futures and commodity exchanges | | |
| - China Financial Futures Exchange | 14,761,044 | 12,116,762 |
| - Shanghai Futures Exchange | 5,954,846 | 3,523,566 |
| - Dalian Commodity Exchange | 4,402,818 | 2,955,805 |
| - Zhengzhou Commodity Exchange | 2,932,216 | 2,210,118 |
| - Shanghai International Energy Exchange | 1,039,029 | 503,373 |
| - Overseas commodity exchange | 3,689 | 34,945 |
| | 29,093,642 | 21,344,569 |
| Deposits with other institutions | | |
| - China Securities Finance Corporation Limited | 1,768,557 | 1,626,444 |
| - Shanghai Clearing House | 881,981 | 456,280 |
| - Shanghai Gold Exchange | 400 | 400 |
| - Others financial institutions | 3,849,178 | 3,181,410 |
| | 6,500,116 | 5,264,534 |
| Total | 42,706,777 | 27,627,129 |

## 33. Deferred taxation

### *(a) The components of deferred tax assets / (liabilities) recognised in the consolidated statements of financial position and the movements during the year are as follows:*

| Deferred tax arising from: | Provision for impairment losses | Employee benefits payable | Changes in fair value of financial instruments measured at FVTPL | Changes in fair value of derivative financial instruments | Changes in fair value of financial instruments measured at FVOCI | Intangible assets recognised in the acquisition | Others | Total |
|---|---|---|---|---|---|---|---|---|
| As at 1 January 2022 | 981,491 | 1,811,033 | (1,181,623) | 240,379 | (34,248) | (1,181,118) | (2,600,424) | (1,964,510) |
| Recognised in profit or loss | (136,261) | (73,987) | 1,150,221 | (802,839) | - | (97,092) | 283,178 | 323,220 |
| Acquisition of subsidiaries | 298 | - | - | - | - | 10,702 | - | 11,000 |
| Recognised in reserves | (4,933) | - | - | - | 29,395 | - | (1,528) | 22,934 |
| As at 31 December 2022 | 840,595 | 1,737,046 | (31,402) | (562,460) | (4,853) | (1,267,508) | (2,318,774) | (1,607,356) |
| As at 1 January 2021 | 857,752 | 1,782,677 | (1,283,850) | 181,924 | (153,312) | (1,174,738) | (2,416,598) | (2,206,145) |
| Recognised in profit or loss | 123,894 | 28,356 | 102,227 | 58,455 | - | 64,722 | (185,354) | 192,300 |
| Acquisition of subsidiary | - | - | - | - | - | (71,102) | - | (71,102) |
| Recognised in reserves | (155) | - | - | - | 119,064 | - | 1,528 | 120,437 |
| As at 31 December 2021 | 981,491 | 1,811,033 | (1,181,623) | 240,379 | (34,248) | (1,181,118) | (2,600,424) | (1,964,510) |

## 33. Deferred taxation - continued

### *(b) Reconciliation to the consolidated statements of financial position*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Net deferred tax assets recognised in the consolidated statement of financial position | 596,499 | 654,651 |
| Net deferred tax liabilities recognised in the consolidated statement of financial position | (2,203,855) | (2,619,161) |
| Total | (1,607,356) | (1,964,510) |

### *(c) Deferred tax assets not recognised*

As at 31 December 2022 and 31 December 2021, in accordance with the accounting policy set out in Note 2(19)(ii), the Group has not recognised unused tax losses of RMB978 million and RMB935 million, respectively, as deferred tax assets, 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. Most of the tax losses will not expire under current tax legislation.

## 34. Other non-current assets

### *(a) Analysed by nature:*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Leasehold improvements and long-term deferred expenses | 300,664 | 282,227 |

### *(b) The movements of leasehold improvements and long-term deferred expenses are as below:*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| At the beginning of the year | 282,227 | 283,320 |
| Additions | 35,416 | 41,363 |
| Transfer in from property and equipment (Note 20) | 110,064 | 77,333 |
| Amortisation | (127,043) | (88,859) |
| Other decrease | - | (30,930) |
| At the end of the year | 300,664 | 282,227 |

## 35. Accounts receivable

### *(a) Analysed by nature:*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Accounts receivable of: | | |
| - Brokers, dealers and clearing house | 2,085,396 | 991,861 |
| - Fee and commission | 2,023,176 | 1,859,488 |
| - Return swap and OTC options | 1,813,190 | 5,988,041 |
| - Settlement | 1,072,692 | 444,084 |
| - Redemption of open-ended fund | 821,210 | 1,007,777 |
| - Subscription receivable | 246 | 1,646 |
| - Others | 56,962 | 92,016 |
| Less: impairment losses | (68,531) | (97,739) |
| Total | 7,804,341 | 10,287,174 |

### *(b) Analysed by ageing:*

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

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Within 1 month | 5,374,289 | 4,894,477 |
| 1 to 3 months | 607,064 | 711,876 |
| Over 3 months | 1,822,988 | 4,680,821 |
| Total | 7,804,341 | 10,287,174 |

### *(c) Analysis of the movements of provision for impairment losses:*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| At the beginning of the year | 97,739 | 63,300 |
| (Reversal) / charge for the year, net | (32,659) | 34,439 |
| Other | 3,451 | - |
| At the end of the year | 68,531 | 97,739 |

**35. Accounts receivable** - continued

***(d) Accounts receivable that is not impaired***

Receivables that were neither past due nor impaired were relate to a wide range of customers for whom there was no recent history of default.

The receivables from securities-backed lendings business are not included in accounts receivable.

**36. Other receivables, prepayments and other current assets**

***(a) Analysed by nature:***

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Prepayments | 609,055 | 822,411 |
| Other receivables(1) | 549,635 | 488,998 |
| Interest receivable(2) | 82,063 | 180,664 |
| Deductable VAT | 57,657 | 76,308 |
| Deferred expenses | 31,150 | 25,211 |
| Dividends receivable | 11,326 | 23,217 |
| Others | 816,643 | 505,437 |
| Total | 2,157,529 | 2,122,246 |

The balance of others mainly represents prepaid tax and commodity arising from normal course of business.

***(1) Other receivables:***

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Other receivables | 1,313,373 | 1,254,107 |
| Less: impairment losses | (763,738) | (765,109) |
| Total | 549,635 | 488,998 |

**36. Other receivables and prepayments and other current assets** - continued

***(a) Analysed by nature:*** - continued

***(1) Other receivables:*** - continued

Analysis of the movements of provision for other receivables impairment losses:

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| At the beginning of the year | 765,109 | 798,053 |
| Reversal for the year, net | (2,296) | (31,413) |
| Written-off | (105) | (1,531) |
| Other | 1,030 | - |
| Total | 763,738 | 765,109 |

***(2) Interest receivable:***

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Interest receivable | 120,238 | 217,610 |
| Less: impairment losses | (38,175) | (36,946) |
| Total | 82,063 | 180,664 |

Analysis of the movements of provision for impairment losses of interest receivable:

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| At the beginning of the year | 36,946 | 34,283 |
| Charge for the year, net | 1,576 | 2,663 |
| Other | (347) | - |
| At the end of the year | 38,175 | 36,946 |

## 37. Margin accounts receivable

### *(a) Analysed by nature:*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Individuals | 89,173,576 | 107,203,947 |
| Institutions | 13,001,155 | 11,652,609 |
| Less: impairment losses | (1,526,356) | (1,914,311) |
| Total | 100,648,375 | 116,942,245 |

### *(b) Analysis of the movements of provision for impairment losses:*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| At the beginning of the year | 1,914,311 | 1,468,251 |
| (Reversal) / charge for the year, net | (387,636) | 446,060 |
| Other | (319) | - |
| At the end of the year | 1,526,356 | 1,914,311 |

### *(c) The fair value of collateral for margin financing and securities lending business is analysed as follows:*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Fair value of collateral: | | |
| Equity securities | 283,187,260 | 409,894,030 |
| Funds | 28,829,001 | 38,617,145 |
| Cash | 11,097,378 | 17,893,342 |
| Debt securities | 942,066 | 1,103,497 |
| Total | 324,055,705 | 467,508,014 |

The Group evaluates the collectability of receivable from margin clients based on management's assessment on the credit rating, collateral value and the past collection history of each margin client.

**37. Margin accounts receivable** - continued

***(d) Analysed by the stage of ECL of margin accounts receivable:***

| | As at 31 December 2022 | | | |
|---|---|---|---|---|
| | 12-month ECL | Lifetime ECL-not credit impaired | Lifetime ECL-credit impaired | Total |
| Amortised cost | 92,641,549 | 9,406,445 | 126,737 | 102,174,731 |
| Impairment losses | (653,660) | (745,959) | (126,737) | (1,526,356) |
| Carrying amount | 91,987,889 | 8,660,486 | - | 100,648,375 |
| Collateral | 305,714,498 | 18,336,643 | 4,564 | 324,055,705 |

| | As at 31 December 2021 | | | |
|---|---|---|---|---|
| | 12-month ECL | Lifetime ECL-not credit impaired | Lifetime ECL-credit impaired | Total |
| Amortised cost | 110,180,270 | 8,584,279 | 92,007 | 118,856,556 |
| Impairment losses | (780,028) | (1,042,276) | (92,007) | (1,914,311) |
| Carrying amount | 109,400,242 | 7,542,003 | - | 116,942,245 |
| Collateral | 439,960,730 | 27,540,351 | 6,933 | 467,508,014 |

## 38. Derivative financial instruments

| | As at 31 December 2022 | | |
|---|---|---|---|
| | Notional amount | Fair value | |
| | | Assets | Liabilities |
| Interest rate derivatives | 2,049,415,232 | 1,210,893 | (1,014,318) |
| Currency derivatives | 130,689,441 | 368,568 | (1,298,573) |
| Equity derivatives | 573,466,284 | 14,176,581 | (6,478,834) |
| Credit derivatives | 3,485,135 | 20,452 | (3,023) |
| Others | 549,318,616 | 1,350,559 | (1,971,027) |
| Total | 3,306,374,708 | 17,127,053 | (10,765,775) |
| Less: settlement | | (1,338,752) | 1,127,650 |
| Net position | | 15,788,301 | (9,638,125) |

| | As at 31 December 2021 | | |
|---|---|---|---|
| | Notional amount | Fair value | |
| | | Assets | Liabilities |
| Interest rate derivatives | 672,114,240 | 90,322 | (1,337,816) |
| Currency derivatives | 53,868,333 | 479,737 | (868,927) |
| Equity derivatives | 593,376,992 | 13,054,672 | (10,585,895) |
| Credit derivatives | 3,648,567 | 410,318 | (68) |
| Others | 88,218,718 | 1,242,478 | (809,954) |
| Total | 1,411,226,850 | 15,277,527 | (13,602,660) |
| Less: settlement | | (29,722) | 2,959,438 |
| Net position | | 15,247,805 | (10,643,222) |

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in interest rate swap contracts settled in Shanghai Clearing House, stock index futures and treasury futures settled in China Financial Futures Exchange and certain commodity futures traded through futures companies, were settled daily and the corresponding receipts and payments were included in "clearing settlement funds". Accordingly, the net position of the above contracts was nil as at 31 December 2022 and 31 December 2021.

## 38. Derivative financial instruments - continued

### *Cash flow hedges*

The Group's cash flow hedges consist of interest swap and cross currency swap contracts that are used to protect against exposures to variability of future cash flows.

Among the above derivative financial instruments, those designated hedging instruments in cash flow hedges are set out below:

| | As at 31 December 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Notional amount | | | | | Fair value | |
| | Within 3 months | Over 3 months but within 1 year | Over 1 year but within 5 years | Over 5 years | Total | Assets | Liabilities |
| Interest rate derivatives | 1,392,920 | - | - | - | 1,392,920 | 11,522 | - |
| Currency derivatives | - | - | 3,025,000 | - | 3,025,000 | 31,121 | - |
| Total | 1,392,920 | - | 3,025,000 | - | 4,417,920 | 42,643 | - |

| | As at 31 December 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Notional amount | | | | | Fair value | |
| | Within 3 months | Over 3 months but within 1 year | Over 1 year but within 5 years | Over 5 years | Total | Assets | Liabilities |
| Interest rate derivatives | - | - | 1,275,160 | - | 1,275,160 | - | (14,184) |

Details of the Group's hedged risk exposures in cash flow hedges and the corresponding effect on equities are as follows:

| | As at 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | Carrying amount of hedged items | | Effect of hedging instruments on other comprehensive income during the year | Accumulated effect of hedging instruments on other comprehensive income | Line items in the statement of financial position |
| | Assets | Liabilities | | | |
| Bonds | - | (5,844,230) | 56,827 | 42,643 | Long-term bonds |

| | As at 31 December 2021 | | | | |
|---|---|---|---|---|---|
| | Carrying amount of hedged items | | Effect of hedging instruments on other comprehensive income during the year | Accumulated effect of hedging instruments on other comprehensive income | Line items in the statement of financial position |
| | Assets | Liabilities | | | |
| Bonds | - | (2,552,586) | 20,164 | (14,184) | Long-term bonds |

## 39. Clearing settlement funds

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Deposits with stock exchanges | | |
| - China Securities Depository and Clearing Corporation Limited | 5,168,695 | 8,118,615 |
| - Hong Kong Securities Clearing Company Limited | 55,527 | 200,287 |
| Deposits with other institutions | 3,492,284 | 262,039 |
| Total | 8,716,506 | 8,580,941 |

## 40. 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 business. The Group has classified the brokerage clients' monies as cash held on behalf of brokerage clients under the current assets section of the consolidated statement of financial position, and recognised the corresponding accounts payable to the respective brokerage clients on the grounds that they are liable for any loss or misappropriation of their brokerage clients' monies. In the Mainland China, the use of 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, the use of 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.

## 41. Cash and Bank balances

### *(a) Analysed by nature:*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Cash on hand | 203 | 208 |
| Bank balances | 45,181,375 | 37,238,750 |
| Less: impairment losses | (833) | (1,157) |
| Total | 45,180,745 | 37,237,801 |

Bank balances mainly comprise time and demand deposits which bear interest at the prevailing market rates.

**41. Cash and Bank balances** - continued

***(b) Analysis of the movements of provision for impairment losses:***

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| At the beginning of the year | 1,157 | 1,430 |
| Reversal of impairment for the year | (351) | (273) |
| Other Changes | 27 | - |
| At the end of the year | 833 | 1,157 |

**42. Cash and cash equivalents**

***(a) Cash and cash equivalents comprise:***

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Cash on hand | 203 | 208 |
| Bank balances | 45,102,385 | 37,203,291 |
| Clearing settlement funds | 8,716,492 | 8,580,920 |
| Financial assets held under resale agreements within 3 months original maturity | 26,635,065 | 4,191,977 |
| Bond investment within 3 months original maturity | 79,878 | 388,187 |
| Less: restricted bank deposits and bank deposits with original maturity of more than three months | (4,984,963) | (4,463,221) |
| Total | 75,549,060 | 45,901,362 |

The restricted bank deposits mainly include deposits reserved for VAT payable of asset management plans, minimum liquid capital restriction deposits, risk reserve deposits and securities underwriting brokerage deposits.

## 42. Cash and cash equivalents - continued

### *(b) Reconciliation of liabilities arising from financing activities:*

The following table details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

| | Liabilities arising from financing activities | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Short-term debt instruments | Long-term bonds | Short-term bank loans | Long-term bank loans | Lease liabilities | Subtotal | Share capital | Other equity instruments | Treasury shares | Capital reserve | Retained profits | Non-controlling interests | Total |
| At 1 January 2022 | 53,598,658 | 133,338,427 | 8,492,290 | 722,816 | 1,230,555 | 197,382,746 | 9,076,650 | 9,996,425 | (1,231,547) | 70,562,359 | 35,559,779 | 3,612,974 | 324,959,386 |
| **Changes from financing cash flows** | | | | | | | | | | | | | |
| Proceeds from issuance | 50,182,816 | 40,125,807 | 7,948,721 | 804,903 | - | 99,062,247 | - | 9,197,373 | - | - | - | - | 108,259,620 |
| Repayment of borrowings | (78,041,627) | (35,137,090) | (8,487,624) | (722,816) | - | (122,389,157) | - | - | - | - | - | - | (122,389,157) |
| Interest paid | (914,870) | (4,877,102) | (113,531) | (39,067) | - | (5,944,570) | - | - | - | - | - | - | (5,944,570) |
| Payment of lease liabilities | - | - | - | - | (568,238) | (568,238) | - | - | - | - | - | - | (568,238) |
| Dividend paid | - | - | - | - | - | - | - | - | - | - | (4,455,564) | - | (4,455,564) |
| Acquisition of partial interest of a subsidiary | - | - | - | - | - | - | - | - | - | (182,476) | - | (1,407,524) | (1,590,000) |
| Acquisition of treasury shares | - | - | - | - | - | - | (1,061) | - | - | (8,169) | - | - | (9,230) |
| Total changes from financing cash flows | (28,773,681) | 111,615 | (652,434) | 43,020 | (568,238) | (29,839,718) | (1,061) | 9,197,373 | - | (190,645) | (4,455,564) | (1,407,524) | (26,697,139) |
| **Other changes** | | | | | | | | | | | | | |
| Interest expenses | 899,652 | 4,454,208 | 157,578 | 39,067 | 53,716 | 5,604,221 | - | - | - | - | - | - | 5,604,221 |
| New leases | - | - | - | - | 802,552 | 802,552 | - | - | - | - | - | - | 802,552 |
| Exchange differences | 47,975 | 1,515,088 | - | - | - | 1,563,063 | - | - | - | - | - | - | 1,563,063 |
| Total liability-related other changes | 947,627 | 5,969,296 | 157,578 | 39,067 | 856,268 | 7,969,836 | - | - | - | - | - | - | 7,969,836 |
| Total equity-related other changes | - | - | - | - | - | - | - | 6,202 | 29,223 | 110,345 | 6,819,085 | 556,058 | 7,520,913 |
| At 31 December 2022 | 25,772,604 | 139,419,338 | 7,997,434 | 804,903 | 1,518,585 | 175,512,864 | 9,075,589 | 19,200,000 | (1,202,324) | 70,482,059 | 37,923,300 | 2,761,508 | 313,752,996 |

## 42. Cash and cash equivalents - continued

### *(b) Reconciliation of liabilities arising from financing activities:* - continued

| | Liabilities arising from financing activities | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Short-term debt instruments | Long-term bonds | Short-term bank loans | Long-term bank loans | Lease liabilities | Subtotal | Share capital | Other equity instruments | Treasury shares | Capital reserve | Retained profits | Non-controlling interests | Total |
| At 1 January 2021 | 43,951,388 | 97,053,188 | 11,299,859 | 475,414 | 1,248,799 | 154,028,648 | 9,076,650 | - | (1,626,546) | 70,750,052 | 28,998,618 | 3,240,535 | 264,467,957 |
| **Changes from financing cash flows** | | | | | | | | | | | | | |
| Proceeds from issuance | 129,076,996 | 56,580,701 | - | 247,402 | - | 185,905,099 | - | 9,996,425 | - | - | - | - | 195,901,524 |
| Repayment of borrowings | (119,467,596) | (21,310,001) | (2,795,165) | - | - | (143,572,762) | - | - | - | - | - | - | (143,572,762) |
| Interest paid | (827,947) | (3,435,757) | (126,999) | (22,956) | - | (4,413,659) | - | - | - | - | - | - | (4,413,659) |
| Payment of lease liabilities | - | - | - | - | (462,158) | (462,158) | - | - | - | - | - | - | (462,158) |
| Dividend paid | - | - | - | - | - | - | - | - | - | - | (3,612,549) | - | (3,612,549) |
| Acquisition of treasury shares | - | - | - | - | - | - | - | - | (48,964) | - | - | - | (48,964) |
| Restricted Share Incentive Scheme of A Shares | - | - | - | - | - | - | - | - | 413,941 | - | - | - | 413,941 |
| Total changes from financing cash flows | 8,781,453 | 31,834,943 | (2,922,164) | 224,446 | (462,158) | 37,456,520 | - | 9,996,425 | 364,977 | - | (3,612,549) | - | 44,205,373 |
| **Other changes** | | | | | | | | | | | | | |
| Interest expenses | 865,817 | 4,450,296 | 114,595 | 22,956 | 48,242 | 5,501,906 | - | - | - | - | - | - | 5,501,906 |
| New leases | - | - | - | - | 395,672 | 395,672 | - | - | - | - | - | - | 395,672 |
| Total liability-related other changes | 865,817 | 4,450,296 | 114,595 | 22,956 | 443,914 | 5,897,578 | - | - | - | - | - | - | 5,897,578 |
| Total equity-related other changes | - | - | - | - | - | - | - | - | 30,022 | (187,693) | 10,173,710 | 372,439 | 10,388,478 |
| At 31 December 2021 | 53,598,658 | 133,338,427 | 8,492,290 | 722,816 | 1,230,555 | 197,382,746 | 9,076,650 | 9,996,425 | (1,231,547) | 70,562,359 | 35,559,779 | 3,612,974 | 324,959,386 |

## 43. Short-term bank loans

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Credit loans | 7,711,588 | 8,492,290 |
| Pledged loans | 285,846 | - |
| Total | 7,997,434 | 8,492,290 |

As of 31 December 2022, the interest rates for short-term loans were in the range of 4.60% - 5.83% per annum (as of 31 December 2021: 0.8% - 1.35% per annum).

