

*If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.*

*Hong Kong Exchanges and Clearing Limited (“HKEX”), The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Securities Clearing Company Limited (“HKSCC”) take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.*

## Non-collateralised Structured Products

### Base Listing Document relating to Structured Products to be issued by



## Huatai Financial Holdings (Hong Kong) Limited

*(incorporated with limited liability in Hong Kong)*

This document, for which we accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purpose of giving information with regard to us and our standard warrants (“**Warrants**”), callable bull/bear contracts (“**CBBCs**”) and other structured products (together, the “**Structured Products**”) to be listed on the Stock Exchange from time to time. This document may be updated and/or amended from time to time by way of addenda.

We, having made all reasonable enquiries, confirm that to the best of our knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

**The Structured Products are complex products. You should exercise caution in relation to them. The Structured Products involve derivatives. Investors should not invest in the Structured Products unless they fully understand and are willing to assume the risks associated with them. Investors are warned that the price of the Structured Products may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Structured Products and carefully study the risk factors set out in this document and the relevant launch announcement and supplemental listing document and, where necessary, seek professional advice, before they invest in the Structured Products.**

**The Structured Products constitute our general unsecured contractual obligations and of no other person and will rank equally among themselves with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase the Structured Products, you are relying upon our creditworthiness and have no rights under the Structured Products against: (a) the company which has issued the underlying assets; (b) the fund which has issued the underlying assets, or its trustee (if applicable) or manager; or (c) the index compiler of any underlying index or any company constituting the underlying index. If we become insolvent or default on our obligations under the Structured Products, you may not be able to recover all or even part of the amount due under the Structured Products (if any).**

## CONTENTS

	Page
<b>IMPORTANT INFORMATION</b> .....	1
<b>OVERVIEW OF WARRANTS</b> .....	4
<b>OVERVIEW OF CBBCS</b> .....	6
<b>INFORMATION ABOUT US</b> .....	9
<b>RISK FACTORS</b> .....	10
<b>TAXATION</b> .....	23
<b>APPENDIX 1 — GENERAL CONDITIONS OF STRUCTURED PRODUCTS</b> .....	25
<b>APPENDIX 2 — PRODUCT CONDITIONS OF WARRANTS</b> .....	31
PART A — PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER SINGLE EQUITIES .....	32
PART B — PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER INDEX .....	40
PART C — PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER EXCHANGE TRADED FUNDS .....	45
<b>APPENDIX 3 — PRODUCT CONDITIONS OF CBBCS</b> .....	53
PART A — PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER SINGLE EQUITIES .....	54
PART B — PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER AN INDEX .....	65
PART C — PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER EXCHANGE TRADED FUNDS .....	73
<b>APPENDIX 4 — AUDITOR’S REPORT AND OUR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021</b> .....	84
<b>APPENDIX 5 — AUDITOR’S REPORT AND OUR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022</b> .....	189
<b>PARTIES</b> .....	371

## IMPORTANT INFORMATION

### **What is this document about?**

This document is for information purposes only and does not constitute an offer, an advertisement or an invitation to the public to subscribe for or to acquire any Structured Products.

### **What documents should you read before investing in the Structured Products?**

You must read this document (including any addendum to this document to be issued from time to time) together with the relevant launch announcement and supplemental listing document (each a “**Launch announcement and Supplemental Listing Document**” ) (including any addendum to such Launch announcement and Supplemental Listing Document to be issued from time to time) (together, “**Listing Documents**”) before investing in the Structured Products. A Launch announcement and Supplemental Listing Document will be issued prior to the listing date of each series of Structured Products, which will include detailed commercial terms of the relevant series. You should carefully study the risk factors set out in the Listing Documents.

### **Is there any guarantee or collateral for the Structured Products?**

No. Our obligations under the Structured Products are neither guaranteed by any third party, nor collateralised with any of our assets or other collaterals. When you purchase our Structured Products, you are relying on our creditworthiness only, and of no other person. If we become insolvent or default on our obligations under the Structured Products, you can only claim as an unsecured creditor of the Issuer. In such event, you may not be able to recover all or even part of the amount due under the Structured Products (if any).