## 44. Short-term debt instruments issued

As at 31 December 2022

| Name | Par value Original currency | Issuance date | Due date | Issue amount Original currency | Nominal interest rate |
|---|---|---|---|---|---|
| 21 HUATAI S2 | RMB4,000,000 | 28/6/2021 | 28/6/2022 | RMB4,000,000 | 2.95% |
| 21 HUATAI S3 | RMB2,000,000 | 9/7/2021 | 22/2/2022 | RMB2,000,000 | 2.75% |
| 21 HUATAI S4 | RMB4,000,000 | 9/7/2021 | 9/7/2022 | RMB4,000,000 | 2.87% |
| 21 HUATAI S5 | RMB3,000,000 | 19/7/2021 | 19/7/2022 | RMB3,000,000 | 2.75% |
| 21 HUATAI S6 | RMB4,000,000 | 9/8/2021 | 11/2/2022 | RMB4,000,000 | 2.55% |
| 21 HUATAI S7 | RMB4,000,000 | 16/8/2021 | 20/1/2022 | RMB4,000,000 | 2.51% |
| 21 HUATAI S9 | RMB2,300,000 | 6/12/2021 | 8/6/2022 | RMB2,300,000 | 2.64% |
| 21 HUA S10 | RMB2,700,000 | 6/12/2021 | 25/11/2022 | RMB2,700,000 | 2.70% |
| 21 HUA S11 | RMB2,000,000 | 13/12/2021 | 13/5/2022 | RMB2,000,000 | 2.62% |
| 21 HUA S12 | RMB1,000,000 | 21/12/2021 | 21/9/2022 | RMB1,000,000 | 2.70% |
| 21 HUA S13 | RMB4,000,000 | 21/12/2021 | 21/12/2022 | RMB4,000,000 | 2.75% |
| 21 HUA S14 | RMB4,000,000 | 29/12/2021 | 29/11/2022 | RMB4,000,000 | 2.75% |
| 22 HUATAI F1 | RMB4,000,000 | 17/1/2022 | 17/1/2024 | RMB4,000,000 | 2.75% |
| 22 HUATAI S1 | RMB5,000,000 | 9/8/2022 | 9/11/2022 | RMB5,000,000 | 1.65% |
| 22 HUATAI S2 | RMB5,000,000 | 19/8/2022 | 17/2/2023 | RMB5,000,000 | 1.78% |
| HUATAI B2203a | USD100,000 | 23/3/2021 | 21/3/2022 | USD100,000 | 0.35% |
| HUATAI B2206 | USD100,000 | 11/6/2021 | 9/6/2022 | USD100,000 | 0.70% |
| HUATAI B2203b | HKD300,000 | 7/12/2021 | 10/3/2022 | HKD300,000 | 0.55% |
| HUATAI B2203c | USD30,000 | 29/12/2021 | 29/3/2022 | USD30,000 | 0.65% |
| HUATAI B2204a | USD100,000 | 18/1/2022 | 18/4/2022 | USD100,000 | 0.65% |
| HUATAI B2204b | USD60,000 | 24/1/2022 | 25/4/2022 | USD60,000 | 0.65% |
| HUATAI B2207 | USD100,000 | 28/1/2022 | 28/7/2022 | USD100,000 | 0.80% |
| HUATAI B2205a | USD20,000 | 10/2/2022 | 10/5/2022 | USD20,000 | 1.05% |
| HUATAI B2204c | USD50,000 | 25/2/2022 | 25/4/2022 | USD50,000 | 0.70% |
| HUATAI B2212a | USD100,000 | 24/3/2022 | 23/12/2022 | USD100,000 | 1.00% |
| HUATAI B2212b | USD100,000 | 24/3/2022 | 23/12/2022 | USD100,000 | 1.00% |
| HUATAI B2212c | USD50,000 | 24/3/2022 | 23/12/2022 | USD50,000 | 1.00% |
| HUATAI B2209a | USD50,000 | 24/3/2022 | 23/9/2022 | USD50,000 | 1.65% |
| HUATAI B2209b | USD50,000 | 25/3/2022 | 26/9/2022 | USD50,000 | 0.95% |
| HUATAI B2304a | USD100,000 | 7/4/2022 | 6/4/2023 | USD100,000 | 1.50% |
| HUATAI B2304b | USD100,000 | 7/4/2022 | 6/4/2023 | USD100,000 | 1.50% |
| HUATAI B2304c | USD100,000 | 7/4/2022 | 6/4/2023 | USD100,000 | 1.50% |
| HUATAI B2209c | USD30,000 | 6/4/2022 | 30/9/2022 | USD30,000 | 1.75% |
| HUATAI B2211a | USD50,000 | 5/5/2022 | 4/11/2022 | USD50,000 | 2.04% |
| HUATAI B2211b | USD18,000 | 10/5/2022 | 10/11/2022 | USD18,000 | 2.15% |
| HUATAI B2211c | USD50,000 | 5/5/2022 | 4/11/2022 | USD50,000 | 1.75% |

## 44. Short-term debt instruments issued - continued

As at 31 December 2022 - continued

| Name | Par value Original currency | Issuance date | Due date | Issue amount Original currency | Nominal interest rate |
|---|---|---|---|---|---|
| HUATAI B2208a | USD60,000 | 4/5/2022 | 4/8/2022 | USD60,000 | 1.25% |
| HUATAI B2305a | USD50,000 | 27/5/2022 | 25/5/2023 | USD50,000 | 2.85% |
| HUATAI B2302a | USD50,000 | 27/5/2022 | 28/2/2023 | USD50,000 | 2.81% |
| HUATAI B2208b | USD30,000 | 2/6/2022 | 31/8/2022 | USD30,000 | 2.00% |
| HUATAI B2208c | USD20,000 | 2/6/2022 | 12/8/2022 | USD20,000 | 1.90% |
| HUATAI B2306 | USD100,000 | 10/6/2022 | 8/6/2023 | USD100,000 | 2.86% |
| HUATAI B2205b | HKD280,000 | 10/2/2022 | 10/5/2022 | HKD280,000 | 1.00% |
| HUATAI B2209d | HKD800,000 | 1/4/2022 | 30/9/2022 | HKD800,000 | 0.65% |
| HUATAI B2211d | HKD300,000 | 10/5/2022 | 10/11/2022 | HKD300,000 | 1.50% |
| HUATAI B2211e | HKD490,000 | 13/5/2022 | 14/11/2022 | HKD490,000 | 1.73% |
| HUATAI B2302b | HKD300,000 | 13/5/2022 | 13/2/2023 | HKD300,000 | 2.15% |
| HUATAI B2212d | USD75,000 | 10/8/2022 | 23/12/2022 | USD75,000 | 3.00% |
| HUATAI B2308 | USD15,000 | 10/8/2022 | 9/8/2023 | USD15,000 | 3.00% |
| HUATAI B2211f | HKD300,000 | 10/8/2022 | 10/11/2022 | HKD300,000 | 2.00% |
| HUATAI B2212e | USD50,800 | 20/9/2022 | 20/12/2022 | USD50,800 | 3.83% |
| HUATAI B2302d | USD18,000 | 14/11/2022 | 14/2/2023 | USD18,000 | 5.75% |
| HUATAI B2302e | HKD300,000 | 14/11/2022 | 14/2/2023 | HKD300,000 | 5.75% |
| HUATAI B2302f | USD10,700 | 16/11/2022 | 16/2/2023 | USD10,700 | 0.00% |
| HUATAI B2302g | HKD496,000 | 16/11/2022 | 16/2/2023 | HKD496,000 | 5.50% |
| HUATAI B2302h | USD5,499 | 18/11/2022 | 17/2/2023 | USD5,499 | 0.00% |
| HUATAI B 2311 | USD40,000 | 23/11/2022 | 22/11/2023 | USD40,000 | 6.05% |
| HUATAI B2302i | HKD23,390 | 18/11/2022 | 17/2/2023 | HKD23,390 | 0.00% |
| HUATAI B2302j | HKD150,000 | 22/11/2022 | 22/2/2023 | HKD150,000 | 0.00% |
| HUATAI B2302k | USD8,580 | 25/11/2022 | 24/2/2023 | USD8,580 | 0.00% |
| HUATAI B2302l | USD100,000 | 29/11/2022 | 27/2/2023 | USD100,000 | 0.00% |
| HUATAI B2302m | USD50,000 | 29/11/2022 | 27/2/2023 | USD50,000 | 0.00% |
| HUATAI B2303a | USD4,839 | 1/12/2022 | 1/3/2023 | USD4,839 | 0.00% |
| HUATAI B2303b | HKD14,000 | 1/12/2022 | 1/3/2023 | HKD14,000 | 0.00% |
| HUATAI B2303c | USD10,000 | 6/12/2022 | 3/3/2023 | USD10,000 | 5.70% |
| HUATAI B2306b | USD62,000 | 15/12/2022 | 15/6/2023 | USD62,000 | 0.00% |
| HUATAI B2306c | USD32,300 | 29/12/2022 | 29/6/2023 | USD32,300 | 5.60% |
| HUATAI B2211g | USD150,000 | 30/8/2022 | 28/11/2022 | USD150,000 | 0.00% |
| HUATAI B2312 | RMB440,000 | 13/12/2022 | 12/12/2023 | RMB440,000 | 3.49% |
| Structured notes (1) | RMB9,062,109 | Note (1) | Note (1) | RMB9,062,109 | Note (1) |

## 44. Short-term debt instruments issued - continued

As at 31 December 2022 - continued

| Name | Book value as at 1 January 2022 RMB equivalent | Increase RMB equivalent | Decrease RMB equivalent | Book value as at 31 December 2022 RMB equivalent |
|---|---|---|---|---|
| 21 HUATAI S2 | 4,059,983 | 58,017 | (4,118,000) | - |
| 21 HUATAI S3 | 2,026,317 | 8,039 | (2,034,356) | - |
| 21 HUATAI S4 | 4,054,931 | 59,869 | (4,114,800) | - |
| 21 HUATAI S5 | 3,037,258 | 45,242 | (3,082,500) | - |
| 21 HUATAI S6 | 4,040,306 | 11,672 | (4,051,978) | - |
| 21 HUATAI S7 | 4,037,785 | 5,401 | (4,043,186) | - |
| 21 HUATAI S9 | 2,304,244 | 26,366 | (2,330,610) | - |
| 21 HUA S10 | 2,705,095 | 65,608 | (2,770,703) | - |
| 21 HUA S11 | 2,002,676 | 19,002 | (2,021,678) | - |
| 21 HUA S12 | 1,000,798 | 19,470 | (1,020,268) | - |
| 21 HUA S13 | 4,003,253 | 106,747 | (4,110,000) | - |
| 21 HUA S14 | 4,000,887 | 100,072 | (4,100,959) | - |
| 22 HUATAI F1 | - | 4,105,269 | - | 4,105,269 |
| 22 HUATAI S1 | - | 5,020,795 | (5,020,795) | - |
| 22 HUATAI S2 | - | 5,032,777 | - | 5,032,777 |
| HUATAI B2203a | 636,859 | 62,025 | (698,884) | - |
| HUATAI B2206 | 639,724 | 61,585 | (701,309) | - |
| HUATAI B2203b | 245,294 | 23,072 | (268,366) | - |
| HUATAI B2203c | 191,212 | 18,061 | (209,273) | - |
| HUATAI B2204a | - | 697,576 | (697,576) | - |
| HUATAI B2204b | - | 418,553 | (418,553) | - |
| HUATAI B2207 | - | 699,223 | (699,223) | - |
| HUATAI B2205a | - | 139,649 | (139,649) | - |
| HUATAI B2204c | - | 348,624 | (348,624) | - |
| HUATAI B2212a | - | 701,688 | (701,688) | - |
| HUATAI B2212b | - | 701,688 | (701,688) | - |
| HUATAI B2212c | - | 350,844 | (350,844) | - |
| HUATAI B2209a | - | 351,111 | (351,111) | - |
| HUATAI B2209b | - | 349,907 | (349,907) | - |
| HUATAI B2304a | - | 697,585 | - | 697,585 |
| HUATAI B2304b | - | 697,585 | - | 697,585 |
| HUATAI B2304c | - | 697,585 | - | 697,585 |
| HUATAI B2209c | - | 210,711 | (210,711) | - |
| HUATAI B2211a | - | 351,792 | (351,792) | - |
| HUATAI B2211b | - | 126,722 | (126,722) | - |
| HUATAI B2211c | - | 351,285 | (351,285) | - |
| HUATAI B2208a | - | 419,193 | (419,193) | - |
| HUATAI B2305a | - | 354,025 | - | 354,025 |
| HUATAI B2302a | - | 354,203 | - | 354,203 |
| HUATAI B2208b | - | 209,968 | (209,968) | - |
| HUATAI B2208c | - | 139,807 | (139,807) | - |
| HUATAI B2306 | - | 707,321 | - | 707,321 |
| HUATAI B2205b | - | 250,734 | (250,734) | - |
| HUATAI B2209d | - | 716,956 | (716,956) | - |
| HUATAI B2211d | - | 270,016 | (270,016) | - |
| HUATAI B2211e | - | 441,555 | (441,555) | - |
| HUATAI B2302b | - | 271,621 | - | 271,621 |
| HUATAI B2212d | - | 528,141 | (528,141) | - |
| HUATAI B2308 | - | 105,092 | - | 105,092 |
| HUATAI B2211f | - | 269,341 | (269,341) | - |
| HUATAI B2212e | - | 357,180 | (357,180) | - |
| HUATAI B2302d | - | 126,321 | - | 126,321 |
| HUATAI B2302e | - | 269,950 | - | 269,950 |

## 44. Short-term debt instruments issued - continued

As at 31 December 2022 - continued

| Name | Book value as at 1 January 2022 RMB equivalent | Increase RMB equivalent | Decrease RMB equivalent | Book value as at 31 December 2022 RMB equivalent |
|---|---|---|---|---|
| HUATAI B2302f | - | 74,030 | - | 74,030 |
| HUATAI B2302g | - | 445,902 | - | 445,902 |
| HUATAI B2302h | - | 38,132 | - | 38,132 |
| HUATAI B 2311 | - | 279,817 | - | 279,817 |
| HUATAI B2302i | - | 20,749 | - | 20,749 |
| HUATAI B2302j | - | 132,878 | - | 132,878 |
| HUATAI B2302k | - | 59,279 | - | 59,279 |
| HUATAI B2302l | - | 690,163 | - | 690,163 |
| HUATAI B2302m | - | 345,082 | - | 345,082 |
| HUATAI B2303a | - | 33,398 | - | 33,398 |
| HUATAI B2303b | - | 12,390 | - | 12,390 |
| HUATAI B2303c | - | 69,931 | - | 69,931 |
| HUATAI B2306b | - | 420,182 | - | 420,182 |
| HUATAI B2306c | - | 225,057 | - | 225,057 |
| HUATAI B2211g | - | 1,044,690 | (1,044,690) | - |
| HUATAI B2312 | - | 440,604 | - | 440,604 |
| Structured notes [(1)] | 14,612,036 | 18,265,519 | (23,811,879) | 9,065,676 |
| Total | 53,598,658 | 51,130,444 | (78,956,498) | 25,772,604 |

## 44. Short-term debt instruments issued - continued

As at 31 December 2021

| Name | Par value<br>Original currency | Issuance date | Due date | Issue amount<br>Original currency | Nominal interest rate |
|---|---|---|---|---|---|
| 20 HUATAI G5 | RMB2,300,000 | 18/06/2020 | 18/06/2021 | RMB2,300,000 | 2.58% |
| 20 HUATAI S1 | RMB5,500,000 | 31/08/2020 | 31/08/2021 | RMB5,500,000 | 3.10% |
| 20 HUATAI S2 | RMB1,500,000 | 31/08/2020 | 28/05/2021 | RMB1,500,000 | 3.05% |
| 20 HUATAI S3 | RMB5,000,000 | 11/09/2020 | 11/08/2021 | RMB5,000,000 | 3.20% |
| 20 HUATAI S4 | RMB4,000,000 | 17/09/2020 | 17/04/2021 | RMB4,000,000 | 3.15% |
| 20 HUATAI CP010 | RMB5,000,000 | 15/12/2020 | 15/03/2021 | RMB4,000,000 | 2.94% |
| 21 HUATAI CP001 | RMB3,000,000 | 25/01/2021 | 25/04/2021 | RMB3,000,000 | 2.48% |
| 21 HUATAI CP002 | RMB3,000,000 | 27/01/2021 | 27/04/2021 | RMB3,000,000 | 2.42% |
| 21 HUATAI CP003 | RMB3,000,000 | 09/03/2021 | 07/06/2021 | RMB3,000,000 | 2.68% |
| 21 HUATAI CP004 | RMB4,000,000 | 25/06/2021 | 23/09/2021 | RMB4,000,000 | 2.40% |
| 21 HUATAI CP005 | RMB4,000,000 | 15/07/2021 | 13/10/2021 | RMB4,000,000 | 2.15% |
| 21 HUATAI CP006 | RMB3,000,000 | 22/07/2021 | 20/10/2021 | RMB3,000,000 | 2.15% |
| 21 HUATAI S2 | RMB4,000,000 | 28/06/2021 | 26/09/2021 | RMB4,000,000 | 2.95% |
| 21 HUATAI S3 | RMB2,000,000 | 09/07/2021 | 22/02/2022 | RMB2,000,000 | 2.75% |
| 21 HUATAI S4 | RMB4,000,000 | 09/07/2021 | 09/07/2022 | RMB4,000,000 | 2.87% |
| 21 HUATAI S5 | RMB3,000,000 | 19/07/2021 | 19/07/2022 | RMB3,000,000 | 2.75% |
| 21 HUATAI S6 | RMB4,000,000 | 09/08/2021 | 11/02/2022 | RMB4,000,000 | 2.55% |
| 21 HUATAI S7 | RMB4,000,000 | 16/08/2021 | 20/01/2022 | RMB4,000,000 | 2.51% |
| 21 HUATAI S8 | RMB3,000,000 | 26/08/2021 | 09/11/2021 | RMB3,000,000 | 2.40% |
| 21 HUATAI S9 | RMB2,300,000 | 06/12/2021 | 08/06/2022 | RMB2,300,000 | 2.64% |
| 21 HUA S10 | RMB2,700,000 | 06/12/2021 | 25/11/2022 | RMB2,700,000 | 2.70% |
| 21 HUA S11 | RMB2,000,000 | 13/12/2021 | 13/05/2022 | RMB2,000,000 | 2.62% |
| 21 HUA S12 | RMB1,000,000 | 21/12/2021 | 21/09/2022 | RMB1,000,000 | 2.70% |
| 21 HUA S13 | RMB4,000,000 | 21/12/2021 | 21/12/2022 | RMB4,000,000 | 2.75% |
| 21 HUA S14 | RMB4,000,000 | 29/12/2021 | 29/11/2022 | RMB4,000,000 | 2.75% |
| HUATAI B2111 | USD50,000 | 27/11/2020 | 26/11/2021 | USD50,000 | 0.50% |
| HUATAI B2112 | USD60,000 | 03/02/2021 | 28/12/2021 | USD60,000 | 1.35% |
| HUATAI B2108a | USD20,000 | 10/02/2021 | 10/08/2021 | USD20,000 | 1.23% |
| HUATAI B2203 | USD100,000 | 23/03/2021 | 21/03/2022 | USD100,000 | 0.35% |
| HUATAI B2108b | USD35,000 | 12/05/2021 | 12/08/2021 | USD35,000 | 0.50% |
| HUATAI B2112b | USD100,000 | 02/06/2021 | 02/12/2021 | USD100,000 | 0.60% |
| HUATAI B2206 | USD100,000 | 11/06/2021 | 09/06/2022 | USD100,000 | 0.70% |
| HUATAI B2111b | HKD300,000 | 27/08/2021 | 26/11/2021 | HKD300,000 | 0.50% |
| HUATAI B2203b | HKD300,000 | 07/12/2021 | 10/03/2022 | HKD300,000 | 0.55% |
| HUATAI B2203c | USD30,000 | 29/12/2021 | 29/03/2022 | USD30,000 | 0.65% |
| Structured notes [(1)] | RMB14,605,615 | *Note (1)* | *Note (1)* | RMB14,605,615 | *Note (1)* |

## 44. Short-term debt instruments issued - continued

As at 31 December 2021 - continued

| Name | Book value as at 1 January 2021 RMB equivalent | Increase RMB equivalent | Decrease RMB equivalent | Book value as at 31 December 2021 RMB equivalent |
|---|---|---|---|---|
| 20 HUATAI G5 | 2,331,813 | 27,527 | (2,359,340) | - |
| 20 HUATAI S1 | 5,557,300 | 113,208 | (5,670,508) | - |
| 20 HUATAI S2 | 1,515,375 | 18,937 | (1,534,312) | - |
| 20 HUATAI S3 | 5,053,333 | 97,634 | (5,150,967) | - |
| 20 HUATAI S4 | 4,042,000 | 37,100 | (4,079,100) | - |
| 20 HUATAI CP010 | 5,006,847 | 29,400 | (5,036,247) | - |
| 21 HUATAI CP001 | - | 3,018,345 | (3,018,345) | - |
| 21 HUATAI CP002 | - | 3,017,901 | (3,017,901) | - |
| 21 HUATAI CP003 | - | 3,019,825 | (3,019,825) | - |
| 21 HUATAI CP004 | - | 4,023,671 | (4,023,671) | - |
| 21 HUATAI CP005 | - | 4,021,205 | (4,021,205) | - |
| 21 HUATAI CP006 | - | 3,015,904 | (3,015,904) | - |
| 21 HUATAI S2 | - | 4,059,983 | - | 4,059,983 |
| 21 HUATAI S3 | - | 2,026,317 | - | 2,026,317 |
| 21 HUATAI S4 | - | 4,054,931 | - | 4,054,931 |
| 21 HUATAI S5 | - | 3,037,258 | - | 3,037,258 |
| 21 HUATAI S6 | - | 4,040,306 | - | 4,040,306 |
| 21 HUATAI S7 | - | 4,037,785 | - | 4,037,785 |
| 21 HUATAI S8 | - | 3,014,761 | (3,014,761) | - |
| 21 HUATAI S9 | - | 2,304,244 | - | 2,304,244 |
| 21 HUA S10 | - | 2,705,095 | - | 2,705,095 |
| 21 HUA S11 | - | 2,002,676 | - | 2,002,676 |
| 21 HUA S12 | - | 1,000,798 | - | 1,000,798 |
| 21 HUA S13 | - | 4,003,253 | - | 4,003,253 |
| 21 HUA S14 | - | 4,000,887 | - | 4,000,887 |
| HUATAI B2111 | 323,745 | 1,434 | (325,179) | - |
| HUATAI B2112 | - | 386,378 | (386,378) | - |
| HUATAI B2108a | - | 128,025 | (128,025) | - |
| HUATAI B2203 | - | 636,859 | - | 636,859 |
| HUATAI B2108b | - | 223,308 | (223,308) | - |
| HUATAI B2112b | - | 638,159 | (638,159) | - |
| HUATAI B2206 | - | 639,724 | - | 639,724 |
| HUATAI B2111b | - | 245,586 | (245,586) | - |
| HUATAI B2203b | - | 245,294 | - | 245,294 |
| HUATAI B2203c | - | 191,212 | - | 191,212 |
| Structured notes (1) | 20,120,975 | 65,875,960 | (71,384,899) | 14,612,036 |
| Total | 43,951,388 | 129,940,890 | (120,293,620) | 53,598,658 |

(1) During the year ended 31 December 2022, the Company has issued 1,705 tranches of structured notes, bearing interest ranging from 1.80% to 6.58% per annum, repayable within 1 year. Structured notes repayable more than 1 year are classified as "Long-term bonds" (Note 53). (During the year ended 31 December 2021, the Company has issued 3,849 tranches of structured notes, bearing interest ranging from 2.00% to 6.58% per annum).

## 45. Placements from other financial institutions

Current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Placements from banks | 25,877,713 | 14,018,721 |

As at 31 December 2022, the placements from banks are unsecured, bearing interest of 1.96% - 5.51% per annum, with maturities within 66 days (as at 31 December 2021: bearing interest of 0.25% - 3.10% per annum, with maturities within 132 days).

## 46. Accounts payable to brokerage clients

Current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Clients' deposits for brokerage trading | 133,173,079 | 127,624,066 |
| Clients' deposits for margin financing and securities lending | 19,378,644 | 19,877,767 |
| Total | 152,551,723 | 147,501,833 |

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 brokerage clients are interest-bearing at the prevailing interest rate.

The majority of the accounts payable balances are repayable on demand except where certain accounts payable to brokerage clients represent monies received from clients for their margin financing activities under 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 aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of these businesses.

## 47. Employee benefits payable

Non-current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Salaries, bonuses and allowance | 6,588,448 | 7,057,339 |

Current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Salaries, bonuses and allowance | 4,755,421 | 5,330,529 |
| Contribution to pension scheme | 4,251 | 3,371 |
| Other social welfare | 544,505 | 423,698 |
| Total | 5,304,177 | 5,757,598 |

## 48. Other payables and accruals

Non-current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Lease liabilities | | |
| 1 to 2 years (inclusive) | 537,830 | 424,798 |
| 2 to 5 years (inclusive) | 417,309 | 473,956 |
| After 5 years | 70,779 | 1,545 |
| Total | 1,025,918 | 900,299 |

The Group's leases are mainly land and buildings for operations. Most lease contracts are entered into terms from 1 year to 5 years.

(1) During year of 2022, the expenses related to short-term leases and low-value leases of RMB42 million (2021: RMB41 million) were recognised in profit or loss.

(2) As at 31 December 2022, the cash flows of lease contracts signed by the Group but lease not yet commenced are insignificant.

## 48. Other payables and accruals - continued

Current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Trade payable | 92,616,101 | 84,166,271 |
| Payable to brokers, dealers and clearing house | 6,765,938 | 13,443,598 |
| Payable to open-ended funds | 5,359,599 | 5,441,731 |
| Other tax payable | 474,463 | 790,446 |
| Restrictive repurchase obligation | 366,523 | 395,746 |
| Dividend payable of pledged exchangeable bond | - | 372,768 |
| Lease liabilities | 492,667 | 330,256 |
| Fee and commission payable | 120,537 | 253,680 |
| Futures risk reserve | 209,833 | 178,120 |
| Payable to outsourcing service | 187,423 | 120,474 |
| Payable to the securities investor protection fund | 63,090 | 68,238 |
| Payable to interest holders of consolidated structured entities (1) | - | 44,954 |
| Funds payable to securities issuers | 150,460 | 38,747 |
| Payable for office building construction | 27,794 | 35,315 |
| Redemption payables | 142 | 26,761 |
| Dividend payable | 107,327 | 13,097 |
| Others (2) | 1,154,675 | 900,553 |
| Total | 108,096,572 | 106,620,755 |

(1) The financial liabilities arising from the consolidated structured entities with underlying investments in money market and fixed income instruments are classified as other payables and accruals in these consolidated financial statements. It is because the Group has an obligation to pay other investors upon maturity dates of the structured entities based on the net book value and related terms of those consolidated asset management schemes.

(2) The balance of others mainly represents payable to brokerage agents and sundry payables arising from normal course of business.

## 49. Contract liabilities

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Advance fee and commission | 210,394 | 190,581 |
| Advance consideration from commodity trading | 8,549 | 75,056 |
| Total | 218,943 | 265,637 |

## 50. Financial assets sold under repurchase agreements

### *(a) Analysed by collateral type:*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Debt securities | 128,090,388 | 104,067,070 |
| Equity securities | 11,960,616 | 17,565,523 |
| Precious metal | 4,066,994 | 9,077,408 |
| Total | 144,117,998 | 130,710,001 |

As at 31 December 2022, the Group's pledged collateral in connection with financial assets sold under repurchase agreements amounted to RMB164,709 million (as at 31 December 2021: RMB144,064 million).

### *(b) Analysed by market:*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Inter-bank market | 68,008,692 | 60,896,105 |
| Shanghai stock exchange | 39,055,352 | 26,817,766 |
| Shenzhen stock exchange | 10,751,999 | 6,059,992 |
| Over-the-counter | 26,301,955 | 36,936,138 |
| Total | 144,117,998 | 130,710,001 |

## 51. Financial liabilities at fair value through profit or loss

Non-current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Financial liabilities designated at fair value through profit or loss | 5,569,938 | 2,833,456 |

## 51. Financial liabilities at fair value through profit or loss - continued

Current

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Financial liabilities held for trading | 36,507,296 | 27,171,191 |
| Financial liabilities designated at fair value through profit or loss | 6,498,325 | 1,118,271 |
| Total | 43,005,621 | 28,289,462 |

In the consolidated financial statements, the financial liabilities arising from consolidation of structured entities and private funds with the underlying investments related to listed equity investments in active markets and unlisted equity investments are designated at fair value through profit or loss by the Group, as the Group has the obligation to pay other investors or limited partners upon maturity dates of the structured entities based on net book value and related terms of those consolidated asset management schemes or private equity funds.

In the consolidated financial statements, certain structured notes are designated at fair value through profit or loss by the Group, as the host contracts of structured notes contains embedded derivatives.

In the consolidated financial statements, a bond is designated at fair value through profit or loss by the Group, as the designation can significantly reduce the accounting mismatch.

As at 31 December 2022 and 31 December 2021, there were no significant fair value changes related to the changes in the credit risk of the Group, respectively.

## 52. Long-term bonds due within one year

As at 31 December 2022

| Name | Par value<br>Original currency | Issuance date | Due date | Issue amount<br>Original currency | Nominal interest rate |
|---|---|---|---|---|---|
| 13 HUATAI 02 | RMB6,000,000 | 5/6/2013 | 5/6/2023 | RMB6,000,000 | 5.10% |
| 18 HUATAI G2 | RMB1,000,000 | 26/11/2018 | 26/11/2023 | RMB1,000,000 | 4.17% |
| 19 HUATAI G1 | RMB7,000,000 | 19/3/2019 | 19/3/2022 | RMB7,000,000 | 3.68% |
| 19 HUATAI G3 | RMB5,000,000 | 22/4/2019 | 22/4/2022 | RMB5,000,000 | 3.80% |
| 19 HUATAI 02 | RMB5,000,000 | 27/5/2019 | 27/5/2022 | RMB5,000,000 | 3.94% |
| 19 HUATAI 03 | RMB4,000,000 | 24/10/2019 | 24/10/2022 | RMB4,000,000 | 3.68% |
| 20 HUATAI G1 | RMB8,000,000 | 26/3/2020 | 26/3/2023 | RMB8,000,000 | 2.99% |
| 20 HUATAI G6 | RMB3,200,000 | 18/6/2020 | 18/6/2023 | RMB3,200,000 | 3.10% |
| 20 HUATAI G7 | RMB3,500,000 | 24/11/2020 | 24/11/2023 | RMB3,500,000 | 3.90% |
| 20 HUATAI G8 | RMB4,000,000 | 9/12/2020 | 9/12/2022 | RMB4,000,000 | 3.67% |
| 20 HUATAI G9 | RMB4,000,000 | 9/12/2020 | 9/12/2023 | RMB4,000,000 | 3.79% |
| 19 Finance 01 | RMB6,000,000 | 21/8/2019 | 21/8/2022 | RMB6,000,000 | 3.40% |
| HUATAI B2205c | USD500,000 | 23/5/2019 | 23/5/2022 | USD500,000 | 3.38% |
| HUATAI B2302c | USD400,000 | 12/2/2020 | 12/2/2023 | USD400,000 | LIBOR + 0.95% |
| Structured notes [(1)] | RMB121,154 | Note (1) | Note (1) | RMB121,154 | Note (1) |

## 52. Long-term bonds due within one year - continued

As at 31 December 2022 - continued

| Name | Book value as at 1 January 2022 RMB equivalent | Increase RMB equivalent | Decrease RMB equivalent | Book value as at 31 December 2022 RMB equivalent |
|---|---|---|---|---|
| 13 HUATAI 02 | - | 6,483,782 | (306,000) | 6,177,782 |
| 18 HUATAI G2 | - | 1,045,569 | (41,700) | 1,003,869 |
| 19 HUATAI G1 | 7,201,826 | 55,774 | (7,257,600) | - |
| 19 HUATAI G3 | 5,130,878 | 59,122 | (5,190,000) | - |
| 19 HUATAI 02 | 5,116,891 | 80,109 | (5,197,000) | - |
| 19 HUATAI 03 | 4,026,648 | 120,552 | (4,147,200) | - |
| 20 HUATAI G1 | - | 8,421,856 | (239,200) | 8,182,656 |
| 20 HUATAI G6 | - | 3,350,853 | (99,200) | 3,251,653 |
| 20 HUATAI G7 | - | 3,650,190 | (136,500) | 3,513,690 |
| 20 HUATAI G8 | 4,008,705 | 138,095 | (4,146,800) | - |
| 20 HUATAI G9 | - | 4,160,721 | (151,600) | 4,009,121 |
| 19 Finance 01 | 6,073,407 | 130,593 | (6,204,000) | - |
| HUATAI B2205c | 3,198,594 | 401,234 | (3,599,828) | - |
| HUATAI B2302c | - | 2,962,099 | (159,275) | 2,802,824 |
| Structured notes [(1)] | 615,359 | 168,102 | (662,307) | 121,154 |
| Total | 35,372,308 | 31,228,651 | (37,538,210) | 29,062,749 |

As at 31 December 2021

| Name | Par value Original currency | Issuance date | Due date | Issue amount Original currency | Nominal interest rate |
|---|---|---|---|---|---|
| 16 HUATAI G2 | RMB2,500,000 | 06/12/2016 | 06/12/2021 | RMB2,500,000 | 3.78% |
| 16 HUATAI G4 | RMB3,000,000 | 14/12/2016 | 14/12/2021 | RMB3,000,000 | 3.97% |
| 18 HUATAI C2 | RMB2,800,000 | 10/05/2018 | 10/05/2021 | RMB2,800,000 | 5.20% |
| 18 HUATAI G1 | RMB3,000,000 | 26/11/2018 | 26/11/2021 | RMB3,000,000 | 3.88% |
| 19 HUATAI G1 | RMB7,000,000 | 19/03/2019 | 19/03/2022 | RMB7,000,000 | 3.68% |
| 19 HUATAI G3 | RMB5,000,000 | 22/04/2019 | 22/04/2022 | RMB5,000,000 | 3.80% |
| 19 HUATAI 02 | RMB5,000,000 | 27/05/2019 | 27/05/2022 | RMB5,000,000 | 3.94% |
| 19 HUATAI 03 | RMB4,000,000 | 24/10/2019 | 24/10/2022 | RMB4,000,000 | 3.68% |
| 19 Finance 01 | RMB6,000,000 | 21/08/2019 | 21/08/2022 | RMB6,000,000 | 3.40% |
| 20 HUATAI G8 | RMB4,000,000 | 09/12/2020 | 09/12/2022 | RMB4,000,000 | 3.67% |
| HUATAI B2205 | USD500,000 | 16/05/2019 | 16/05/2022 | USD500,000 | 3.38% |
| Structured notes [(1)] | RMB613,940 | Note (1) | Note (1) | RMB613,940 | Note (1) |

## 52. Long-term bonds due within one year - continued

As at 31 December 2021 - continued

| Name | Book value as at 1 January 2021 RMB equivalent | Increase RMB equivalent | Decrease RMB equivalent | Book value as at 31 December 2021 RMB equivalent |
|---|---|---|---|---|
| 16 HUATAI G2 | 2,508,601 | 84,497 | (2,593,098) | - |
| 16 HUATAI G4 | 3,006,354 | 108,368 | (3,114,722) | - |
| 18 HUATAI C2 | 2,893,742 | 48,335 | (2,942,077) | - |
| 18 HUATAI G1 | 3,010,179 | 98,057 | (3,108,236) | - |
| 19 HUATAI G1 | - | 7,459,426 | (257,600) | 7,201,826 |
| 19 HUATAI G3 | - | 5,320,878 | (190,000) | 5,130,878 |
| 19 HUATAI 02 | - | 5,313,891 | (197,000) | 5,116,891 |
| 19 HUATAI 03 | - | 4,173,848 | (147,200) | 4,026,648 |
| 19 Finance 01 | - | 6,277,407 | (204,000) | 6,073,407 |
| 20 HUATAI G8 | - | 4,155,505 | (146,800) | 4,008,705 |
| HUATAI B2205 | - | 3,285,482 | (86,888) | 3,198,594 |
| Structured notes (1) | 10,017 | 615,686 | (10,344) | 615,359 |
| Total | 11,428,893 | 36,941,380 | (12,997,965) | 35,372,308 |

(1) As at 31 December 2022, RMB121.15 million of structured notes would mature within one year (as at 31 December 2021: RMB615.36 million).

## 53. Long-term bonds

As at 31 December 2022

| Name | Par value Original currency | Issuance date | Due date | Issue amount Original currency | Nominal interest rate |
|---|---|---|---|---|---|
| 13 HUATAI 02 | RMB6,000,000 | 5/6/2013 | 5/6/2023 | RMB6,000,000 | 5.10% |
| 18 HUATAI G2 | RMB1,000,000 | 26/11/2018 | 26/11/2023 | RMB1,000,000 | 4.17% |
| 20 HUATAI G1 | RMB8,000,000 | 26/3/2020 | 26/3/2023 | RMB8,000,000 | 2.99% |
| 20 HUATAI G3 | RMB3,500,000 | 29/4/2020 | 29/4/2025 | RMB3,500,000 | 2.90% |
| 20 HUATAI G4 | RMB3,000,000 | 21/5/2020 | 21/5/2025 | RMB3,000,000 | 3.20% |
| 20 HUATAI G6 | RMB3,200,000 | 18/6/2020 | 18/6/2023 | RMB3,200,000 | 3.10% |
| 20 HUATAI G7 | RMB3,500,000 | 24/11/2020 | 24/11/2023 | RMB3,500,000 | 3.90% |
| 20 HUATAI G9 | RMB4,000,000 | 9/12/2020 | 9/12/2023 | RMB4,000,000 | 3.79% |
| 21 HUATAI G1 | RMB4,000,000 | 20/1/2021 | 20/1/2024 | RMB4,000,000 | 3.58% |
| 21 HUATAI G3 | RMB5,000,000 | 26/4/2021 | 26/4/2024 | RMB5,000,000 | 3.42% |
| 21 HUATAI G4 | RMB6,000,000 | 17/5/2021 | 17/5/2026 | RMB6,000,000 | 3.71% |
| 21 HUATAI G5 | RMB4,000,000 | 24/5/2021 | 24/5/2024 | RMB4,000,000 | 3.28% |
| 21 HUATAI G6 | RMB2,000,000 | 24/5/2021 | 24/5/2026 | RMB2,000,000 | 3.63% |
| 21 HUATAI G7 | RMB2,000,000 | 15/6/2021 | 15/6/2024 | RMB2,000,000 | 3.40% |
| 21 HUATAI 09 | RMB2,500,000 | 21/6/2021 | 21/6/2024 | RMB2,500,000 | 3.45% |
| 21 HUATAI 11 | RMB1,500,000 | 7/9/2021 | 7/9/2024 | RMB1,500,000 | 3.03% |
| 21 HUATAI 12 | RMB2,700,000 | 7/9/2021 | 7/9/2031 | RMB2,700,000 | 3.78% |
| 21 HUATAI 13 | RMB2,100,000 | 18/10/2021 | 18/10/2024 | RMB2,100,000 | 3.25% |
| 21 HUATAI 14 | RMB3,400,000 | 18/10/2021 | 18/10/2031 | RMB3,400,000 | 3.99% |
| 21 HUATAI 15 | RMB2,200,000 | 25/10/2021 | 25/10/2024 | RMB2,200,000 | 3.22% |
| 21 HUATAI 16 | RMB1,100,000 | 25/10/2021 | 25/10/2031 | RMB1,100,000 | 3.94% |
| 20 HUATAI C1 | RMB5,000,000 | 13/11/2020 | 13/11/2025 | RMB5,000,000 | 4.48% |
| 21 HUATAI C1 | RMB9,000,000 | 29/1/2021 | 29/1/2026 | RMB9,000,000 | 4.50% |
| 22 HUATAI G1 | RMB5,000,000 | 14/2/2022 | 14/2/2025 | RMB5,000,000 | 2.79% |
| 22 HUATAI G2 | RMB2,000,000 | 15/8/2022 | 15/8/2024 | RMB2,000,000 | 2.43% |
| 22 HUATAI G3 | RMB3,000,000 | 26/8/2022 | 26/8/2024 | RMB3,000,000 | 2.33% |
| 22 HUATAI G4 | RMB2,000,000 | 5/9/2022 | 5/9/2025 | RMB2,000,000 | 2.52% |
| 22 HUATAI G5 | RMB3,000,000 | 13/9/2022 | 13/9/2025 | RMB3,000,000 | 2.50% |
| 22 HUATAI G6 | RMB3,600,000 | 21/11/2022 | 21/11/2024 | RMB3,600,000 | 2.87% |
| 22 HUATAI G7 | RMB1,400,000 | 21/11/2022 | 21/11/2027 | RMB1,400,000 | 3.18% |
| 22 HUATAI G8 | RMB1,500,000 | 5/12/2022 | 5/12/2024 | RMB1,500,000 | 2.87% |
| 22 HUATAI 10 | RMB2,000,000 | 12/12/2022 | 12/12/2025 | RMB2,000,000 | 3.35% |
| 22 HUATAI 11 | RMB500,000 | 12/12/2022 | 12/12/2027 | RMB500,000 | 3.49% |
| 22 HUATAI 12 | RMB4,000,000 | 22/12/2022 | 22/12/2024 | RMB4,000,000 | 3.24% |
| HUATAI B2302c | USD400,000 | 12/2/2020 | 12/2/2023 | USD400,000 | LIBOR + 0.95% |
| HUATAI B2404 | USD900,000 | 9/4/2021 | 9/4/2024 | USD900,000 | 1.30% |
| HUATAI B2604 | USD500,000 | 9/4/2021 | 9/4/2026 | USD500,000 | 2.00% |
| HUATAI B2503 | USD1,000,000 | 3/3/2022 | 3/3/2025 | USD1,000,000 | 2.38% |
| HUATAI B2509 | CNH3,025,000 | 14/9/2022 | 14/9/2025 | CNH3,025,000 | 2.85% |
| Structured notes [(1)] | RMB2,117,600 | Note (1) | Note (1) | RMB2,117,600 | Note (1) |

**53. Long-term bonds** - continued

As at 31 December 2022 - continued

| Name | Book value as at 1 January 2022 RMB equivalent | Increase RMB equivalent | Decrease RMB equivalent | Book value as at 31 December 2022 RMB equivalent |
|---|---|---|---|---|
| 13 HUATAI 02 | 6,176,275 | - | (6,176,275) | - |
| 18 HUATAI G2 | 1,003,674 | - | (1,003,674) | - |
| 20 HUATAI G1 | 8,180,110 | - | (8,180,110) | - |
| 20 HUATAI G3 | 3,566,005 | 102,147 | (101,500) | 3,566,652 |
| 20 HUATAI G4 | 3,056,894 | 96,553 | (96,000) | 3,057,447 |
| 20 HUATAI G6 | 3,251,065 | - | (3,251,065) | - |
| 20 HUATAI G7 | 3,513,326 | - | (3,513,326) | - |
| 20 HUATAI G9 | 4,008,862 | - | (4,008,862) | - |
| 21 HUATAI G1 | 4,133,205 | 144,482 | (143,200) | 4,134,487 |
| 21 HUATAI G3 | 5,112,607 | 172,590 | (171,000) | 5,114,197 |
| 21 HUATAI G4 | 6,133,706 | 223,699 | (222,600) | 6,134,805 |
| 21 HUATAI G5 | 4,076,248 | 132,469 | (131,200) | 4,077,517 |
| 21 HUATAI G6 | 2,042,198 | 72,967 | (72,600) | 2,042,565 |
| 21 HUATAI G7 | 2,035,430 | 68,633 | (68,000) | 2,036,063 |
| 21 HUATAI 09 | 2,543,518 | 87,040 | (86,250) | 2,544,308 |
| 21 HUATAI 11 | 1,513,470 | 45,786 | (45,450) | 1,513,806 |
| 21 HUATAI 12 | 2,730,519 | 102,217 | (102,060) | 2,730,676 |
| 21 HUATAI 13 | 2,113,536 | 68,392 | (68,250) | 2,113,678 |
| 21 HUATAI 14 | 3,427,022 | 135,719 | (135,660) | 3,427,081 |
| 21 HUATAI 15 | 2,212,710 | 70,989 | (70,840) | 2,212,859 |
| 21 HUATAI 16 | 1,107,814 | 43,359 | (43,340) | 1,107,833 |
| 20 HUATAI C1 | 5,026,991 | 224,699 | (224,000) | 5,027,690 |
| 21 HUATAI C1 | 9,367,298 | 406,653 | (405,000) | 9,368,951 |
| 22 HUATAI G1 | - | 5,118,848 | - | 5,118,848 |
| 22 HUATAI G2 | - | 2,017,070 | - | 2,017,070 |
| 22 HUATAI G3 | - | 3,022,110 | - | 3,022,110 |
| 22 HUATAI G4 | - | 2,014,753 | - | 2,014,753 |
| 22 HUATAI G5 | - | 3,019,971 | - | 3,019,971 |
| 22 HUATAI G6 | - | 3,610,774 | - | 3,610,774 |
| 22 HUATAI G7 | - | 1,404,662 | - | 1,404,662 |
| 22 HUATAI G8 | - | 1,502,007 | - | 1,502,007 |
| 22 HUATAI 10 | - | 2,002,083 | - | 2,002,083 |
| 22 HUATAI 11 | - | 500,556 | - | 500,556 |
| 22 HUATAI 12 | - | 3,999,798 | - | 3,999,798 |
| HUATAI B2302c | 2,552,586 | - | (2,552,586) | - |
| HUATAI B2404 | 5,743,247 | 618,650 | (81,486) | 6,280,411 |
| HUATAI B2604 | 3,194,403 | 367,186 | (69,646) | 3,491,943 |
| HUATAI B2503 | - | 7,000,146 | - | 7,000,146 |
| HUATAI B2509 | - | 3,041,406 | - | 3,041,406 |
| Structured notes [(1)] | 143,400 | 2,138,043 | (162,007) | 2,119,436 |
| Total | 97,966,119 | 43,576,457 | (31,185,987) | 110,356,589 |