### **Are we regulated by the Hong Kong Monetary Authority referred to in Rule 15A.13(2) or the Securities and Futures Commission (“SFC”) referred to in Rule 15A.13(3)?**

We are licensed for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities by the SFC. The Issuer is not regulated by any of the bodies referred to in Rule 15A.13(2) of the Listing Rules.

### **Are we rated by any credit rating agencies?**

We have not been assigned any ratings by any credit rating agencies as at the date of this document.

### **The Structured Products are not rated.**

### **Are we subject to any litigation?**

Save as disclosed in this document, we and our subsidiaries have no litigation or claims of material importance pending or threatened against us or them.

### **Authorisation for the issue of the Structured Products**

The issue of the Structured Products was authorised by our board of directors on 17 May 2021.

### **Has our financial position changed since 31 December 2022?**

Save as disclosed in Appendices 4 and 5 to this document, there has been no material adverse change in our financial or trading position since 31 December 2022.

### **Do you need to pay any transaction cost?**

The Stock Exchange charges a trading fee of 0.00565 per cent. and the Securities and Futures Commission charges a transaction levy of 0.0027 per cent. and the Financial Reporting Council charges a transaction levy of 0.00015 per cent. for each transaction effected on the Stock Exchange payable by each of the seller and the buyer and calculated on the value of the consideration for the Structured Products. The levy for the investor compensation fund is currently suspended.

### Do you need to pay any tax?

You may be required to pay stamp duties, taxes and other charges in accordance with the laws and practices of the country of your purchase in addition to the purchase price of each Structured Product. See the section headed “Taxation” for further information.

### Placing and sale

No action has been or will be taken by us that would permit a public offering of any series of Structured Products or possession or distribution of any offering material in relation to any Structured Products in any jurisdiction (other than Hong Kong) where action for the purpose is required. No offers, sales, re-sales, transfers or deliveries of any Structured Products or distribution of any offering material relating to the Structured Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and which will not impose any obligation on us.

### Where can you read the relevant documents?

Copies of the following documents are available on the website of the HKEX at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at <https://warrants.htsc.com.hk/>:

- (a) this document and any addenda or successor document to this document, which include our latest audited financial statements and any interim financial statements;
- (b) the respective consent letters from KPMG and Deloitte Touche Tohmatsu (“**Deloitte**”) (each a “**Auditor**” and together, the “**Auditors**”) in relation to the inclusion of their reports in this document; and
- (c) the Launch announcement and Supplemental Listing Document as long as the relevant series of Structured Products is listed on the Stock Exchange.

以上各文件可於香港交易所披露易網站[www.hkexnews.hk](http://www.hkexnews.hk)以及我們的網站 <https://warrants.htsc.com.hk/> 瀏覽。

### Have the Auditors consented to the inclusion of their reports to the Listing Documents?

KPMG has given and has not withdrawn its written consent to the inclusion of its report dated 14 April 2022 in this document and/or the references to its name in the Listing Documents, in the form and context in which they are included. Its report was not prepared for incorporation into this document.

Deloitte has given and has not withdrawn its written consent to the inclusion of its report dated 20 April 2023 in this document and/or the references to its name in the Listing Documents, in the form and context in which they are included. Its report was not prepared for incorporation into this document.

The Auditors do not hold our shares or shares in our subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities or securities of any of our subsidiaries.

### Authorised representatives

Xisha HU and Edmond CHING, of 62/F, The Center, 99 Queen’s Road Central, Hong Kong, are our authorised representatives.

### How can you get further information about us?

You may visit [www.htsc.com.hk](http://www.htsc.com.hk) to obtain further information about us and/or the Structured Products.

You must note that the information on our website will be of a general nature and cannot be relied upon as accurate and/or correct and will not have been prepared exclusively for the purposes of any particular financial instrument issued by us, including the Structured Products.