## 53. Long-term bonds - continued

As at 31 December 2021

| Name | Par value Original currency | Issuance date | Due date | Issue amount Original currency | Nominal interest rate |
|---|---|---|---|---|---|
| 13 HUATAI 02 | RMB6,000,000 | 05/06/2013 | 05/06/2023 | RMB6,000,000 | 5.10% |
| 18 HUATAI G2 | RMB1,000,000 | 26/11/2018 | 26/11/2023 | RMB1,000,000 | 4.17% |
| 19 HUATAI G1 | RMB7,000,000 | 19/03/2019 | 19/03/2022 | RMB7,000,000 | 3.68% |
| 19 HUATAI G3 | RMB5,000,000 | 22/04/2019 | 22/04/2022 | RMB5,000,000 | 3.80% |
| 19 HUATAI 02 | RMB5,000,000 | 27/05/2019 | 27/05/2022 | RMB5,000,000 | 3.94% |
| 19 HUATAI 03 | RMB4,000,000 | 24/10/2019 | 24/10/2022 | RMB4,000,000 | 3.68% |
| 19 Finance 01 | RMB6,000,000 | 21/08/2019 | 21/08/2022 | RMB6,000,000 | 3.40% |
| 20 HUATAI G1 | RMB8,000,000 | 26/03/2020 | 26/03/2023 | RMB8,000,000 | 2.99% |
| 20 HUATAI G3 | RMB3,500,000 | 29/04/2020 | 29/04/2025 | RMB3,500,000 | 2.90% |
| 20 HUATAI G4 | RMB3,000,000 | 21/05/2020 | 21/05/2025 | RMB3,000,000 | 3.20% |
| 20 HUATAI G6 | RMB3,200,000 | 18/06/2020 | 18/06/2023 | RMB3,200,000 | 3.10% |
| 20 HUATAI G7 | RMB3,500,000 | 24/11/2020 | 24/11/2023 | RMB3,500,000 | 3.90% |
| 20 HUATAI G8 | RMB4,000,000 | 09/12/2020 | 09/12/2022 | RMB4,000,000 | 3.67% |
| 20 HUATAI G9 | RMB4,000,000 | 09/12/2020 | 09/12/2023 | RMB4,000,000 | 3.79% |
| 20 HUATAI 02 | RMB10,000,000 | 24/07/2020 | 24/07/2022 | RMB10,000,000 | 3.20% |
| 20 HUATAI C1 | RMB5,000,000 | 13/11/2020 | 13/11/2025 | RMB5,000,000 | 4.48% |
| 21 HUATAI G1 | RMB4,000,000 | 20/01/2021 | 20/01/2024 | RMB4,000,000 | 3.58% |
| 21 HUATAI G3 | RMB5,000,000 | 26/04/2021 | 26/04/2024 | RMB5,000,000 | 3.42% |
| 21 HUATAI G4 | RMB6,000,000 | 17/05/2021 | 17/05/2026 | RMB6,000,000 | 3.71% |
| 21 HUATAI G5 | RMB4,000,000 | 24/05/2021 | 24/05/2024 | RMB4,000,000 | 3.28% |
| 21 HUATAI G6 | RMB2,000,000 | 24/05/2021 | 24/05/2026 | RMB2,000,000 | 3.63% |
| 21 HUATAI G7 | RMB2,000,000 | 15/06/2021 | 15/06/2024 | RMB2,000,000 | 3.40% |
| 21 HUATAI 09 | RMB2,500,000 | 21/06/2021 | 21/06/2024 | RMB2,500,000 | 3.45% |
| 21 HUATAI C1 | RMB9,000,000 | 29/01/2021 | 29/01/2026 | RMB9,000,000 | 4.50% |
| 21 HUATAI 11 | RMB1,500,000 | 07/09/2021 | 07/09/2024 | RMB1,500,000 | 3.03% |
| 21 HUATAI 12 | RMB2,700,000 | 07/09/2021 | 07/09/2031 | RMB2,700,000 | 3.78% |
| 21 HUATAI 13 | RMB2,100,000 | 18/10/2021 | 18/10/2024 | RMB2,100,000 | 3.25% |
| 21 HUATAI 14 | RMB3,400,000 | 18/10/2021 | 18/10/2031 | RMB3,400,000 | 3.99% |
| 21 HUATAI 15 | RMB2,200,000 | 25/10/2021 | 25/10/2024 | RMB2,200,000 | 3.22% |
| 21 HUATAI 16 | RMB1,100,000 | 25/10/2021 | 25/10/2031 | RMB1,100,000 | 3.94% |
| HUATAI B2205 | USD500,000 | 16/05/2019 | 16/05/2022 | USD500,000 | 3.38% |
| HUATAI B2302 | USD400,000 | 12/02/2020 | 12/02/2023 | USD400,000 | LIBOR+0.95% |
| HUATAI B2404 | USD900,000 | 09/04/2021 | 09/04/2024 | USD900,000 | 1.30% |
| HUATAI B2604 | USD500,000 | 09/04/2021 | 09/04/2026 | USD500,000 | 2.00% |
| Structured notes [(1)] | RMB143,400 | Note (1) | Note (1) | RMB143,400 | Note (1) |

**53. Long-term bonds** - continued

As at 31 December 2021 - continued

| Name | Book value as at 1 January 2021 RMB equivalent | Increase RMB equivalent | Decrease RMB equivalent | Book value as at 31 December 2021 RMB equivalent |
|---|---|---|---|---|
| 13 HUATAI 02 | 6,171,490 | 310,785 | (306,000) | 6,176,275 |
| 18 HUATAI G2 | 1,003,413 | 41,961 | (41,700) | 1,003,674 |
| 19 HUATAI G1 | 7,199,048 | - | (7,199,048) | - |
| 19 HUATAI G3 | 5,129,536 | - | (5,129,536) | - |
| 19 HUATAI 02 | 5,115,539 | - | (5,115,539) | - |
| 19 HUATAI 03 | 4,025,007 | - | (4,025,007) | - |
| 19 Finance 01 | 6,072,453 | - | (6,072,453) | - |
| 20 HUATAI G1 | 8,177,637 | 241,673 | (239,200) | 8,180,110 |
| 20 HUATAI G3 | 3,565,376 | 102,129 | (101,500) | 3,566,005 |
| 20 HUATAI G4 | 3,056,359 | 96,611 | (96,076) | 3,056,894 |
| 20 HUATAI G6 | 3,250,725 | 99,540 | (99,200) | 3,251,065 |
| 20 HUATAI G7 | 3,512,736 | 137,090 | (136,500) | 3,513,326 |
| 20 HUATAI G8 | 4,008,066 | - | (4,008,066) | - |
| 20 HUATAI G9 | 4,008,443 | 152,019 | (151,600) | 4,008,862 |
| 20 HUATAI 02 | 10,132,432 | 160,618 | (10,293,050) | - |
| 20 HUATAI C1 | 5,025,058 | 225,933 | (224,000) | 5,026,991 |
| 21 HUATAI G1 | - | 4,137,065 | (3,860) | 4,133,205 |
| 21 HUATAI G3 | - | 5,117,432 | (4,825) | 5,112,607 |
| 21 HUATAI G4 | - | 6,139,497 | (5,791) | 6,133,706 |
| 21 HUATAI G5 | - | 4,080,108 | (3,860) | 4,076,248 |
| 21 HUATAI G6 | - | 2,044,128 | (1,930) | 2,042,198 |
| 21 HUATAI G7 | - | 2,037,360 | (1,930) | 2,035,430 |
| 21 HUATAI 09 | - | 2,545,931 | (2,413) | 2,543,518 |
| 21 HUATAI C1 | - | 9,376,680 | (9,382) | 9,367,298 |
| 21 HUATAI 11 | - | 1,514,497 | (1,027) | 1,513,470 |
| 21 HUATAI 12 | - | 2,732,368 | (1,849) | 2,730,519 |
| 21 HUATAI 13 | - | 2,113,972 | (436) | 2,113,536 |
| 21 HUATAI 14 | - | 3,427,728 | (706) | 3,427,022 |
| 21 HUATAI 15 | - | 2,213,167 | (457) | 2,212,710 |
| 21 HUATAI 16 | - | 1,108,042 | (228) | 1,107,814 |
| HUATAIB2205 | 3,274,424 | - | (3,274,424) | - |
| HUATAIB2302 | 2,611,554 | 4,635 | (63,603) | 2,552,586 |
| HUATAIB2404 | - | 5,780,545 | (37,298) | 5,743,247 |
| HUATAIB2604 | - | 3,226,282 | (31,879) | 3,194,403 |
| Structured notes (1) | 284,999 | 140,401 | (282,000) | 143,400 |
| Total | 85,624,295 | 59,308,197 | (46,966,373) | 97,966,119 |

(1) The Company has issued 6 tranches of long-term structured notes for the year ended 31 December 2022 (as at 31 December 2021: 30 tranches). As at 31 December 2022, 3 tranches of long-term structured notes due within one year are classified as "Long-term bonds due within one year" (as at 31 December 2021: 14 tranches) (Note 52).

## 54. Long-term bank loans

### *(a) Analysed by nature:*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Unsecured bank loans | 804,903 | 722,816 |
| Less: credit bank loans due within one year | - | - |
| Total | 804,903 | 722,816 |

### *(b) Analysed by maturity:*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Maturity within five years | 804,903 | 722,816 |

## 55. Share capital, reserves and retained profits

### *(a) Movements in components of equity*

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

| | Note | Share capital | Other equity instruments | Treasury shares | Reserves | | | | | Retained profits | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Capital reserve | Surplus reserve | General reserve | Fair value reserve | Translation reserve | | |
| **As at 1 January 2022** | | 9,076,650 | 9,989,057 | (1,231,547) | 68,902,890 | 6,569,922 | 13,352,459 | 20,138 | 18,981 | 20,003,532 | 126,702,082 |
| **Changes in equity for 2022** | | | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | - | - | - | 12,209,871 | 12,209,871 |
| Other comprehensive income | | - | - | - | - | - | - | 8,026 | - | - | 8,026 |
| Total comprehensive income | | - | - | - | - | - | - | 8,026 | - | 12,209,871 | 12,217,897 |
| Issue of perpetual bonds | | - | 9,200,000 | - | (10,098) | - | - | - | - | - | 9,189,902 |
| Equity-settled share-based payments | | - | - | 19,992 | 124,674 | - | - | - | - | - | 144,666 |
| Acquisition of treasury shares | | - | - | - | - | - | - | - | - | - | - |
| Appropriation to surplus reserve | | - | - | - | - | 1,220,987 | - | - | - | (1,220,987) | - |
| Appropriation to general reserve | | - | - | - | - | - | 2,442,593 | - | - | (2,442,593) | - |
| Dividends declared to ordinary shareholders for the year | | - | - | - | - | - | - | - | - | (4,063,640) | (4,063,640) |
| Dividends payable to perpetual subordinated bonds | | - | - | - | - | - | - | - | - | (485,730) | (485,730) |
| Others | | (1,061) | 10,943 | 9,231 | (90,083) | - | - | - | - | - | (70,970) |
| **As at 31 December 2022** | *64* | 9,075,589 | 19,200,000 | (1,202,324) | 68,927,383 | 7,790,909 | 15,795,052 | 28,164 | 18,981 | 24,000,453 | 143,634,207 |

## 55. Share capital, reserves and retained profits - continued

### *(a) Movements in components of equity* - continued

| | Note | Share capital | Other equity instruments | Treasury shares | Reserves | | | | | Retained profits | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Capital reserve | Surplus reserve | General reserve | Fair value reserve | Translation reserve | | |
| **As at 1 January 2021** | | 9,076,650 | - | (1,626,546) | 69,229,342 | 5,711,067 | 11,634,395 | 323,174 | 18,981 | 17,604,448 | 111,971,511 |
| **Changes in equity for 2021** | | | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | - | - | - | 8,588,552 | 8,588,552 |
| Other comprehensive income | | - | - | - | - | - | - | (303,036) | - | - | (303,036) |
| Total comprehensive income | | - | - | - | - | - | - | (303,036) | - | 8,588,552 | 8,285,516 |
| Issue of perpetual bonds | | - | 9,989,057 | - | - | - | - | - | - | - | 9,989,057 |
| Equity-settled share-based payments | | - | - | 443,963 | (326,459) | - | - | - | - | - | 117,504 |
| Acquisition of treasury shares | | - | - | (48,964) | - | - | - | - | - | - | (48,964) |
| Appropriation to surplus reserve | | - | - | - | - | 858,855 | - | - | - | (858,855) | - |
| Appropriation to general reserve | | - | - | - | - | - | 1,718,064 | - | - | (1,718,064) | - |
| Dividends declared to ordinary shareholders for the year | | - | - | - | - | - | - | - | - | (3,612,549) | (3,612,549) |
| Others | | - | - | - | 7 | - | - | - | - | - | 7 |
| **As at 31 December 2021** | *64* | 9,076,650 | 9,989,057 | (1,231,547) | 68,902,890 | 6,569,922 | 13,352,459 | 20,138 | 18,981 | 20,003,532 | 126,702,082 |

**55. Share capital, reserves and retained profits** - continued

***(b) Share capital***

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

| | As at 31 December 2022 | | As at 31 December 2021 | |
|---|---|---|---|---|
| | Number of shares (Thousand) | Nominal value | Number of shares (Thousand) | Nominal value |
| Registered, issued and fully paid: | | | | |
| A shares of RMB1 each | 7,356,543 | 7,356,543 | 7,357,604 | 7,357,604 |
| H shares of RMB1 each | 1,719,046 | 1,719,046 | 1,719,046 | 1,719,046 |
| Total | 9,075,589 | 9,075,589 | 9,076,650 | 9,076,650 |

On 1 June 2015, the Company completed its initial public offering of 1,400,000,000 H shares on the Main Board of the Hong Kong Stock Exchange. On 19 June 2015, the Company partially exercised the over-allotment option and issued 162,768,800 H shares.

According to the relevant requirements of PRC regulators, existing shareholders of the state-owned shares of the Company have transferred an aggregate number of 156,276,880 state-owned shares of the Company to the National Social Security Fund of the PRC, and such shares were then converted into H shares on a one-for-one basis.

In July 2018, the Company completed private placement of issuance of 1,088,731,200 new A shares.

On 20 June 2019, the Company completed its issuance of 75,013,636 GDRs, representing 750,136,360 underlying A shares, and listed on the London Stock Exchange. On 27 June 2019, the Company exercised the over-allotment option and issued additional 7,501,364 GDRs, representing 75,013,640 underlying A shares. In total, the Company has issued 82,515,000 GDRs, representing 825,150,000 new A shares with nominal value of RMB1.00 each. The total paid-up share capital of the Company after the change was RMB9,076,650,000.

In 2022, the Company completed the repurchase and cancellation of 1,060,973 restricted A Shares, after which the Company's registered capital was RMB9,075,589,027 and the total share capital of the Company was 9,075,589,027 shares of RMB1 each.

The H shares and GDRs representing A shares rank pari passu in all respects with the existing A shares including the right to receive all dividends and distributions declared or made.

## 55. Share capital, reserves and retained profits - continued

### *(c) Other equity instruments*

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Perpetual subordinated bonds | 19,200,000 | 9,996,425 |

As approved by the CSRC, the Company issued six batches of perpetual subordinated bonds ("21 Huatai Y1", "21 Huatai Y2", "21 Huatai Y3", "22 Huatai Y1", "22 Huatai Y2", "22 Huatai Y3") with an initial interest rate of 3.85%, 4.00%, 3.80%, 3.49%, 3.59%, 3.20% on 15 September 2021, 26 October 2021, 16 November 2021, 26 January 2022, 11 July 2022, 21 October 2022, respectively. 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 300bp. The current base rate is defined as the average yield of 5 years treasury from the interbank fixed rate bond yield curve published on China Bond webpage 5 working days before the adjustment.

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

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

### *(d) Treasury shares*

| | As at 1 January 2022 | Increase for the year | Decrease for the year | As at 31 December 2022 |
|---|---|---|---|---|
| Share repurchase | 835,802 | - | - | 835,802 |
| Restricted Share Incentive Scheme of A Shares | 395,745 | - | (29,223) | 366,522 |
| Total | 1,231,547 | - | (29,223) | 1,202,324 |

**55. Share capital, reserves and retained profits** - continued

***(d) Treasury shares*** - continued

On 30 March 2020, the fifth meeting of the fifth session of the Board of the Company approved the Resolution on Repurchase of A Shares through Centralized Price Bidding, planned to repurchase no less than 45,383,250 A shares and no more than 90,766,500 A shares in the next 12 months, which will be used for Restricted Share Incentive Scheme of A Shares. On 8 January 2021, the Company completed the repurchase. During the repurchase period, the Company has accumulatively made an actual repurchase of 90,766,495 A Shares of the Company.

On 23 March 2021, the Company convened the fourteenth meeting of the fifth session of the Board and the eighth meeting of the fifth session of the Supervisory Committee, at which the Resolution on Adjustment to the Matters Pertaining to the Restricted Share Incentive Scheme of A Shares of the Company and the Resolution on Granting Restricted A Shares to Incentive Participants were considered and approved to set out the Grant Date on 29 March 2021, when 45,488,000 restricted A Shares were granted to 810 eligible Incentive Participants at the Grant Price of RMB9.10 per share. On 30 March 2021, the Company received RMB414 million subscription funds paid by 810 incentive participants. The funds have been verified by an accounting firm and a capital verification report has been issued.

On 22 June 2021, pursuant to the resolution of the 2020 Annual General Meeting of Shareholders, cash dividend of RMB4.00 (tax included) per 10 shares was distributed based on 9,076,650,000 shares deducting the actual number of shares entitled to the dividend distribution (exclusive of A shares of the Company in the repurchased securities account). The total amount of RMB18 million cash dividends was distributed to 810 incentive participants. According to the Restricted Share Incentive Scheme of A Shares Plan, before the restricted shares are unlocked, the incentive participants are eligible to receive the cash dividend (after tax). If the conditions for unlocking are not satisfied, the Company has the obligation to repurchase the shares. Due to the dividend is revocable, once the unlocking conditions are not met, the incentive participants need to return the cash dividend which they have received in the waiting period. Therefore, the share repurchase's obligation is reduced accordingly by RMB18 million.

On 22 June 2022, pursuant to the resolution of the 2021 Annual General Meeting of Shareholders. , cash dividend of RMB4.50 (tax included) per 10 shares was distributed based on 9,076,650,000 shares deducting the actual number of shares entitled to the dividend distribution (excluding 45,278,495 shares deposited in the special repurchase accounts of the Company and 1,060,973 A Shares to be repurchased and cancelled). Therefore, the share repurchase's obligation is reduced accordingly by RMB20 million.

**55. Share capital, reserves and retained profits** - continued

***(d) Treasury shares*** - continued

Since the Company granted the restricted A Shares in accordance with the Restricted Share Incentive Scheme of A Shares Plan of Huatai Securities Co., Ltd. to 28 February 2022, there are 22 incentive participants among the granted incentive participants left the Company for personal reasons and terminated their employment contracts with the Company, and no longer have the qualification of incentive participants. According to the relevant provisions of Chapter 13 of the incentive plan, the Company repurchased and cancelled a total of 1,060,973 the restricted A Shares granted to the above 22 incentive participants but not lifted. The repurchase price was RMB8.70 per share, and the total amount of consideration for repurchase was RMB9.2 million. On 30 March 2022, the Company convened the 21st meeting of the fifth session of the Board and the 12th meeting of the fifth session of the Supervisory Committee, at which the proposal on the Company's repurchase and cancellation of part of the restricted A Shares were considered and approved. On 22 June 2022, the Company held the 2021 Annual General Meeting of Shareholders, the first A shares shareholders' meeting in 2022 and the first H shares shareholders' meeting in 2022, at which the proposal on the Company's repurchase and cancellation of part of the restricted A Shares were considered and approved. As of 23 September 2022, the Company has paid the above-mentioned share repurchase reduction amount of RMB9.2 million to the 22 incentive participants who left the Company, and completed the repurchase and cancellation of 1,060,973 shares.

***(e) 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 amount of the proportionate net assets.

***(f) 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 until the balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory reserve may be used to offset accumulated losses, or converted into capital of 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.

**55. Share capital, reserves and retained profits** - continued

***(g) General reserve***

General reserve includes general risk reserve and transaction risk reserve.

In accordance with 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 general risk reserve.

In accordance with 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 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Company appropriates 10% from its annual net profit to the transaction risk reserve.