### Governing law of the Structured Products

All contractual documentation for the Structured Products will be governed by, and construed in accordance with, the laws of Hong Kong.



**The Listing Documents are not the sole basis  
for making an investment decision**

The Listing Documents do not take into account your investment objectives, financial situation or particular needs. Nothing in the Listing Documents should be construed as a recommendation by us or our affiliates to invest in the Structured Products or the underlying asset of the Structured Products.

No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the Structured Products, and, if given or made, such information or representations must not be relied upon as having been authorised by us.

The Stock Exchange and HKSCC have made no assessment of, nor taken any responsibility for, our financial soundness or the merits of investing in any Structured Products, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

This document has not been reviewed by the SFC. You are advised to exercise caution in relation to the offer of the Structured Products.

**Capitalised terms**

Unless otherwise specified, capitalised terms used in this document have the meanings set out in the General Conditions set out in Appendix 1 and the Product Conditions applicable to the relevant series of Structured Products set out in Appendix 2 and Appendix 3 (together, the “**Conditions**”).

## OVERVIEW OF WARRANTS

### What is a Warrant?

A Warrant is a type of derivative warrants.

A derivative warrant linked to a share of a company, a unit or share of a fund, or an index (each an “**Underlying Asset**”) is an instrument which gives the holder an investment exposure to the Underlying Asset by reference to a pre-set price or level called the Exercise Price or Strike Level on the Expiry Date. It usually costs a fraction of the value of the Underlying Asset.

A derivative warrant may provide leveraged return to you (but conversely, it could also magnify your losses).

### How and when can you get back your investment?

Our Warrants are European style warrants. This means they will be automatically exercised on the Expiry Date, entitling the holder to a potential cash amount called the “**Cash Settlement Amount**” (if positive) according to the Conditions in the Listing Documents.

You will receive the Cash Settlement Amount (if any) less any Exercise Expenses upon expiry. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable to you upon expiry and you will lose all of your investment in the Structured Products.

### How do our Warrants work?

The potential payoff upon expiry of the Warrants is calculated by us by reference to the difference between:

- (a) for Warrants linked to a share of a company or a unit or share of a fund, the Exercise Price and the Average Price; and
- (b) for Warrants over an index, the Strike Level and the Closing Level.

### *Call Warrant*

A call Warrant is suitable for an investor holding a bullish view of the price or level of the Underlying Asset during the term of the Warrant.

A call Warrant will be exercised if the Average Price/Closing Level is greater than the Exercise Price/Strike Level (as the case may be). The more the Average Price/Closing Level exceeds the Exercise Price/Strike Level (as the case may be), the higher the payoff upon expiry. If the Average Price/Closing Level is at or below the Exercise Price/Strike Level (as the case may be), an investor in the call Warrant will lose all of his investment.

### *Put Warrant*

A put Warrant is suitable for an investor holding a bearish view of the price or level of the Underlying Asset during the term of the Warrant.

A put Warrant will be exercised if the Average Price/Closing Level is below the Exercise Price/Strike Level (as the case may be). The more the Average Price/Closing Level is below the Exercise Price/Strike Level (as the case may be), the higher the payoff upon expiry. If the Exercise Price/Strike Level is at or below the Average Price/Closing Level (as the case may be), an investor in the put Warrant will lose all of his investment.

### Where can you find the Product Conditions applicable to our Warrants?

You should review the Product Conditions applicable to each type of the Warrants before your investment.

The Product Conditions applicable to each type of our Warrants are set out in Appendix 2 (as may be supplemented by any addendum or the relevant Launch announcement and Supplemental Listing Document).