In accordance with the requirements of the CSRC No. 94 Provisional Measures on Supervision and Administration of Risk Provision of Public Offering of Securities Investment Funds, the Company appropriates 2.5% from its fund custody fee income to the general risk reserve.

The Company's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations.

***(h) Fair value reserve***

The fair value reserve comprises:

- The cumulative net changes in the fair value of equity securities designated at FVOCI; and

- The cumulative net changes in fair value of debt securities at FVOCI until the assets are derecognised or reclassified. This amount is adjusted by the amount of loss allowance.

***(i) Cash flow hedge reserve***

The cash flow hedge reserve comprises the effective portion of the gain or loss on the hedging instrument.

***(j) Translation reserve***

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

## 55. Share capital, reserves and retained profits - continued

### *(k) Dividends*

Pursuant to the resolution of the general meeting of the shareholders dated 22 June 2022, the Company was approved to distribute cash dividends of RMB4.50 (tax inclusive) per 10 shares to the shareholders based on 9,076,650,000 shares exclusive of A shares of the Company in the repurchased securities account and the A shares to be repurchased and cancelled, with total cash dividends amounting to RMB4,064 million. The cash dividends of the Company was paid on 5 August 2022.

## 56. Commitments

### *(a) Capital commitments*

Capital commitments outstanding at 31 December 2022 and 31 December 2021 not provided for in the consolidated financial statements were as follows:

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Contracted, but not provided for | 3,130,051 | 2,469,201 |

The aforementioned capital commitments mainly represent the securities underwriting commitments of the Group.

## 57. Interests in structured entities

### *(a) Interests in structured entities consolidated by the Group*

Structured entities consolidated by the Group mainly stand for the asset management schemes where the Group involves as manager and / or as investor. The Group assesses whether the combination of investments it holds together with its remuneration creates exposure to variability of returns from the activities of the asset management schemes to a level of such significance that it indicates that the Group is a principal.

As at 31 December 2022 and 31 December 2021, the Group consolidates 61 and 34 structured entities respectively, which are mainly asset management schemes. As at 31 December 2022 and 31 December 2021, the total assets of the consolidated structured entities are RMB71,870 million and RMB29,375 million, respectively, and the carrying amount of interests held by the Group in the consolidated structured entities are RMB69,505 million and RMB28,329 million, respectively. For the year ended 31 December 2022 and 31 December 2021, the Group did not provide financial support to these structured entities.

**57. Interests in structured entities** - continued

***(b) Interests in structured entities sponsored by the Group but not consolidated***

Structured entities for which the Group served as general partner or manager, therefore has power over them during the reporting periods are asset management schemes. Except for the structured entities that the Group has consolidated as set out in Note 57(a), the Group's exposure to the variable returns in the remaining structured entities in which the Group has interests is not significant. Besides, the Group did not provide financial support to these structured entities. The Group therefore did not consolidate these structured entities.

As at 31 December 2022 and 31 December 2021, the total assets of these unconsolidated structured entities managed by the Group amounted to RMB528,130 million and RMB521,972 million, respectively. As at 31 December 2022 and 31 December 2021, the carrying amount of interests held by the Group in these unconsolidated structured entities are RMB9,032 million and RMB3,403 million, respectively.

During the year ended 31 December 2022 and 31 December 2021, income derived from these unconsolidated structured entities held by the Group amounted to RMB587 million and RMB1,458 million, respectively.

***(c) Interests in structured entities sponsored by third party institutions***

The types of structured entities sponsored by third party institutions that the Group does not consolidate but in which it holds interests include funds, asset management schemes, trust schemes, and wealth management products issued by banks or other financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The carrying amount of the related accounts in the consolidated statements of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by third party institutions as at 31 December 2022 and 31 December 2021, which are listed as below:

| | As at 31 December 2022 | |
|---|---|---|
| | Financial assets at FVTPL | Total |
| Funds | 43,326,657 | 43,326,657 |
| Wealth management products | 19,633,246 | 19,633,246 |
| Total | 62,959,903 | 62,959,903 |

| | As at 31 December 2021 | | |
|---|---|---|---|
| | Financial assets at FVTPL | Financial assets at FVOCI | Total |
| Funds | 49,197,876 | - | 49,197,876 |
| Wealth management products | 16,478,377 | 74,532 | 16,552,909 |
| Total | 65,676,253 | 74,532 | 65,750,785 |

## 58. Outstanding litigations

From time to time in the ordinary course of business, the Group is subject to claims and are parties to legal and regulatory proceedings. As at 31 December 2022 and 31 December 2021, based on the court rulings, advices from legal representatives and management judgement, no provision had been made to the claim amounts. The Group is of the opinion the final court judgement will not have a significant impact on the Group's financial position or operations.

As at 31 December 2022, the major legal actions of the Group as the defendant are listed below:

(1) During the year of 2022, the Company received the Notice of Legal Action and relevant litigation materials sent by court in March. The plaintiff, Hubei Daohuaxiang Liquor Co., Ltd. failed to fully cash its investment in "Wusheng Chunyu pure bond No. 2 private equity investment fund contract", sued to the Court to require Wusheng Asset Management (Guangzhou) Co., Ltd. (the first defendant) and Huatai Securities (the second defendant), to bear joint and several liability for compensation. The claim amount was RMB127 million. According to the Shanghai Financial Court's Ruling, this case was handled according to the plaintiff's withdrawal of the lawsuit in February 2023 , and the Company will not bear losses in this case.

(2) During the year of 2020, the Group's subsidiary Huatai United Securities received the Notice of Legal Action and relevant litigation materials sent by Shanghai Financial Court. The plaintiff, Postal Savings Bank of China Co., Ltd., failed to fully cash its investment in "Huatai Magnate Light Asset-backed Securities", sued to the Court to require the manager (the first defendant), the legal adviser (the second defendant), the rating agency (the third defendant), the issuer (the fourth defendant) and Huatai United Securities, the financial adviser (the fifth defendant), to bear joint and several liability for compensation. The claim amount was RMB598 million. At the date of approval of this report, the first instance was held three times to hear the case. On August 25, 2022, the plaintiff added evidence, the Company submitted a new cross-examination opinion in September 2022 and a new written statement of circumstances in October 2022, and no judgment has been made as of the date of this report. According to the opinion of the legal representative and the judgment of the management, the Group has not accrued any estimated liabilities for the claim amount.

## 59. Related party relationships and transactions

### *(a) Relationship of related parties*

(i) Major shareholders

| Name of the shareholder | Place of registration | Registered share capital | Percentage of equity interest (%) | Voting rights (%) |
|---|---|---|---|---|
| Jiangsu Guoxin Investment Group Limited | Nanjing | RMB30 billion | 15.13 | 15.13 |
| Jiangsu Communications Holdings Co., Ltd. | Nanjing | RMB16.8 billion | 5.39 | 5.39 |

The detailed information of the transactions and balances with Group's major shareholders and their subsidiaries is set out in Note 59(b)(i).

(ii) Subsidiaries of the Group

The detailed information of the Group's subsidiaries is set out in Note 24.

(iii) Associates of the Group

The detailed information of the Group's associates is set out in Note 25.

(iv) Joint ventures of the Group

The detailed information of the Group's joint ventures is set out in Note 26.

(v) Other related parties

Other related parties are individuals which include: members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals.

**59. Related party relationships and transactions** - continued

***(b) Related parties transactions and balances***

Other than as disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions and balances:

(i) Transactions and balances between the Group and major shareholders and their subsidiaries:

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Balances at the end of the year: | | |
| Right-of-use assets | 482 | - |
| Accounts receivable | - | 598 |
| Other receivables and prepayments | 41 | - |
| Financial assets at FVTPL | 53,275 | 72,975 |
| Accounts payable to brokerage clients | 52,450 | 50,018 |
| Other payables and accruals | 3,211 | 3,211 |
| Short-term debt instruments issued | 50,000 | - |
| Lease liabilities | 348 | - |

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Transactions during the year: | | |
| Fee and commission income | 15,598 | 21,663 |
| Net investment gains | 2,373 | 29,134 |
| Interest income | - | 780 |

During the year of 2022 and 2021, the Group has subscribed the bonds issued by major shareholders amounting to RMB53 million and RMB40 million, respectively.

During the year of 2022 and 2021, the Group has redeemed the bonds issued by major shareholders amounting to RMB117 million and RMB363 million, respectively.

During the year of 2022 and 2021, major shareholders and their subsidiaries have subscribed the short-term debt instruments issued by the Group for RMB50 million and nil, respectively.

During the year of 2022 and 2021, the Group has paid rental fee to major shareholders and their subsidiaries for the total amounts of RMB0.18 million and nil, respectively.

**59. Related party relationships and transactions** - continued

***(b) Related parties transactions and balances*** - continued

(ii) Transactions and balances between the Group and associates:

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Balances at the end of the year: | | |
| Cash and bank balances | 1,855,132 | 467,782 |
| Right-of-use assets | 54,416 | 92,992 |
| Accounts receivable | 220,638 | 271,617 |
| Other receivables and prepayments | 2,966 | 1,053 |
| Financial assets at FVTPL | 9,875 | 9,523 |
| Accounts payable to brokerage clients | 27,882 | 49,609 |
| Other payables and accruals | 4,056 | - |
| Placements from other financial institutions | 500,143 | 1,500,330 |
| Lease liabilities | 64,136 | 103,195 |

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Transactions during the year: | | |
| Fee and commission income | 357,350 | 425,218 |
| Fee and commission expense | (444) | - |
| Other income and gains | 3,328 | 3,238 |
| Operating expense | (2,308) | - |
| Interest income | 10,605 | 7,943 |
| Interest expenses | (19,683) | 20,931 |
| Net investment losses | (8,910) | (11,842) |

During the year of 2022 and 2021, the associates have subscribed the non-public corporate bonds issued by the Group for RMB393 million and nil, respectively.

During the year of 2022 and 2021, the associates have subscribed the short-term debt instruments issued by the Group for nil and RMB454 million, respectively. The associates have redeemed the short-term debt instruments issued by the Group for nil million and RMB1,604 million, respectively.

During the year of 2022 and 2021, the associates have redeemed the structured notes issued by the Group for RMB103 million and nil, respectively.

**59. Related party relationships and transactions** - continued

***(b) Related parties transactions and balances*** - continued

(ii) Transactions and balances between the Group and associates: - continued

During the year of 2022 and 2021, the capital injection made by the Group into the associates are RMB557 million and RMB413 million, respectively. During the year of 2022 and 2021, the divestment made by the Group from the associates are RMB155 million and RMB1,137 million, respectively.

During the year of 2022 and 2021, the Group has made repurchase agreements with associates for the total amount of RMB124,080 million and RMB108,865 million, respectively.

During the year of 2022 and 2021, the Group has taken placements from other financial institutions with associates for the total amount of RMB118,050 million and RMB89,400 million, respectively.

During the year of 2022 and 2021, the Group has received dividends from associates for the total amounts of RMB1,513 million and RMB1,124 million, respectively.

During the year of 2022 and 2021, the Group has paid rental fee to associates for the total amounts of RMB51 million and RMB51 million, respectively.

(iii) Transactions and balances between the Group and joint ventures:

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Balances at the end of the year: | | |
| Other receivables and prepayments | - | 1,514 |
| Accounts receivable | 7,935 | 24,000 |
| Accounts payable to brokerage clients | 6,178 | - |

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Transactions during the year: | | |
| Fee and commission income | 12,371 | 19,811 |

During the year of 2022, the capital divestment made by the Group from the joint ventures amounted to RMB10 million. During the year of 2021, the capital divestment made by the Group from the joint ventures amounted to RMB58 million.

**59. Related party relationships and transactions** - continued

***(b) Related parties transactions and balances*** - continued

(iv) Transactions and balances between the Group and other related parties:

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Balances at the end of the year: | | |
| Accounts payable to brokerage clients | 7,725 | 41,311 |

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Transactions during the year: | | |
| Fee and commission income | 232 | 100 |

***(c) Key management personnel remuneration***

During the year ended 31 December 2022, the Company paid pre-tax remuneration of current year to key management personnel of the Company amounting to RMB42.44 million (During the year ended 31 December 2021: RMB49.88 million). This amount includes those paid to the Company's directors and supervisors as disclosed in Note 16. For the year ended 31 December 2022, the post-employment benefits of the key management personnel amounted to RMB2.9million (For the year ended 31 December 2021, RMB2.5million).

During the year ended 31 December 2022, the Company paid pre-tax deferred remuneration which was accrued in previous years to directors, supervisors, and senior management personnel amounted to RMB7.60 million.

***(d) Applicability of the Listing Rules relating to connected transactions***

The related party transactions set out in Note 59(b) which constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1) and 14A.93.

## 60. Segment reporting

Management manages the business operations by the following segments in accordance with the nature of the operations and the services provided, and the performance measure of business segments utilised by the Group is profit before income tax:

– The wealth management segment engages in the trading of stocks, funds, bonds and futures on behalf of clients, to provide customers with a variety of financial products sales services and asset allocation services. Moreover, the activities of providing margin financing, securities lending, securities-backed lendings and sell financial products are included in this segment.

– The institutional services segment mainly provides investment banking business to clients, research and institutional sales, equity securities investments and transactions, fixed income investments and transactions, OTC financial products and transactions.

– The investment management segment mainly consists of asset management, private equity investment, alternative investments and commodities trading and arbitrage.

– The international business segment mainly includes the overseas business of overseas subsidiaries.

– Other segments include other operations of head office, mainly including interest income, share of profit of associates and joint ventures, interest expenses of working capitals, and costs and expenses of middle offices and back offices.

### *(a) Business segments*

For the year ended 31 December 2022

| | Wealth management | Institutional services | Investment management | International business | Others | Total |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| - External | 20,515,804 | 8,049,878 | 2,007,444 | 7,619,320 | 2,559,683 | 40,752,129 |
| - Inter-segment | 54,856 | 20,399 | - | - | 4,124,449 | 4,199,704 |
| Other income and gains | 2,911,901 | 63,379 | 262,984 | 1,794,666 | 1,099,748 | 6,132,678 |
| Segment revenue and other income | 23,482,561 | 8,133,656 | 2,270,428 | 9,413,986 | 7,783,880 | 51,084,511 |
| Segment expenses | (15,063,586) | (7,434,388) | (1,210,570) | (7,521,339) | (4,932,852) | (36,162,735) |
| Segment operating profit / (loss) | 8,418,975 | 699,268 | 1,059,858 | 1,892,647 | 2,851,028 | 14,921,776 |
| Share of profit of associates and joint ventures | - | (1,898) | (1,107,804) | - | 2,328,748 | 1,219,046 |
| Profit before income tax | 8,418,975 | 697,370 | (47,946) | 1,892,647 | 5,179,776 | 16,140,822 |
| Interest income | 10,632,438 | 1,321,495 | 174,479 | 573,067 | 1,245,913 | 13,947,392 |
| Interest expenses | (4,344,410) | (3,115,872) | (320,625) | (1,666,057) | (1,894,184) | (11,341,148) |
| Depreciation and amortisation expenses | (509,600) | (184,334) | (74,461) | (368,311) | (445,422) | (1,582,128) |
| Net (provision for) / reversal of impairment loss on financial assets | 487,614 | 5,734 | 1,008 | (42,571) | 33,564 | 485,349 |
| **Segment assets** | 282,826,679 | 338,713,456 | 39,880,328 | 160,618,094 | 189,193,725 | 1,011,232,282 |
| Additions to non-current segment assets during the year | 96,156 | 59,622 | 14,381 | 289,896 | 833,314 | 1,293,369 |
| **Segment liabilities** | (278,157,398) | (333,267,187) | (18,209,610) | (144,243,708) | (69,505,670) | (843,383,573) |

## 60. Segment reporting - continued

### *(a) Business segments* - continued

For the year ended 31 December 2021

| | Wealth management | Institutional services | Investment management | International business | Others | Total |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| - External | 23,397,410 | 12,379,608 | 3,886,118 | 7,138,825 | 1,535,812 | 48,337,773 |
| - Inter-segment | 114,272 | 17,653 | - | - | 65,973 | 197,898 |
| Other income and gains | 2,648,147 | 98,090 | 276,044 | 753,570 | (122,423) | 3,653,428 |
| Segment revenue and other income | 26,159,829 | 12,495,351 | 4,162,162 | 7,892,395 | 1,479,362 | 52,189,099 |
| Segment expenses | (18,549,453) | (7,574,761) | (1,290,760) | (6,463,785) | (4,657,685) | (38,536,444) |
| Segment operating profit / (loss) | 7,610,376 | 4,920,590 | 2,871,402 | 1,428,610 | (3,178,323) | 13,652,655 |
| Share of profit of associates and joint ventures | - | 9,831 | 548,695 | 1,499 | 2,069,956 | 2,629,981 |
| Profit or loss before income tax | 7,610,376 | 4,930,421 | 3,420,097 | 1,430,109 | (1,108,367) | 16,282,636 |
| Interest income | 11,868,074 | 567,861 | 462,760 | 537,284 | 1,335,082 | 14,771,061 |
| Interest expenses | (5,436,940) | (2,969,267) | (323,473) | (576,712) | (1,751,410) | (11,057,802) |
| Depreciation and amortisation expenses | (511,596) | (127,809) | (75,196) | (380,062) | (347,797) | (1,442,460) |
| Net (provision for) / reversal of impairment loss on financial assets | (496,097) | 61,305 | (1,502) | (85,964) | (25,930) | (548,188) |
| **Segment assets** | 288,840,978 | 302,178,205 | 34,903,726 | 141,457,908 | 138,156,490 | 905,537,307 |
| Additions to non-current segment assets during the year | 226,085 | 1,194,803 | 11,436 | 272,466 | 1,280,635 | 2,985,425 |
| **Segment liabilities** | (285,063,892) | (301,729,678) | (14,441,230) | (128,171,610) | (24,095,113) | (753,501,523) |

Reconciliations of segment revenues, profit or loss, assets and liabilities:

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| **Revenue** | | |
| Total revenue, gains and other income for segments | 51,084,511 | 52,189,099 |
| Elimination of inter-segment revenue | (4,260,139) | (262,695) |
| Consolidated revenue, gains and other income | 46,824,372 | 51,926,404 |
| **Profit** | | |
| Total profit before income tax for segments | 16,140,822 | 16,282,636 |
| Elimination of inter-segment profit | (3,912,784) | (10,074) |
| Consolidated profit before income tax | 12,228,038 | 16,272,562 |

**60. Segment reporting** - continued

***(a) Business segments*** - continued

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| **Assets** | | |
| Total assets for segments | 1,011,232,282 | 905,537,307 |
| Elimination of inter-segment assets | (164,665,266) | (98,886,474) |
| Consolidated total assets | 846,567,016 | 806,650,833 |
| **Liabilities** | | |
| Total liabilities for segments | (843,383,573) | (753,501,523) |
| Elimination of inter-segment liabilities | 164,665,266 | 98,886,474 |
| Consolidated total liabilities | (678,718,307) | (654,615,049) |

For the year ended 31 December 2022 and 31 December 2021, the Group's customer base is diversified and no customer had transactions which exceeded 10% of the Group's revenue.

***(b) Geographical information***

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property and equipment, investment properties, goodwill, land-use rights and other intangible assets, interest in associates, interest in joint ventures and other non-current assets ("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 asset, in the case of property and equipment and other non-current assets, the location of the operation to which they are allocated, in the case of goodwill, land-use rights and other intangible assets, and the location of operations, in the case of interest in associates and interest in joint ventures.

| | Year ended 31 December 2022 | | | Year ended 31 December 2021 | | |
|---|---|---|---|---|---|---|
| | Mainland China | Overseas | Total | Mainland China | Overseas | Total |
| Revenue from external customers | 33,132,809 | 7,619,320 | 40,752,129 | 41,197,449 | 7,140,324 | 48,337,773 |
| Other income and gains | 4,277,577 | 1,794,666 | 6,072,243 | 2,835,061 | 753,570 | 3,588,631 |
| Total | 37,410,386 | 9,413,986 | 46,824,372 | 44,032,510 | 7,893,894 | 51,926,404 |

| | Year ended 31 December 2022 | | | Year ended 31 December 2021 | | |
|---|---|---|---|---|---|---|
| | Mainland China | Overseas | Total | Mainland China | Overseas | Total |
| Specified non-current assets | 27,561,899 | 10,139,539 | 37,701,438 | 26,426,848 | 8,973,237 | 35,400,085 |

## 61. Financial instruments and risk management

### *(a) Risk management policies and structure*

(i) Risk management policies

In order to enhance the Group's scientific, standardised and effective management and operation, strengthen the capability of defending against risks and ensure the continuous, stable and rapid development of the Group's businesses, the Group had formulated the Basic System for Risk Management which had been deliberated and approved by the Board of Directors in accordance with the Securities Law of the People's Republic of China, the Rules on Supervision over Securities Companies, the Guidelines on the Internal Control of Securities Companies, the Regulation on Comprehensive Risk Management of Securities Companies and other relevant regulations in combination with the business operation and business management. This has clarified the risk management objectives and principles, the risk appetite and risk tolerance level of the Company as a whole and for different risk types, the risk management procedures, and the relevant resource assurance and appraisal mechanisms. In terms of operation management, the Group had formulated and issued various professional risk management guidelines to clearly establish the management processes and measures, risk indicators and limits for various types of risks; in addition, the Group had also formulated policies such as the Administration Measures for Risk Control Indicators, the Rules on the Risk Management of Subsidiaries, the Implementation Plan for Stress Test and the Detailed Implementation Rules for Stress Test at the operation level. In the specific business level, the Group had established business risk management system or risk management manual based on the risk points of different business areas and business management lines.

The principal types of risk faced by the Group in daily operation mainly include credit risk, liquidity risk, market risk, operational risk, reputational risk, information technology risk, compliance risk and modelling risk. The Group had formulated corresponding policies and procedures to identify and analyse these risks, and set up risk indicators, risk limits and internal risk control processes in combination with the actual circumstances with a view to continuously manage the above risks through the support of information systems and effective mechanisms.

Risk management is a shared responsibility of all the Group's employees. The Group continuously enhances the risk management awareness and risk sensitivity of all its employees through training and assessment to cultivate the risk management culture.

(ii) Risk governance structure

The risk management structure of the Company covers five major parts: The Board and its Compliance and Risk Management Committee, Board of Supervisors, Business Operation Management and Risk Control Committee, Risk Management Department and various professional risk management departments as well as other departments, branches and subsidiaries.

**61. Financial instruments and risk management** - continued

***(a) Risk management policies and structure*** - continued

(ii) Risk governance structure - continued

The Board of Directors is the highest decision-making body for risk management and assumes ultimate responsibility for the effectiveness of the Company's comprehensive risk management system. The Compliance and Risk Management Committee is set up by the Board to review and make recommendations on the overall risk management targets, fundamental policies and risk assessment reports; and evaluate and make recommendations on the risks of major decisions which require the Board's review as well as the solutions to these major risks. The Board of Supervisors is responsible for the supervision of overall risk management, supervising and examining the Board and the management on the performance of their risk management duties and urging them to make rectifications. Based on the authorisation and approval of the Board and in combination with the operational targets of the Company, the management is specifically responsible for the implementation of risk management activities, with the Risk Control Committee established under it. The Chief Risk Officer of the Company is responsible for leading the overall risk management initiatives. The Risk Management Department is charged with comprehensive risk management duties. It reports to the management and is responsible for managing the overall risks of the Company, taking the lead in managing market risk, credit risk and operational risk. Relevant functional departments of the Company are responsible for taking the lead in managing other types of risks according to their responsibilities and positioning. Other departments, branches and subsidiaries of the Company are responsible for the management of risks in respective lines, implementing policies, procedures and measures formulated by the Company and risk management departments, accepting the guidance from risk management departments and the decomposition of risk management and implementation responsibilities by the risk management departments. The Audit Department is responsible for the review and evaluation of the effectiveness and implementation of the risk management procedures of the Company and taking the lead in evaluating the overall risk management system of the Company.

***(b) Credit risk management***

Credit risk refers to the risk of asset loss of the Company resulting from the default of a product or bond issuer or counterparty (customer). The Company has established a credit risk management system covering self-owned capital and entrusted funding business. The system is applied to all subsidiaries domestic or overseas, and also to the sub-subsidiaries managed with reference to the subsidiary's management approach, thereby achieving full credit risk management coverage.

The Group mainly faced four types of credit risks, namely (i) the risks of suffering from loss in respect of the financing bills and interests lent out due to customer's default in financing business; (ii) the risks caused by default of the bond issuer in bond investment business; (iii) the risks of assets suffering from loss due to the default by the counterparty in transaction business; (iv) the risks of loss suffered by the Group arising from payment made on customer's behalf due to insufficient fund of the customer in guarantee settlement business.

**61. Financial instruments and risk management** - continued

***(b) Credit risk management*** - continued

With respect to financing business, the Group adopted full-process control measures such as stringent customer and underlying assets management, dynamic monitoring and timely risk mitigation to control the credit risk. The Company implemented stringent risk control processes, conducted special risk inspections on margin financing and securities lending business, strengthened the counter-cyclical management mechanism, and improved the standard of differentiated customers management.

With respect to bond investment business, the Company established a unified management system for issuers. During the reporting period, the Company established a prospective risk assessment system in key industries to form risk monitoring and control and screening mechanism of normalization, and enhanced the efficiency and pertinence of risk management. At the same time, it also continuously to improve the consistency of the internal assessment system and enhance the Group's overall risk identification and control capabilities.

With respect to transaction business, the Company constantly had a thorough inspection on the counterparties' qualifications, investment styles, performance, the capabilities of risk management and credit terms of agreements, and expanded the depth and breadth of the credit risk management of the counterparties, in order to strictly control its business risk exposures. At the same time, the Company continued to promote the systematic construction of counterparty credit risk management, and gradually realised the platformisation of counterparty management and related processes.

With respect to guarantee settlement business, the Group incorporated it into the counterparty system for unified management, and at the same time explored ways to enhance the management system and access threshold for customer qualifications, continued to improve the front-end control of risk indicator design and promoted the establishment of systematic measures, as well as strengthened its risk event handling and risk transmission control capabilities.

At the same time, the Company continuously promoted the establishment of a unified line of credit management system for customers, and carried out the centralized management for overall risk exposure and line of credit in full business scope within the Group, and improved the measurement, monitoring, control ability of cross-business and cross- product risks for customers.

## 61. Financial instruments and risk management - continued

### *(b) Credit risk management* - continued

The Group provided credit loss allowances for securities-backed lendings of financial assets sold under repurchase agreements. The Group assessed the continuous repayment, solvency and the collateral to loan ratios of the borrowers to analyse the degree of default risk and identified the three stages of credit loss allowances of the securities-backed lendings assets. The details are as below:

| Description | Stage of credit loss allowances | |
|---|---|---|
| Collateral to loan ratios above the force liquidation thresholds, with no past due days | 12-month ECL | Stage 1 |
| Collateral to loan ratios above the force liquidation thresholds, with less than 90 days past due on its contractual payments | Lifetime ECL-not credit impaired | Stage 2 |
| Collateral to loan ratios below the force liquidation thresholds but above 100%, with no past due days | | |
| Collateral to loan ratios below the force liquidation thresholds but above 100%, with less than 90 days past due on its contractual payments | | |
| Collateral to loan ratios below 100% | Lifetime ECL-credit impaired | Stage 3 |
| Collateral to loan ratios above 100%, with more than 90 days past due on its contractual payments | | |
| Borrowers in default or lawsuit | | |
| Borrowers in significant financial difficulties or about to bankruptcy or undertaking a financial restructuring | | |

The Group set different force liquidation thresholds, normally no less than 130%, for different borrowers and assets.

For assets classified under Stage 1 and 2, the Group assessed credit loss allowances using the risk parameters modeling approach that incorporated key parameters inclusive of collateral to loan ratios and past due days. As at 31 December 2022, the average credit loss rate was 0.42% assets classified under Stage 1 and no asset under Stage 2 (As at 31 December 2021, the average credit loss rate was 0.24% for assets classified under Stage 1, no assets classified under Stage 2).

For credit impaired assets classified under Stage 3, the Group assessed credit loss allowances taking into account the collateral securities under each contract and the financial situation of the borrower. The factors which the Group considered when assessing the credit loss allowances included but not limited to: the industry sector of the borrower, the stock price of the collateral securities, the average daily trading volume of the stock, the percentage of goodwill of the stock issuer, significant risk parameters of the securities, whether the borrowers are the holding shareholders, the liquidity and restriction on sales, the history of blacklist or defaults of the borrower, the total market pledged ratios of the stock, the collateral situation, and the credit enhancement measures implemented by the borrower. The Group assessed the above factors as well as collateral to loan ratios and past due days to evaluate and provide credit loss allowances, ranging from 10% to 100%.

## 61. Financial instruments and risk management - continued

### *(b) Credit risk management* - continued

For margin accounts receivable, the Group classified the exposures into three stages, considering the collateral coverage ratios as the main indicator, the concentration of positions as the supplementary index, and taking into account the borrowers' continuous repayment, the total balance of margin accounts, the liquidity of the collateral and other relevant information. The Group applied corresponding loss rates for assets at different stages, and calculates the expected credit loss accordingly.

As at 31 December 2022, the average credit loss rate was 0.71%, 7.93% and 100% for assets classified under Stage 1, 2 and 3, respectively (As at 31 December 2021, the average credit loss rate was 0.71%, 12.14% and 100% for assets classified under Stage 1, 2 and 3, respectively).

For credit business, when calculating the expected credit loss, the Group identified a number of indicators from three dimensions: macroeconomic indicators, market environment and asset quality, taking into account forward-looking information that can be obtained without unnecessary additional costs or efforts. By constructing the relationship between these specific indicators and the loss rate, forward-looking adjustments were made to the expected credit loss of credit business.

| Margin accounts receivable | Stage 1 12m ECL | Stage 2 Lifetime ECL (not credit impaired) | Stage 3 Lifetime ECL (credit impaired) | Total ECL |
|---|---|---|---|---|
| As at 1 January, 2022 | 780,028 | 1,042,276 | 92,007 | 1,914,311 |
| Changes in the expected credit losses: | | | | |
| — Transfer to Stage 1 | 359,058 | (359,058) | - | - |
| — Transfer to Stage 2 | - | - | - | - |
| — Transfer to Stage 3 | (2,369) | - | 2,369 | - |
| — Charged (credit) to profit or loss | (483,240) | 62,963 | 32,641 | (387,636) |
| — Other | 183 | (222) | (280) | (319) |
| As at 31 December 2022 | 653,660 | 745,959 | 126,737 | 1,526,356 |

| Financial assets held under resale agreements | Stage 1 12m ECL | Stage 2 Lifetime ECL (not credit impaired) | Stage 3 Lifetime ECL (credit impaired) | Total ECL |
|---|---|---|---|---|
| As at 1 January, 2022 | 12,440 | - | 1,106,337 | 1,118,777 |
| Changes in the expected credit losses: | | | | |
| — Transfer to Stage 1 | - | - | - | - |
| — Transfer to Stage 2 | - | - | - | - |
| — Transfer to Stage 3 | (191) | - | 191 | - |
| — Charged (credit) to profit or loss | 15,804 | - | (412) | 15,392 |
| — Other | 75 | - | 4,169 | 4,244 |
| As at 31 December 2022 | 28,128 | - | 1,110,285 | 1,138,413 |

## 61. Financial instruments and risk management - continued

### *(b) Credit risk management* - continued

| Debt instruments at fair value through other comprehensive income | Stage 1 12m ECL | Stage 2 Lifetime ECL (not credit impaired) | Stage 3 Lifetime ECL (credit impaired) | Total ECL |
|---|---|---|---|---|
| As at 1 January, 2022 | 47,736 | - | 49,374 | 97,110 |
| Changes in the expected credit losses: | | | | |
| — Transfer to Stage 1 | - | - | - | - |
| — Transfer to Stage 2 | - | - | - | - |
| — Transfer to Stage 3 | - | - | - | - |
| — Charged (credit) to profit or loss | (20,032) | - | (49,374) | (69,406) |
| — Other | 2,751 | - | - | 2,751 |
| As at 31 December 2022 | 30,455 | - | - | 30,455 |

(i) Maximum exposure to credit risk

Maximum exposure to credit risk of the Group without taking account of any collateral and other credit enhancements:

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Debt instruments at amortised cost | 48,552,570 | 32,421,516 |
| Refundable deposits | 42,706,777 | 27,627,129 |
| Accounts receivable | 7,804,341 | 10,287,174 |
| Other receivables | 631,698 | 669,662 |
| Margin accounts receivable | 100,648,375 | 116,942,245 |
| Debt instruments at fair value through other comprehensive income | 10,504,379 | 9,314,699 |
| Financial assets held under resale agreements | 34,824,221 | 11,751,970 |
| Financial assets at fair value through profit or loss | 180,211,265 | 169,364,439 |
| Derivative financial assets | 15,788,301 | 15,247,805 |
| Clearing settlement funds | 8,716,506 | 8,580,941 |
| Cash held on behalf of brokerage clients | 140,460,346 | 143,640,263 |
| Bank balances | 45,180,542 | 37,237,593 |
| Total maximum credit risk exposure | 636,029,321 | 583,085,436 |

## 61. Financial instruments and risk management - continued

### *(b) Credit risk management* - continued

(i) Maximum exposure to credit risk - continued

The Group's credit risk exposure of financial instruments for which an ECL allowance is recognised as follows according to the stage of ECL:

| | As at 31 December 2022 | | | |
|---|---|---|---|---|
| Impairment and loss allowance | 12-month ECL | Lifetime ECL-not credit impaired | Lifetime ECL-credit impaired | Total |
| Bank balances | 833 | - | - | 833 |
| Margin accounts receivable | 653,660 | 745,959 | 126,737 | 1,526,356 |
| Financial assets held under resale agreements | 28,128 | - | 1,110,285 | 1,138,413 |
| Accounts receivable | - | 66,131 | 2,400 | 68,531 |
| Debt instruments at amortised cost | 5,132 | - | - | 5,132 |
| Debt instruments at fair value through other comprehensive income | 30,455 | - | - | 30,455 |
| Other receivables and interest receivable | 1,224 | 25,062 | 775,627 | 801,913 |
| Total | 719,432 | 837,152 | 2,015,049 | 3,571,633 |

| | As at 31 December 2021 | | | |
|---|---|---|---|---|
| Impairment and loss allowance | 12-month ECL | Lifetime ECL-not credit impaired | Lifetime ECL-credit impaired | Total |
| Bank balances | 1,157 | - | - | 1,157 |
| Margin accounts receivable | 780,028 | 1,042,276 | 92,007 | 1,914,311 |
| Financial assets held under resale agreements | 12,440 | - | 1,106,337 | 1,118,777 |
| Accounts receivable | - | 97,739 | - | 97,739 |
| Debt instruments at amortised cost | 3,480 | 11,635 | - | 15,115 |
| Debt instruments at fair value through other comprehensive income | 47,736 | - | 49,374 | 97,110 |
| Other receivables and interest receivable | - | 24,565 | 777,490 | 802,055 |
| Total | 844,841 | 1,176,215 | 2,025,208 | 4,046,264 |

**61. Financial instruments and risk management** - continued

***(b) Credit risk management*** - continued

(ii) Risk concentrations

The Group's maximum credit risk exposure without taking account of any collateral and other credit enhancements, as categorised by geographical area:

| | By geographical area | | |
|---|---|---|---|
| | Mainland China | Outside Mainland China | Total |
| 31 December 2022 | | | |
| Debt instruments at amortised cost | 48,304,074 | 248,496 | 48,552,570 |
| Refundable deposits | 34,006,658 | 8,700,119 | 42,706,777 |
| Accounts receivable | 4,960,874 | 2,843,467 | 7,804,341 |
| Other receivables | 605,104 | 26,594 | 631,698 |
| Margin accounts receivable | 98,360,567 | 2,287,808 | 100,648,375 |
| Debt instruments at fair value through other comprehensive income | 7,697,220 | 2,807,159 | 10,504,379 |
| Financial assets held under resale agreements | 32,896,763 | 1,927,458 | 34,824,221 |
| Financial assets at fair value through profit or loss | 147,624,388 | 32,586,877 | 180,211,265 |
| Derivative financial assets | 11,113,139 | 4,675,162 | 15,788,301 |
| Clearing settlement funds | 8,364,161 | 352,345 | 8,716,506 |
| Cash held on behalf of brokerage clients | 137,729,943 | 2,730,403 | 140,460,346 |
| Bank balances | 30,087,099 | 15,093,443 | 45,180,542 |
| Total maximum credit risk exposure | 561,749,990 | 74,279,331 | 636,029,321 |

| | By geographical area | | |
|---|---|---|---|
| | Mainland China | Outside Mainland China | Total |
| 31 December 2021 | | | |
| Debt instruments at amortised cost | 32,192,280 | 229,236 | 32,421,516 |
| Refundable deposits | 24,549,150 | 3,077,979 | 27,627,129 |
| Accounts receivable | 8,818,900 | 1,468,274 | 10,287,174 |
| Other receivables | 497,259 | 172,403 | 669,662 |
| Margin accounts receivable | 115,449,652 | 1,492,593 | 116,942,245 |
| Debt instruments at fair value through other comprehensive income | 5,668,616 | 3,646,083 | 9,314,699 |
| Financial assets held under resale agreements | 9,129,894 | 2,622,076 | 11,751,970 |
| Financial assets at fair value through profit or loss | 141,200,472 | 28,163,967 | 169,364,439 |
| Derivative financial assets | 10,086,591 | 5,161,214 | 15,247,805 |
| Clearing settlement funds | 8,380,654 | 200,287 | 8,580,941 |
| Cash held on behalf of brokerage clients | 139,395,629 | 4,244,634 | 143,640,263 |
| Bank balances | 24,254,221 | 12,983,372 | 37,237,593 |
| Total maximum credit risk exposure | 519,623,318 | 63,462,118 | 583,085,436 |

**61. Financial instruments and risk management** - continued

***(b) Credit risk management*** - continued

(iii) Credit rating analysis of financial assets

With respect to bond investment business, the Company established a unified management system for issuers for the aggregated monitoring of the total investment amount of the same issuer for different business units within the Group through the system and implemented bottom-line control over credit bond investment in key industries. At the same time, it also continuously promoted the construction of implementation of the access mechanism and restriction rules which are linked to rating results of the CAMS system to improve the consistency of the internal assessment system and enhance the Group's overall risk identification and control capabilities.

***(c) Liquidity risk management***

Liquidity risk refers to the risk of the Company not being able to obtain sufficient funds at a reasonable cost in time to meet due debts, perform payment obligations and meet the capital requirements of normal businesses. The Company established a fully functional liquidity risk management system to identify, measure, monitor, control and report on its overall liquidity risk to improve the informatisation of liquidity risk management, enhance the capabilities in the identification, measurement and monitoring of liquidity risk, and strengthen the Company's ability in addressing liquidity risk. In addition, the Company also established a right-sized liquidity assets reserves based on the risk appetite and maintained sufficient liquidity assets with high quality to ensure the satisfaction of liquidity needs under stressful scenarios in a timely manner.

## 61. Financial instruments and risk management - continued

### *(c) Liquidity risk management* - continued

The following tables show the details of the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivate financial liabilities. Analysis of non-derivative financial liabilities are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

| | As at 31 December 2022 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Financial Liabilities** | Carrying amount | Overdue / repayable on demand | Less than 1 month | More than 1 month but less than 3 months | More than 3 months but less than 1 year | More than 1 year but less than 5 years | More than 5 years | Undated | Total |
| Short-term bank loans | 7,997,434 | - | 4,495,571 | 2,125,582 | 1,429,795 | - | - | - | 8,050,948 |
| Short-term debt instruments issued | 25,772,604 | - | 8,024,227 | 8,236,474 | 9,803,689 | - | - | - | 26,064,390 |
| Placements from other financial institutions | 25,877,713 | - | 24,906,654 | 988,475 | - | - | - | - | 25,895,129 |
| Accounts payable to brokerage clients | 152,551,723 | 152,551,723 | - | - | - | - | - | - | 152,551,723 |
| Other payables and accruals | 108,427,946 | 105,475,895 | 1,115,945 | 94,614 | 361,324 | 1,362,011 | 71,140 | - | 108,480,929 |
| Financial assets sold under repurchase agreements | 144,117,998 | - | 118,041,048 | 13,726,885 | 10,090,026 | 2,579,582 | - | - | 144,437,541 |
| Derivative financial liabilities | 9,638,125 | - | 2,064,342 | 4,314,468 | 2,731,465 | 527,850 | - | - | 9,638,125 |
| Financial liabilities at fair value through profit or loss | 48,575,559 | 8,114,408 | 4,827,141 | 4,627,252 | 8,470,564 | 19,732,533 | 2,951,340 | - | 48,723,238 |
| Long-term bonds | 139,419,338 | - | 555,178 | 11,495,224 | 21,135,114 | 107,619,247 | 9,448,480 | - | 150,253,243 |
| Long-term bank loans | 804,903 | - | - | 6,486 | 19,457 | 857,711 | - | - | 883,654 |
| Total | 663,183,343 | 266,142,026 | 164,030,106 | 45,615,460 | 54,041,434 | 132,678,934 | 12,470,960 | - | 674,978,920 |

## 61. Financial instruments and risk management - continued

### *(c) Liquidity risk management* - continued

| | As at 31 December 2021 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Financial Liabilities** | Carrying amount | Overdue / repayable on demand | Less than 1 month | More than 1 month but less than 3 months | More than 3 months but less than 1 year | More than 1 year but less than 5 years | More than 5 years | Undated | Total |
| Short-term bank loans | 8,492,290 | - | 3,677,352 | 4,824,071 | - | - | - | - | 8,501,423 |
| Short-term debt instruments issued | 53,598,658 | - | 11,887,249 | 10,933,249 | 31,316,916 | - | - | - | 54,137,414 |
| Placements from other financial institutions | 14,018,721 | - | 13,645,668 | 236,091 | 140,547 | - | - | - | 14,022,306 |
| Accounts payable to brokerage clients | 147,501,833 | 147,501,833 | - | - | - | - | - | - | 147,501,833 |
| Other payables and accruals | 106,541,835 | 104,129,946 | 811,668 | 56,313 | 280,156 | 1,338,650 | 1,545 | - | 106,618,278 |
| Financial assets sold under repurchase agreements | 130,710,001 | - | 106,860,905 | 12,815,426 | 11,174,143 | - | - | - | 130,850,474 |
| Derivative financial liabilities | 10,643,222 | - | 1,699,025 | 1,217,800 | 6,382,623 | 1,343,774 | - | - | 10,643,222 |
| Financial liabilities at fair value through profit or loss | 31,122,918 | 5,558,208 | 2,272,315 | 1,577,020 | 6,353,157 | 12,740,818 | 2,621,400 | - | 31,122,918 |
| Long-term bonds | 133,338,427 | - | 548,200 | 7,521,028 | 31,312,783 | 97,280,227 | 8,605,300 | - | 145,267,538 |
| Long-term bank loans | 722,816 | - | - | 3,723 | 11,168 | 752,596 | - | - | 767,487 |
| Total | 636,690,721 | 257,189,987 | 141,402,382 | 39,184,721 | 86,971,493 | 113,456,065 | 11,228,245 | - | 649,432,893 |

**61. Financial instruments and risk management** - continued

***(d) Market risk management***

Market risk refers to the risk resulting from the movements in market prices such as exchange rates, interest rates and stock prices, which could have an impact on the income of the Group or the value of financial instruments held by the Group. The objective of market risk management is to manage and control the market risk within the acceptable range and to maximise the risk adjusted return.

(i) Interest rate risk

Interest rate risk refers to the risk that movements in market interest rate will cause fluctuation in the Company's financial position and cash flow. The Company's interest-bearing assets mainly include bank balances, clearing settlement funds, margin accounts receivable, financial assets purchased under resale agreements, refundable deposits and bond investments; interest-bearing liabilities mainly include short-term bank loans, short-term debt instruments issued, placements from other financial institutions, financial assets sold under repurchase agreements, accounts payable to brokerage clients, long-term bonds and long-term bank loans, amongst others.