**What are the factors determining the price of a derivative warrant?**

The price of a warrant generally depends on the prevailing price/level of the Underlying Asset. However, throughout the term of a warrant, its price will be influenced by a number of factors, including:

- (a) the Exercise Price/Strike Level of the warrants;
- (b) the value and volatility of the price/level of the Underlying Asset (being a measure of the fluctuation in the price/level of the Underlying Asset);
- (c) the time remaining to expiry: generally, the longer the remaining life of the warrant, the greater its value;
- (d) interest rate;
- (e) expected dividend payments or other distributions on the Underlying Asset or on any components comprising the underlying index;
- (f) the liquidity of the Underlying Asset or the futures contracts relating to the underlying index;
- (g) the supply and demand for the warrant;
- (h) our related transaction cost; and
- (i) our creditworthiness.

**What is your maximum loss?**

Your maximum loss in Warrants will be your entire investment amount plus any transaction costs.

**How can you get information about the warrants after issue?**

You may visit the Stock Exchange website at [https://www.hkex.com.hk/products/securities/structured-products/overview?sc\\_lang=en](https://www.hkex.com.hk/products/securities/structured-products/overview?sc_lang=en) or our website <https://warrants.htsc.com.hk/> to obtain further information on derivative warrants or any notice given by us or the Stock Exchange in relation to our Warrants.

## OVERVIEW OF CBBCs

### What are CBBCs?

CBBCs are a type of Structured Products that track the performance of an Underlying Asset. CBBCs can be issued on different types of Underlying Assets as prescribed by the Stock Exchange from time to time, including:

- (a) shares of companies listed on the Stock Exchange;
- (b) units or shares of funds listed on the Stock Exchange; and/or
- (c) Hang Seng Index, Hang Seng China Enterprises Index, Hang Seng TECH Index and Hang Seng China H-Financials Index.

A list of eligible Underlying Assets for CBBCs is available on the website of the Stock Exchange at [https://www.hkex.com.hk/Products/Securities/Structured-Products/Eligible-Underlying-Assets?sc\\_lang=en](https://www.hkex.com.hk/Products/Securities/Structured-Products/Eligible-Underlying-Assets?sc_lang=en).

CBBCs are issued either as bull CBBCs or bear CBBCs, allowing you to take either bullish or bearish positions on the Underlying Asset.

Bull CBBCs are designed for investors who have an optimistic view on the Underlying Asset. Bear CBBCs are designed for investors who have a pessimistic view on the Underlying Asset.

CBBCs have a mandatory call feature (the “**Mandatory Call Event**”) and, subject to the limited circumstances set out in the relevant Conditions in which a Mandatory Call Event may be reversed, we must terminate our CBBCs upon the occurrence of a Mandatory Call Event. See “What are the mandatory call features of CBBCs?” below for further information.

There are 2 categories of CBBCs, namely:

- (a) Category R CBBCs; and
- (b) Category N CBBCs.

Your entitlement following the occurrence of a Mandatory Call Event will depend on the category of the CBBCs. See “Category R CBBCs vs. Category N CBBCs” below for further information.

If no Mandatory Call Event occurs, the CBBCs will be exercised automatically on the Expiry Date by payment of a Cash Settlement Amount (if any) on the Settlement Date. The Cash Settlement Amount (if any) payable at expiry represents the difference between the Closing Price/Closing Level of the Underlying Asset on the Valuation Date and the Strike Price/Strike Level.

### What are the mandatory call features of CBBCs?

#### *Mandatory Call Event*

Subject to the limited circumstances set out in the relevant Product Conditions in which a Mandatory Call Event may be reversed, we must terminate the CBBCs if a Mandatory Call Event occurs. A Mandatory Call Event occurs if the Spot Price/Spot Level of the Underlying Asset is:

- (a) at or below the Call Price/Call Level (in the case of a bull CBBC); or
- (b) at or above the Call Price/Call Level (in the case of a bear CBBC),

at any time during the Observation Period. The Observation Period starts from and includes the Observation Commencement Date of the relevant CBBCs and ends on and includes the Trading Day immediately preceding the Expiry Date.