For financial instruments held on the balance sheet date that expose the Group to fair value interest rate risk, the Group adopts sensitivity analysis as the primary instrument for monitoring interest rate risk. Sensitivity analysis measures the effect of any reasonable and potential changes to the interest rate on the net profits and shareholders' equity under the assumption that all the other variables remain constant.

## 61. Financial instruments and risk management - continued

### *(d) Market risk management* - continued

(i) Interest rate risk - continued

The following tables indicate the assets and liabilities as at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier:

| | As at 31 December 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| **Financial assets** | Less than 1 month | More than 1 month but less than 3 months | More than 3 months but less than 1 year | More than 1 year but less than 5 years | More than 5 years | Non-interest bearing | Total |
| Investment in a joint venture at fair value through profit or loss | - | - | - | - | - | 741,464 | 741,464 |
| Debt instruments at amortised cost | - | 2,539,755 | 9,164,018 | 15,342,932 | 20,306,747 | 1,199,118 | 48,552,570 |
| Debt instruments at fair value through other comprehensive income | 941,395 | 706,702 | 1,134,061 | 6,826,953 | 657,568 | 237,700 | 10,504,379 |
| Equity instruments at fair value through other comprehensive income | - | - | - | - | - | 241,587 | 241,587 |
| Financial assets held under resale agreements | 28,763,564 | 525,128 | 5,501,417 | - | - | 34,112 | 34,824,221 |
| Refundable deposits | 3,750,986 | - | - | - | - | 38,955,791 | 42,706,777 |
| Accounts receivable | - | - | - | - | - | 7,804,341 | 7,804,341 |
| Other receivables | - | - | - | - | - | 631,698 | 631,698 |
| Margin accounts receivable | 8,461,214 | 25,715,434 | 61,974,095 | - | - | 4,497,632 | 100,648,375 |
| Financial assets at fair value through profit or loss | 2,263,844 | 8,204,952 | 50,238,616 | 69,299,438 | 47,030,215 | 173,767,480 | 350,804,545 |
| Derivative financial assets | 1,199,078 | - | - | - | - | 14,589,223 | 15,788,301 |
| Clearing settlement funds | 8,716,492 | - | - | - | - | 14 | 8,716,506 |
| Cash held on behalf of brokerage clients | 140,221,777 | - | - | - | - | 238,569 | 140,460,346 |
| Cash and bank balances | 40,672,383 | 2,179,170 | 2,250,000 | - | - | 79,192 | 45,180,745 |
| Total | 234,990,733 | 39,871,141 | 130,262,207 | 91,469,323 | 67,994,530 | 243,017,921 | 807,605,855 |

## 61. Financial instruments and risk management - continued

### *(d) Market risk management* - continued

(i) Interest rate risk - continued

| | As at 31 December 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| **Financial liabilities** | Less than 1 month | More than 1 month but less than 3 months | More than 3 months but less than 1 year | More than 1 year but less than 5 years | More than 5 years | Non-interest bearing | Total |
| Short-term bank loans | (4,465,950) | (2,089,663) | (1,393,108) | - | - | (48,713) | (7,997,434) |
| Short-term debt instruments issued | (8,023,902) | (8,125,329) | (9,467,421) | - | - | (155,952) | (25,772,604) |
| Placements from other financial institutions | (24,887,159) | (975,044) | - | - | - | (15,510) | (25,877,713) |
| Accounts payable to brokerage clients | (152,541,660) | - | - | - | - | (10,063) | (152,551,723) |
| Other payables and accruals | (47,758) | (93,231) | (351,653) | (955,201) | (70,743) | (106,909,360) | (108,427,946) |
| Financial assets sold under repurchase agreements | (117,918,819) | (13,675,780) | (9,890,890) | (2,439,210) | - | (193,299) | (144,117,998) |
| Derivative financial liabilities | (237,263) | - | - | - | - | (9,400,862) | (9,638,125) |
| Financial liabilities at fair value through profit or loss | (11,254,242) | (4,627,252) | (10,393,026) | (17,170,404) | - | (5,130,635) | (48,575,559) |
| Long-term bonds | (6,978) | (10,785,840) | (17,814,179) | (101,657,640) | (7,200,000) | (1,954,701) | (139,419,338) |
| Long-term bank loans | - | - | - | (804,903) | - | - | (804,903) |
| Total | (319,383,731) | (40,372,139) | (49,310,277) | (123,027,358) | (7,270,743) | (123,819,095) | (663,183,343) |
| Net interest rate risk exposure | (84,392,998) | (500,998) | 80,951,930 | (31,558,035) | 60,723,787 | 119,198,825 | 144,422,511 |

## 61. Financial instruments and risk management - continued

### *(d) Market risk management* - continued

(i) Interest rate risk - continued

| | As at 31 December 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| **Financial assets** | Less than 1 month | More than 1 month but less than 3 months | More than 3 months but less than 1 year | More than 1 year but less than 5 years | More than 5 years | Non-interest bearing | Total |
| Investment in a joint venture at fair value through profit or loss | - | - | - | - | - | 823,289 | 823,289 |
| Debt instruments at amortised cost | 299,958 | 1,259,997 | 5,437,854 | 15,681,423 | 9,220,654 | 521,630 | 32,421,516 |
| Debt instruments at fair value through other comprehensive income | 336,207 | 667,300 | 3,655,158 | 3,768,350 | 741,439 | 146,245 | 9,314,699 |
| Equity instruments at fair value through other comprehensive income | - | - | - | - | - | 163,138 | 163,138 |
| Financial assets held under resale agreements | 6,525,631 | 837,184 | 4,353,459 | - | - | 35,696 | 11,751,970 |
| Refundable deposits | 3,235,263 | - | - | - | - | 24,391,866 | 27,627,129 |
| Accounts receivable | - | - | - | - | - | 10,287,174 | 10,287,174 |
| Other receivables | - | - | - | - | - | 669,662 | 669,662 |
| Margin accounts receivable | 8,002,716 | 27,380,854 | 77,263,453 | - | - | 4,295,222 | 116,942,245 |
| Financial assets at fair value through profit or loss | 3,705,934 | 4,895,760 | 52,754,191 | 65,670,791 | 35,017,149 | 193,215,347 | 355,259,172 |
| Derivative financial assets | 90,322 | - | - | - | - | 15,157,483 | 15,247,805 |
| Clearing settlement funds | 8,580,920 | - | - | - | - | 21 | 8,580,941 |
| Cash held on behalf of brokerage clients | 143,459,329 | - | - | - | - | 180,934 | 143,640,263 |
| Cash and bank balances | 34,407,577 | 509,395 | 2,285,162 | - | - | 35,667 | 37,237,801 |
| Total | 208,643,857 | 35,550,490 | 145,749,277 | 85,120,564 | 44,979,242 | 249,923,374 | 769,966,804 |

## 61. Financial instruments and risk management - continued

### *(d) Market risk management* - continued

(i) Interest rate risk - continued

| | As at 31 December 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| **Financial liabilities** | Less than 1 month | More than 1 month but less than 3 months | More than 3 months but less than 1 year | More than 1 year but less than 5 years | More than 5 years | Non-interest bearing | Total |
| Short-term bank loans | (3,673,889) | (4,813,735) | - | - | - | (4,666) | (8,492,290) |
| Short-term debt instruments issued | (11,837,978) | (10,843,375) | (30,637,351) | - | - | (279,954) | (53,598,658) |
| Placements from other financial institutions | (13,638,785) | (235,901) | (140,265) | - | - | (3,770) | (14,018,721) |
| Accounts payable to brokerage clients | (147,489,797) | - | - | - | - | (12,036) | (147,501,833) |
| Other payables and accruals | (22,155) | (48,904) | (258,354) | (899,687) | (1,456) | (105,311,279) | (106,541,835) |
| Financial assets sold under repurchase agreements | (106,689,609) | (12,765,354) | (11,025,524) | - | - | (229,514) | (130,710,001) |
| Derivative financial liabilities | (95,196) | - | - | - | - | (10,548,026) | (10,643,222) |
| Financial liabilities at fair value through profit or loss | (6,962,429) | (1,577,020) | (5,579,759) | (12,217,046) | (311,096) | (4,475,568) | (31,122,918) |
| Long-term bonds | - | (7,000,000) | (27,801,790) | (89,119,660) | (7,200,000) | (2,216,977) | (133,338,427) |
| Long-term bank loans | - | - | - | (722,816) | - | - | (722,816) |
| Total | (290,409,838) | (37,284,289) | (75,443,043) | (102,959,209) | (7,512,552) | (123,081,790) | (636,690,721) |
| Net interest rate risk exposure | (81,765,981) | (1,733,799) | 70,306,234 | (17,838,645) | 37,466,690 | 126,841,584 | 133,276,083 |

**61. Financial instruments and risk management** - continued

***(d) Market risk management*** - continued

(i) Interest rate risk - continued

For those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period, the Group adopts sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net profit and equity. Assuming all other variables remain constant and without taking into consideration of the management's activities to reduce interest rate risk, interest rate sensitivity analysis is as follows:

| | Sensitivity of net profit | |
|---|---|---|
| | As at 31 December | |
| Move in yield curve | 2022 | 2021 |
| Up 100 basis points | (2,606,204) | (2,135,979) |
| Down 100 basis points | 2,991,994 | 2,261,148 |

| | Sensitivity of net equity | |
|---|---|---|
| | As at 31 December | |
| Move in yield curve | 2022 | 2021 |
| Up 100 basis points | (2,732,825) | (2,203,921) |
| Down 100 basis points | 3,123,950 | 2,331,929 |

The sensitivity analysis above indicates the instantaneous change in the Group's net profit and equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.

**61. Financial instruments and risk management** - continued

***(d) Market risk management*** - continued

(ii) Currency risk

Currency risk is the risk arising from foreign exchange business of the Group, which is attributable to the fluctuation of foreign exchange rates. Apart from the assets and liabilities held by the Group's overseas subsidiaries which use Hong Kong dollars or U.S. dollars as their functional currency, other assets and liabilities denominated in foreign currencies mainly represent foreign currency cash and bank balances held by domestic enterprises, foreign currency financial assets and liabilities arising from cross-border business, as well as foreign currency financial assets acquired by subsidiaries. In respect of assets and liabilities denominated in foreign currencies such as cash and bank balances, clearing settlement funds, refundable deposits, accounts receivable, cash held on behalf of brokerage clients, accounts payable and long-term bonds that are not accounted for with their functional currency, the Group has ensured that their net risk exposure are maintained at an acceptable level by buying or selling foreign currencies at market exchange rates where necessary to address the short-term imbalances.

Assuming all other risk variables remained constant and without consideration of risk management measures undertaken by the Group, a 10% strengthening of the RMB against USD and HKD at the reporting date would have increased / (decreased) the Group's equity and net profit by the amount shown below, whose effect is in RMB and translated using the spot rate at the reporting date:

| | Sensitivity of net profit | |
|---|---|---|
| | As at 31 December | |
| Currency | 2022 | 2021 |
| USD | (835,159) | 1,375,888 |
| HKD | (1,483,611) | (594,038) |

| | Sensitivity of net equity | |
|---|---|---|
| | As at 31 December | |
| Currency | 2022 | 2021 |
| USD | (835,159) | 495,930 |
| HKD | (2,964,476) | (699,986) |

A 10% weakening of the RMB against the USD and HKD at balance date would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

Due to the above assumptions, the result of sensitivity analysis on exchange rate changes may be different, compared with the actual changes in the Group's net profit and equity of may arise with this.

**61. Financial instruments and risk management** - continued

***(d) Market risk management*** - continued

(iii) Price risks

The Group is exposed to equity price changes arising from equity investments concluded in financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income. Price risk the Group facing is mainly the proportionate fluctuation in the Group's net profits due to the price fluctuation of the financial instruments at fair value through profit or loss and the proportionate fluctuation in the Group's equity due to the price fluctuation of the financial instruments measured at fair value.

Sensitivity analysis

The analysis below is performed to show the impact on Group's net profit and equity due to change in the prices of equity securities by 10% with all other variables held constant.

| | Sensitivity of net profit | |
|---|---|---|
| | As at 31 December | |
| | 2022 | 2021 |
| Increase by 10% | 6,004,806 | 5,980,478 |
| Decrease by 10% | (6,004,806) | (5,980,478) |

| | Sensitivity of net equity | |
|---|---|---|
| | As at 31 December | |
| | 2022 | 2021 |
| Increase by 10% | 6,024,232 | 5,993,347 |
| Decrease by 10% | (6,024,232) | (5,993,347) |

The sensitivity analysis indicates the instantaneous change in the Group's net profit and equity that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2022 and 2021.

## 61. Financial instruments and risk management - continued

### *(e) Operational risk management*

Operational risk refers to the risk on the Company's losses caused by inadequate or problematic internal procedures, staff, system or external events, which lead to inefficient internal procedures, mistakes of staff in operation or failure to strictly enforce the established procedures. The Risk Management Department takes the lead in managing the operational risk of the Company. Each risk management departments, business departments and support departments perform operational risk management in their respective business and management areas according to their segregation of functions. The Company adopts technological measures to prevent the emergence of operational risks in different business and management procedures as well as key segments, whilst at the same time strengthens process controls, to ensure effective implementation of operational risk management policies and systems. The Company carries out self-assessment of risk and control, monitoring of key risk indicators and gathering of loss data as additional approaches to strengthen the management of operational risks.

Based on the Basic Standard for Enterprise Internal Control jointly issued by the Ministry of Finance, the CSRC, the National Audit Office and the China Banking and Insurance Regulatory Commission as well as its supporting guidelines and the relevant requirements of the regulatory authorities and the Company, the Company has developed the risk-based internal control standards and carried out relevant continuous improvement initiatives. It has combined the self-assessment of operational risk with the self-assessment of internal controls; comprehensively sorted out and evaluated the inherent risks and control activities in various business processes; tested the effectiveness of control design and implementation; rectified the internal control weaknesses; comprehensively sorted out and optimised various business segments, systems and processes of the Company; whilst at the same time supplemented and improved the risk control matrix and internal control manual; recorded the risk points, key control activities and major business flow charts in order to ensure that the Company's internal control measures are properly in place and the effectiveness of risk management. In addition, the Company has also integrated the management of operational risk and internal controls into daily operation; participated in the design of system, procedures and plan for new business throughout the entire process; fully identified and comprehensively evaluated the operational risks; and performed various pre-, middle- and post management measures such as setting up front-end controls, standardising business processes, creating risk-discovery indicators and conducting training and inspection in order to implement internal controls at key risk points.

### *(f) Capital management*

The Group's objectives of capital management are:

(i) To safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Group's stability and growth;
(iii) To maintain a strong capital base to support the development of their business; and
(iv) To comply with the capital requirements under the PRC, Hong Kong and the United States regulations.

## 61. Financial instruments and risk management - continued

### *(f) Capital management* - continued

On 23 January 2020 and 16 June 2020, the revised Rules on Standards for the Calculation of Risk Control Indicators of Securities Companies and the revised Administrative Measures for Risk Control Indicators of Securities Companies were issued by the CSRC ("Revised Administrative Measures"). The Company is required to meet the following standards for risk control indicators on a continual basis from 1 June 2020:

(i) The ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100%;
(ii) The ratio of net capital divided by net assets shall be no less than 20%;
(iii) The ratio of net capital divided by liabilities shall be no less than 8% ;
(iv) The ratio of net assets divided by liabilities shall be no less than 10%;
(v) The ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100% ;
(vi) The ratio of the value of non-equity securities and derivatives held divided by net capital shall not exceed 500%;
(vii) The ratio of core net capital divided by on balance sheet and off balance sheet assets shall be no less than 8%;
(viii) The ratio of high quality liquidity assets divided by net cash outflows for the next 30 days shall be no less than 100%;
(ix) The ratio of available stable funds divided by required stable funds shall be no less than 100%; and
(x) The ratio of margin financing (including securities lending) divided by net capital shall not exceed 400%.

Net capital refers to net assets minus risk adjustments on certain types of assets as defined in the Administrative Measures.

As at 31 December 2022 and 31 December 2021, the Company maintained net capital and the above ratios as follows:

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| Net Capital | 92,969,667 | 82,314,070 |
| The ratio of net capital divided by the sum of its various risk capital provisions | 240.12% | 246.45% |
| The ratio of net capital divided by net assets | 64.73% | 64.97% |
| The ratio of net capital divided by liabilities | 23.14% | 21.42% |
| The ratio of net assets divided by liabilities | 35.75% | 32.97% |
| The ratio of the value of equity securities and derivatives held divided by net capital | 45.73% | 49.80% |
| The ratio of the value of non-equity securities and derivatives held divided by net capital | 316.82% | 291.29% |
| The ratio of core net capital divided by on balance sheet and off balance sheet assets | 14.10% | 15.99% |
| The ratio of high quality liquidity assets divided by net cash outflows for the next 30 days | 166.57% | 169.68% |
| The ratio of available stable funds divided by required stable funds | 129.33% | 126.98% |
| The ratio of margin financing (including securities lending) divided by net capital | 131.03% | 175.89% |

**61. Financial instruments and risk management** - continued

***(f) Capital management*** - continued

Similar to the Company, certain subsidiaries of the Group are also subject to capital requirements under the Mainland China, Hong Kong and the United States regulatory requirements, respectively. These subsidiaries comply with the capital requirements during the year ended 31 December 2022 and 31 December 2021.

***(g) Transfer of financial assets***

The Group transferred financial assets to certain counterparties through repurchase agreements and securities lending. These securities are not derecognised from the consolidated statement of financial position because the Group retains substantially all the risks and rewards of these securities.

The Group entered into repurchase agreements with certain counterparties to sell debt securities classified as financial assets at fair value through profit or loss and debt instruments at amortised cost. Sales and repurchase agreements are transactions in which the Group sell a security, and agree to repurchase it at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities sold. These securities are not derecognised from the consolidated statement of financial position because the Group retains substantially all the risks and rewards of these financial assets.

The Group entered into securities lending agreements with clients to lend out its equity securities and exchange-traded funds classified as financial assets at fair value through profit or loss. As stipulated in the securities lending agreements, the legal ownership of these equity securities and exchange-traded funds is transferred to the clients. Although the clients are allowed to sell these securities during the covered period, they have obligations to return these securities to the Group at specified future dates. The Group has determined that it retains substantially all the risks and interests of these securities and therefore has not derecognised these securities in the consolidated statement of financial position.

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

## 61. Financial instruments and risk management - continued

### *(g) Transfer of financial assets* - continued

As at 31 December 2022

| | Financial assets at fair value through profit or loss | | Debt instruments at amortised cost | |
|---|---|---|---|---|
| | Sales and repurchase agreements | Securities lending | Sales and repurchase agreements | Total |
| Carrying amount of transferred assets | 4,514,082 | 2,902,260 | 50,458 | 7,466,800 |
| Carrying amount of associated liabilities | (4,125,761) | - | (48,486) | (4,174,247) |
| Net position | 388,321 | 2,902,260 | 1,972 | 3,292,553 |

As at 31 December 2021

| | Financial assets at fair value through profit or loss | | Debt instruments at amortised cost | |
|---|---|---|---|---|
| | Sales and repurchase agreements | Securities lending | Sales and repurchase agreements | Total |
| Carrying amount of transferred assets | 5,014,218 | 5,156,319 | 1,097,169 | 11,267,706 |
| Carrying amount of associated liabilities | (4,635,158) | - | (1,019,936) | (5,655,094) |
| Net position | 379,060 | 5,156,319 | 77,233 | 5,612,612 |

## 62. Fair value information

### *(a) Fair value of financial instruments*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participations at the measurement date.

(i) Financial instruments in Level I

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price within bid-ask spread. These instruments are included in Level I.

(ii) Financial instruments in Level II

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level II.

(iii) Financial instruments in Level III

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level III.

**62. Fair value information** - continued

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

The fair value of financial assets and financial liabilities not measured at fair value on a recurring basis is estimated by the active market quotation or determined in accordance with discounted cash flow method.

The main parameters used in discounted cash flow method for financial instruments held by the Group that are not measured at fair value on a recurring basis include bond interest rates, foreign exchange rates and counterparty credit spreads.

The carrying amount and fair value of debt instruments at amortised cost investments, short-term debt instruments issued and long-term bonds which are not presented at fair value are listed as below:

**Carrying amount**

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| *Financial assets* | | |
| - Debt instruments at amortised cost | 48,552,570 | 32,421,516 |
| Total | 48,552,570 | 32,421,516 |
| *Financial liabilities* | | |
| - Short-term debt instruments issued | (25,772,604) | (53,598,658) |
| - Long-term bonds | (139,419,338) | (133,338,427) |
| Total | (165,191,942) | (186,937,085) |

## 62. Fair value information - continued

### *(b) Fair value of other financial instruments (carried at other than fair value)* - continued

**Fair value**

| | As at 31 December 2022 | | | |
|---|---|---|---|---|
| | Level I | Level II | Level III | Total |
| *Financial assets* | | | | |
| - Debt instruments at amortised cost | - | 48,923,303 | - | 48,923,303 |
| Total | - | 48,923,303 | - | 48,923,303 |
| *Financial liabilities* | | | | |
| - Short-term debt instruments issued | - | 9,133,900 | 16,634,558 | 25,768,458 |
| - Long-term bonds | - | 115,183,301 | 24,857,323 | 140,040,624 |
| Total | - | 124,317,201 | 41,491,881 | 165,809,082 |

| | As at 31 December 2021 | | | |
|---|---|---|---|---|
| | Level I | Level II | Level III | Total |
| *Financial assets* | | | | |
| - Debt instruments at amortised cost | - | 32,781,490 | - | 32,781,490 |
| Total | - | 32,781,490 | - | 32,781,490 |
| *Financial liabilities* | | | | |
| - Short-term debt instruments issued | 37,277,709 | - | 16,325,123 | 53,602,832 |
| - Long-term bonds | 112,667,024 | 6,100,632 | 15,447,590 | 134,215,246 |
| Total | 149,944,733 | 6,100,632 | 31,772,713 | 187,818,078 |

The fair value of the financial assets and financial liabilities included in the level II and III categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Except for the above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded in the Group's consolidated statement of financial position approximate their fair value.