Subject to the limited circumstances set out in the relevant Product Conditions in which a Mandatory Call Event may be reversed and such modification and amendment as may be prescribed by the Stock Exchange from time to time:

- (a) all trades in the CBBCs concluded via auto-matching or manually after the time of the occurrence of a Mandatory Call Event; and
- (b) where the Mandatory Call Event occurs during a pre-opening session or closing auction session (if applicable), all auction trades in the CBBCs concluded in such session and all manual trades concluded after the end of the pre-order matching period in such session, will be invalid and cancelled, and will not be recognised by us or the Stock Exchange.

The time at which a Mandatory Call Event occurs will be determined by reference to:

- (c) in respect of CBBCs over single equities or CBBCs over exchange traded funds (“ETF”) listed on the Stock Exchange, the Stock Exchange’s trading system time at which the Spot Price is at or below the Call Price (in the case of a bull CBBC) or is at or above the Call Price (in the case of a bear CBBC); or
- (d) in respect of CBBCs over index, the time the relevant Spot Level is published by the Index Compiler at which the Spot Level is at or below the Call Level (in the case of a bull CBBC) or is at or above the Call Level (in the case of a bear CBBC),

subject to the rules and requirements as prescribed by the Stock Exchange from time to time.

#### ***Category R CBBCs vs. Category N CBBCs***

The Launch announcement and Supplemental Listing Document for the relevant series of CBBCs will specify whether the CBBCs are Category R CBBCs or Category N CBBCs.

“**Category R CBBCs**” refer to CBBCs for which the Call Price/Call Level is different from their Strike Price/Strike Level. In respect of a series of Category R CBBCs, you may receive a cash payment called the Residual Value upon the occurrence of a Mandatory Call Event. The amount of the Residual Value payable (if any) is calculated by reference to:

- (a) in respect of a series of bull CBBCs, the difference between the Minimum Trade Price/Minimum Index Level and the Strike Price/Strike Level of the Underlying Asset; and
- (b) in respect of a series of bear CBBCs, the difference between the Strike Price/Strike Level and the Maximum Trade Price/Maximum Index Level of the Underlying Asset.

You must read the applicable Product Conditions and the relevant Launch announcement and Supplemental Listing Document to obtain further information on the calculation formula of the Residual Value applicable to Category R CBBCs.

“**Category N CBBCs**” refer to CBBCs for which the Call Price/Call Level is equal to their Strike Price/Strike Level. In respect of a series of Category N CBBCs, you will not receive any cash payment following the occurrence of a Mandatory Call Event.

You may lose all of your investment in a particular series of CBBCs if:

- (a) in the case of a series of bull CBBCs, the Minimum Trade Price/Minimum Index Level of the Underlying Asset is equal to or less than the Strike Price/Strike Level; or
- (b) in the case of a series of bear CBBCs, the Maximum Trade Price/Maximum Index Level of the Underlying Asset is equal to or greater than the Strike Price/Strike Level.

#### **How is the funding cost calculated?**

The issue price of a series of CBBCs represents the difference between the initial reference spot price/spot level of the Underlying Asset as at the launch date of the CBBC and the Strike Price/Strike Level, plus the applicable funding cost.

The initial funding cost applicable to each series of CBBCs will be specified in the relevant Launch announcement and Supplemental Listing Document. The funding cost will fluctuate throughout the life of the CBBCs as the funding rate changes from time to time. The funding rate is a rate determined by us based on one or more of the following factors, including but not limited to the Strike Price/Strike Level, the prevailing interest rate, the expected life of the CBBCs, expected notional dividends or distributions in respect of the Underlying Asset and the margin financing provided by us.

Further details about the funding cost applicable to a series of CBBCs will be described in the relevant Launch announcement and Supplemental Listing Document.

**Do you own the Underlying Asset?**

CBBCs convey no interest in the Underlying Asset. We may choose not to hold the Underlying Asset or any derivatives contracts linked to the Underlying Asset. There is no restriction through the issue of the CBBCs on the ability of us and/or our affiliates to sell, pledge or otherwise convey all right, title and interest in any Underlying Asset or any derivatives products linked to the Underlying Asset.