### *(c) Fair value of financial instruments carried at fair value*

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

## 62. Fair value information - continued

### *(c) Fair value of financial instruments carried at fair value* - continued

| | As at 31 December 2022 | | | |
|---|---|---|---|---|
| | Level I | Level II | Level III | Total |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Debt securities | 1,731,297 | 172,159,442 | 314,711 | 174,205,450 |
| - Equity securities | 90,450,244 | 48,204 | 16,878,323 | 107,376,771 |
| - Funds | 44,567,500 | 869,420 | 106,443 | 45,543,363 |
| - Wealth management products | - | 20,575,405 | - | 20,575,405 |
| - Loan and advances | - | - | 3,103,556 | 3,103,556 |
| Debt instruments at fair value through other comprehensive income | - | 9,826,506 | 677,873 | 10,504,379 |
| Equity instruments at fair value through other comprehensive income | - | 153,793 | 87,794 | 241,587 |
| Other investment | | | | |
| - Unlisted investment in a joint venture | - | - | 741,464 | 741,464 |
| Derivative financial assets | 109,080 | 12,443,939 | 3,235,282 | 15,788,301 |
| Total | 136,858,121 | 216,076,709 | 25,145,446 | 378,080,276 |
| **Liabilities** | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| - Financial liabilities held for trading | (1,275,845) | (35,231,451) | - | (36,507,296) |
| - Financial liabilities designated at fair value through profit or loss | (315,303) | (2,092,813) | (9,660,147) | (12,068,263) |
| Derivative financial liabilities | (130,351) | (8,226,125) | (1,281,649) | (9,638,125) |
| Total | (1,721,499) | (45,550,389) | (10,941,796) | (58,213,684) |

## 62. Fair value information - continued

### *(c) Fair value of financial instruments carried at fair value* - continued

| | As at 31 December 2021 | | | |
|---|---|---|---|---|
| | Level I | Level II | Level III | Total |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Debt securities | 1,478,884 | 158,618,052 | 499,955 | 160,596,891 |
| - Equity securities | 111,833,214 | 6,166,907 | 4,122,063 | 122,122,184 |
| - Funds | 48,717,822 | 916,923 | - | 49,634,745 |
| - Wealth management products | - | 19,294,123 | - | 19,294,123 |
| - Loan and advances | - | - | 3,611,229 | 3,611,229 |
| Debt instruments at fair value through other comprehensive income | - | 8,405,174 | 909,525 | 9,314,699 |
| Equity instruments at fair value through other comprehensive income | - | 74,532 | 88,606 | 163,138 |
| Other investment | | | | |
| - Unlisted investment in a joint venture | - | - | 823,289 | 823,289 |
| Derivative financial assets | 72,207 | 12,495,885 | 2,679,713 | 15,247,805 |
| Total | 162,102,127 | 205,971,596 | 12,734,380 | 380,808,103 |
| **Liabilities** | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| - Financial liabilities held for trading | (523,841) | (26,647,350) | - | (27,171,191) |
| - Financial liabilities designated at fair value through profit or loss | (249,712) | (95,161) | (3,606,854) | (3,951,727) |
| Derivative financial liabilities | (79,678) | (8,411,922) | (2,151,622) | (10,643,222) |
| Total | (853,231) | (35,154,433) | (5,758,476) | (41,766,140) |

For the year ended 31 December 2022, there was no transfer from Level II to Level I (For the year ended 31 December 2021: RMB2,509 million).

## 62. Fair value information - continued

### *(c) Fair value of financial instruments carried at fair value* - continued

(i) Valuation methods for financial instruments in Level II

| Financial assets and liabilities | Fair value hierarchy | Valuation technique(s) and key input(s) |
|---|---|---|
| Debt securities at fair value through profit or loss | Level II | Future cash flows estimated based on contractual amounts discounted at a rate that reflects the credit risk of the bonds. |
| Equity securities at fair value through profit or loss | Level II | Recent transaction prices. |
| Funds at fair value through profit or loss | Level II | Net asset value as published by the fund managers. |
| Wealth management products at fair value through profit or loss | Level II | Net asset value as published by the managers of products. |
| Debt instruments at fair value through other comprehensive income | Level II | Future cash flows estimated based on contractual amounts discounted at a rate that reflects the credit risk of the bonds. |
| Equity instruments at fair value through other comprehensive income | Level II | Recent transaction prices. |
| Derivative financial assets/ derivative financial liabilities | Level II | Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |
| Financial liabilities held for trading | Level II | Future cash flows estimated based on contractual amounts discounted at a rate that reflects the credit risk of the debt instruments. |
| Financial liabilities designated at fair value through profit or loss | Level II | Calculated based on the fair value of the underlying investments which are debt securities and publicly traded equity investments in each portfolio. |

## 62. Fair value information - continued

### *(c) Fair value of financial instruments carried at fair value* - continued

(ii) Valuation methods for Financial instruments in Level III

| Financial assets and liabilities | Fair value hierarchy | Valuation technique(s) | Significant unobservable input(s) | Relationship of unobservable input(s) to fair value |
|---|---|---|---|---|
| Loan and advances and debt securities at fair value through profit or loss | Level III | Discounted cash flow model | Risk adjusted discount rate and expected cash flow. | The higher the risk adjusted discount rate, the lower the fair value; the higher the expected cash flow, the higher the fair value. |
| Unlisted equity securities at fair value through profit or loss | Level III | Market approach, with an adjustment or discount for lack of marketability | Indicators such as P/E and P/B multiples of comparable listed companies, and liquidity discount rate. | The higher the discount, the lower the fair value; the higher the valuation multiples, the higher the fair value. |
| Debt instruments at fair value through other comprehensive income | Level III | Discounted cash flow model | Risk adjusted discount rate and expected cash flow. | The higher the risk adjusted discount rate, the lower the fair value; the higher the expected cash flow, the higher the fair value. |
| Equity instruments at fair value through other comprehensive income | Level III | Market approach, with an adjustment or discount for lack of marketability | Indicators such as P/E and P/B multiples of comparable listed companies, and liquidity discount rate. | The higher the discount, the lower the fair value; the higher the valuation multiples, the higher the fair value. |
| Unlisted investment in a joint venture | Level III | Discounted cash flow model | Risk adjusted discount rate and expected cash flow. | The higher the risk adjusted discount rate, the lower the fair value; the higher the expected cash flow, the higher the fair value. |
| Derivative financial assets/ derivative financial liabilities | Level III | Black-Scholes option pricing model /Monte-Carlo option pricing model | Price volatility of underlying assets. | The higher the price volatility, the greater the impact on the fair value. |
| Financial liabilities designated at fair value through profit or loss | Level III | Market approach, with an adjustment or discount for lack of marketability of the underlying portfolios | Indicators such as P/E and P/B multiples of comparable listed companies, and liquidity discount rate. | The higher the discount, the lower the fair value; the higher the valuation multiples, the higher the fair value. |
| Financial liabilities designated at fair value through profit or loss | Level III | Black-Scholes option pricing model /Monte-Carlo option pricing model | Price volatility of underlying assets. | The higher the price volatility, the greater the impact on the fair value. |

**62. Fair value information** - continued

***(c) Fair value of financial instruments carried at fair value*** - continued

(iii) Financial instruments in Level III

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level III of the fair value hierarchy:

| | Financial assets at fair value through profit or loss | Other investment | Debt instruments at fair value through other comprehensive income | Equity instruments assets at fair value through other comprehensive income | Derivative financial assets | Total | Financial liabilities at fair value through profit or loss | Derivative financial liabilities | Total |
|---|---|---|---|---|---|---|---|---|---|
| As at 1 January 2022 | 8,233,247 | 823,289 | 909,525 | 88,606 | 2,679,713 | 12,734,380 | (3,606,854) | (2,151,622) | (5,758,476) |
| Transfer in | 144,869 | - | - | - | - | 144,869 | - | - | - |
| Transfer out | - | - | - | - | - | - | - | - | - |
| Gains or losses for the year | 2,150,416 | (81,825) | 186,181 | - | 2,192,347 | 4,447,119 | 39,004 | (804,995) | (765,991) |
| Changes in fair value recognised in other comprehensive income | - | - | (18,757) | (812) | - | (19,569) | - | 56,828 | 56,828 |
| Additions | 13,297,335 | - | 367,758 | - | 1,053 | 13,666,146 | (6,208,983) | (40,364) | (6,249,347) |
| Sales | (1,048,901) | - | - | - | (12) | (1,048,913) | - | 50,200 | 50,200 |
| Settlements | (2,373,933) | - | (766,834) | - | (1,637,819) | (4,778,586) | 116,686 | 1,608,304 | 1,724,990 |
| As at 31 December 2022 | 20,403,033 | 741,464 | 677,873 | 87,794 | 3,235,282 | 25,145,446 | (9,660,147) | (1,281,649) | (10,941,796) |
| Total gains or losses for the period included in profit or loss for assets/liability held at the end of the reporting period | (281,731) | (81,825) | - | - | 1,063,425 | 699,869 | (619,585) | (1,252,215) | (1,871,800) |

**62. Fair value information** - continued

***(c) Fair value of financial instruments carried at fair value*** - continued

(iii) Financial instruments in Level III - continued

| | Financial assets at fair value through profit or loss | Other investment | Debt instruments at fair value through other comprehensive income | Equity instruments assets at fair value through other comprehensive income | Derivative financial assets | Total | Financial liabilities at fair value through profit or loss | Derivative financial liabilities | Total |
|---|---|---|---|---|---|---|---|---|---|
| As at 1 January 2021 | 12,343,592 | 888,195 | 877,244 | 91,551 | 402,155 | 14,602,737 | (3,184,018) | (1,508,593) | (4,692,611) |
| Transfer in | 761,515 | - | - | - | - | 761,515 | - | - | - |
| Transfer out | (1,192,728) | - | - | - | - | (1,192,728) | - | - | - |
| Gains or losses for the year | (1,537,609) | (64,906) | 10,357 | - | 756,736 | (835,422) | (563,382) | (2,026,714) | (2,590,096) |
| Changes in fair value recognised in other comprehensive income | - | - | (6,812) | (2,945) | - | (9,757) | - | 20,164 | 20,164 |
| Additions | 5,867,410 | - | 566,508 | - | 294,056 | 6,727,974 | - | (344,153) | (344,153) |
| Sales | (613,010) | - | - | - | (263,616) | (876,626) | 1,282 | 402,951 | 404,233 |
| Settlements | (7,395,923) | - | (537,772) | - | 1,490,382 | (6,443,313) | 139,264 | 1,304,723 | 1,443,987 |
| As at 31 December 2021 | 8,233,247 | 823,289 | 909,525 | 88,606 | 2,679,713 | 12,734,380 | (3,606,854) | (2,151,622) | (5,758,476) |
| Total gains or losses for the period included in profit or loss for assets / liabilities held at the end of the reporting period | (1,809,940) | (64,906) | - | - | 2,182,267 | 307,421 | (165,692) | (882,112) | (1,047,804) |

For the period ended 31 December 2022, the transfers into or out of Level III fair value measurements were resulted from the changes of valuation techniques and inputs used in fair value measurements (For the year ended 31 December 2021: the same).

## 63. Equity-settled share-based transactions

| | Notes | As at 1 January 2022 | Accrued for the year | Decrease for the year | As at 31 December 2022 |
|---|---|---|---|---|---|
| Restricted Share Incentive Scheme of A Shares | (a) | 98,209 | 125,772 | - | 223,981 |
| Share-based payments of an overseas subsidiary | (b) | 1,150,320 | 123,321 | - | 1,273,641 |
| Total | | 1,248,529 | 249,093 | - | 1,497,622 |

| | Notes | As at 1 January 2021 | Accrued for the year | Decrease for the year | As at 31 December 2021 |
|---|---|---|---|---|---|
| Restricted Share Incentive Scheme of A Shares | (a) | - | 98,209 | - | 98,209 |
| Share-based payments of an overseas subsidiary | (b) | 1,004,839 | 145,481 | - | 1,150,320 |
| Total | | 1,004,839 | 243,690 | - | 1,248,529 |

### *(a) Restricted share incentive scheme of A shares*

The Company carried out a Restricted Share Incentive Scheme of A Shares whereby the Company grant restricted A shares to the Incentive Participants in return for their services. On 29 March 2021, 45,488,000 restricted A Shares were granted to 810 incentive participants at the grant price of RMB9.10 per Share. As at 30 March 2021, the Company had in aggregate received subscription proceeds of RMB413,940,800 from 810 incentive participants. There are three unlocking periods under the incentive scheme. As at 31 December 2022, the weighted average remaining contractual life of the incentive scheme is 1.27 years. Details of the shares of the scheme as at 31 December 2022 and 31 December 2021 are set out below:

| Number of shares | Year ended 31 December 2022 | 2021 |
|---|---|---|
| Outstanding at the beginning of the year | 44,463,027 | - |
| Granted during the year | - | 45,488,000 |
| Exercised during the year | - | - |
| Forfeited during the year | (674,973) | (1,024,973) |
| Expired during the year | - | - |
| Outstanding at the end of the year | 43,788,054 | 44,463,027 |
| Exercisable at the end of the year | 43,788,054 | 44,463,027 |

**63. Equity-settled share-based transactions** - continued

***(a) Restricted share incentive scheme of A shares*** - continued

As at 31 December 2022 and 31 December 2021, cumulative amount of RMB223.98 million and RMB98.21 million were recognised in the capital reserve and non-controlling interests of the Group, respectively. The total expenses recognised for the year ended 31 December 2022 and 31 December 2021 were RMB125.77 million and RMB98.21 million, respectively.

For the year ended 31 December 2022, the Company recognized share-based payment expense amounted to RMB16.49 million, for the restricted shares granted to the Company's key management personnel (For the year ended 31 December 2021: RMB11.52million).

The fair value of services received in return for restricted share Incentive scheme is measured by reference to the fair value of shares. The estimate of the fair value of restricted shares granted is measured based on the closing price of shares at grant date, which is RMB17.24 per share.

***(b) Share-based payments of an overseas subsidiary***

On 3 July 2019, AssetMark granted the equity incentive plan ("the 2019 Equity Incentive Plan"). The 2019 Equity Incentive Plan was effective on 17 July 2019, i.e. the effective date of the S-1 registration form of the Initial Public Offering ("IPO").

*(i) Restricted Stock Awards (RSAs)*

On 17 July 2019, AssetMark granted the original holders of Restricted Stock Awards equal to 6,309,049 shares of AssetMark common stock.

*(ii) Stock Options*

In connection with the IPO, AssetMark issued options to certain officers to acquire an aggregate of 918,981 shares of the common stock, with an exercise price of USD22 per share. Each of these options is scheduled to vest and become exercisable in substantially equal installments on each of the first three anniversaries of 18 July 2019. AssetMark uses the Black-Scholes options pricing model to estimate the fair value of Stock Options.

*(iii) Restricted Stock Units (RSUs)*

In connection with the IPO, AssetMark issued Restricted Stock Units to certain officers covering an aggregate of 85,737 shares of the common stock. Each of these Restricted Stock Units is scheduled to vest in substantially equal installments on each of the first three anniversaries of 18 July 2019. During 2020 and 2021, AssetMark issued RSUs to all officers, certain employees and independent directors of the board, respectively. Most of these RSUs are scheduled to vest in substantially equal installments on each of the first four anniversaries of the date of grant. During 2022, AssetMark issued 525,195 RSUs in aggregate to its officers, certain employees and independent directors of the board. Most of these RSUs are scheduled to vest in substantially equal installments on each of the first four anniversaries of the date of grant.

**63. Equity-settled share-based transactions** - continued

***(b) Share-based payments of an overseas subsidiary*** - continued

*(iv) Stock Appreciation Rights (SARs)*

On 9 June 2020, AssetMark issued stock appreciation to certain officers with respect to 831,902 shares of its common stock under the 2019 Equity Incentive Plan. Each SAR has a strike price equal to the fair market value of the common stock of AssetMark on the date of grant and is scheduled to vest and become exercisable insubstantially equal installments on each of the first four anniversaries of 9 June 2020. Upon exercise, each of these SARs will be settled in shares of AssetMark common stock with a value equal to the excess, if any, of the fair market value of its common stock measured on the exercise date over the strike price. In July 2021, AssetMark issued SARs to certain officers. Each SAR has a strike price equal to the excess, if any, of the fair market value of its common stock measured on the exercise date over the strike price and is scheduled to vest and become exercisable in substantially equal installments on each of the first four anniversaries of the date of grant. During 2022, AssetMark issued 1,030,037 SARs to certain officers. Each SAR is scheduled to vest and become exercisable in substantially equal installments on each of the first four anniversaries of the date of grant.

## 64. Company-level statement of financial position

| | Note | As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property and equipment | | 3,964,148 | 3,615,505 |
| Investment properties | | 974,806 | 1,076,056 |
| Land-use rights and other intangible assets | | 831,803 | 703,870 |
| Investments in subsidiaries | | 24,746,871 | 21,146,282 |
| Interest in associates | | 14,170,428 | 12,569,219 |
| Debt instruments at amortised cost | | 36,338,211 | 25,070,430 |
| Debt instruments at fair value through other comprehensive income | | 6,147,490 | 2,992,770 |
| Equity instruments at fair value through other comprehensive income | | 52,694 | 52,694 |
| Financial assets at fair value through profit or loss | | 473,650 | 413,575 |
| Refundable deposits | | 14,777,245 | 11,592,545 |
| Deferred tax assets | | - | 95,545 |
| Other non-current assets | | 257,772 | 236,102 |
| **Total non-current assets** | | 102,735,118 | 79,564,593 |
| **Current assets** | | | |
| Accounts receivable | | 2,966,173 | 11,111,192 |
| Other receivables and prepayments | | 10,804,680 | 6,808,866 |
| Margin accounts receivable | | 98,360,566 | 115,449,652 |
| Debt instruments at amortised cost | | 11,965,863 | 7,121,850 |
| Financial assets held under resale agreements | | 31,917,344 | 7,626,638 |
| Debt instruments at fair value through other comprehensive income | | 1,207,228 | 2,675,847 |
| Financial assets at fair value through profit or loss | | 245,573,916 | 244,323,460 |
| Derivative financial assets | | 12,910,012 | 12,156,185 |
| Clearing settlement funds | | 17,107,842 | 12,162,040 |
| Cash held on behalf of brokerage clients | | 105,098,024 | 113,995,438 |
| Cash and bank balances | | 11,504,512 | 13,174,219 |
| **Total current assets** | | 549,416,160 | 546,605,387 |
| **Total assets** | | 652,151,278 | 626,169,980 |

## 64. Company-level statement of financial position - continued

| | Note | As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|---|
| **Current liabilities** | | | |
| Short-term debt instruments issued | | 18,203,723 | 51,885,570 |
| Placements from other financial institutions | | 25,877,713 | 14,018,721 |
| Accounts payable to brokerage clients | | 101,426,766 | 109,926,597 |
| Employee benefits payable | | 1,801,844 | 2,492,361 |
| Other payables and accruals | | 88,177,833 | 79,333,190 |
| Current tax liabilities | | - | 340,426 |
| Financial assets sold under repurchase agreements | | 121,317,309 | 102,461,714 |
| Financial liabilities at fair value through profit or loss | | 17,381,825 | 3,345,837 |
| Derivative financial liabilities | | 11,673,224 | 11,156,741 |
| Long-term bonds due within one year | | 26,257,807 | 32,173,714 |
| **Total current liabilities** | | 412,118,044 | 407,134,871 |
| **Net current assets** | | 137,298,116 | 139,470,516 |
| **Total assets less current liabilities** | | 240,033,234 | 219,035,109 |
| **Non-current liabilities** | | | |
| Long-term bonds | | 90,526,586 | 86,457,372 |
| Non-current employee benefits payable | | 5,023,273 | 5,405,693 |
| Financial liabilities at fair value through profit or loss | | 148,331 | - |
| Deferred tax liabilities | | 142,516 | - |
| Other payable and accruals | | 558,321 | 469,962 |
| **Total non-current liabilities** | | 96,399,027 | 92,333,027 |
| **Net assets** | | 143,634,207 | 126,702,082 |

## 64. Company-level statement of financial position - continued

| | Note | As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | 55(b) | 9,075,589 | 9,076,650 |
| Other equity instruments | | 19,200,000 | 9,989,057 |
| Treasury shares | | (1,202,324) | (1,231,547) |
| Reserves | | 92,560,489 | 88,864,390 |
| Retained profits | | 24,000,453 | 20,003,532 |
| **Total equity** | | 143,634,207 | 126,702,082 |

Approved and authorised for issue by the board of directors on 30 March 2023.

| | |
|---|---|
| Zhang Wei | Wang Bing |
| Chairman of the Board, Director | Director |

## 65. Events after the reporting date

### *(a) Issuance of bonds*

From 31 December 2022 to the date of this report, the Company has issued 5 corporate bonds with a cumulative amount of RMB19 billion, bearing interest of 2.92% to 3.48% per annum; the Company has issued 2 short-term corporate bonds with a cumulative amount of RMB10 billion, bearing interest of 2.65% per annum.

From 31 December 2022 to the date of this report, Huatai International Finance Limited, a subsidiary of Huatai International Financial Holdings Limited, has issued 28 medium-term notes with a cumulative amount of USD850 million and HKD462 million, bearing interest of 0.00% to 5.75% per annum.

### *(b) Profit distribution plan after accounting periods*

On 30 March 2023, based on the total ordinary shares of 9,075,589,027 of the Company deducting 45,278,495 shares deposited in the Company's special securities account for repurchase and 925,692 A shares to be repurchased and cancelled (i.e. on the basis of 9,029,384,840 shares), the Board proposed cash dividends of RMB4.50 (tax inclusive) per 10 ordinary shares, with total cash dividend amounting to RMB4,063 million (tax inclusive). The total amount of the actual dividend distribution will be calculated based on the total number of A shares entitled to dividend distribution on the registration date of A share shareholders. The proposal is pending for the approval of the general meeting of the shareholders. The cash dividends are not recognised as a liability as at 31 December 2022.