**Where can you find the Product Conditions applicable to our CBBCs?**

You should review the Product Conditions applicable to each type of the CBBCs before your investment.

The Product Conditions applicable to each type of our CBBCs are set out in Appendix 3 (as may be supplemented by any addendum or the relevant Launch announcement and Supplemental Listing Document).

**What are the factors determining the price of a series of CBBCs?**

The price of a series of CBBCs tends to follow closely the movement in the value of the Underlying Asset in dollar value (on the assumption of an entitlement ratio of one CBBC to one unit of the Underlying Asset).

However, throughout the term of a CBBC, its price will be influenced by a number of factors, including:

- (a) the Strike Price/Strike Level and the Call Price/Call Level;
- (b) the likelihood of the occurrence of a Mandatory Call Event;
- (c) for Category R CBBCs only, the probable range of the Residual Value payable upon the occurrence of a Mandatory Call Event;
- (d) the time remaining to expiry;
- (e) the interim interest rates and expected dividend payments or other distributions on the Underlying Asset or on any components comprising the underlying index;

- (f) the supply and demand for the CBBCs;
- (g) the probable range of the Cash Settlement Amounts;
- (h) the liquidity of the Underlying Asset or futures contracts relating to the underlying index;
- (i) our related transaction cost; and
- (j) our creditworthiness.

**What is your maximum loss in CBBCs?**

Your maximum loss in CBBCs will be your entire investment amount plus any transaction cost.

**How can you get information about the CBBCs after issue?**

You may visit the Stock Exchange website at [https://www.hkex.com.hk/products/securities/structured-products/overview?sc\\_lang=en](https://www.hkex.com.hk/products/securities/structured-products/overview?sc_lang=en) or our website <https://warrants.htsc.com.hk/> to obtain further information on CBBCs or any notice given by us or the Stock Exchange in relation to our CBBCs.

## INFORMATION ABOUT US

### Place of incorporation

Huatai Financial Holdings (Hong Kong) Limited is incorporated in Hong Kong with limited liability.

### Background

The Issuer is a wholly-owned subsidiary of Huatai International Financial Holdings Company Limited, which is in turn a wholly-owned subsidiary of Huatai Securities Co., Ltd. (Stock Codes: 6886.HK, 601688.SS)(“**Huatai Securities**”, together with its subsidiaries, the “**Group**”).

### Business activities of the Issuer

The Issuer has established a full-licensed business platform consisting of five major divisions, namely Investment Banking Division, Institutional Sales & Trading, Private Wealth Management & Retail/Fintech, Private Financing Solutions, and Asset Management.

### Business activities of the Group

The Group is a leading technology-driven securities group headquartered in Nanjing, China. Founded in 1991, the Group has grasped the opportunities offered by China’s capital market reform and opening-up, leading the way in transforming China’s securities industry via financial technologies.

Its principal businesses comprise wealth management business, institutional services business, investment management business and international business. The Group constructs a client-based organizational 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.

### Members of the Issuer’s board of directors as of 30 May 2023 are:

1. Yi ZHOU
2. Lei WANG
3. Wei QIAO



## RISK FACTORS

*Not all of the risk factors described below will be applicable to a particular series of Structured Products. Please consider all risks carefully prior to investing in any Structured Products and consult your professional independent financial adviser and legal, accounting, tax and other advisers with respect to any investment in the Structured Products. Please read the following section together with the risk factors set out in the relevant Launch announcement and Supplemental Listing Document.*

### **General risks relating to us**

#### ***Non-collateralised Structured Products***

The Structured Products are not secured on any of our assets or any collateral. Each series of Structured Products constitutes our general unsecured contractual obligations and of no other person and will rank equally with our other unsecured contractual obligations and with our unsecured and unsubordinated debt. At any given time, the number of our Structured Products outstanding may be substantial.

#### ***Credit risk***

If you purchase our Structured Products, you are relying upon our creditworthiness and have no rights under these products against:

- (a) any company which issues the underlying shares;
- (b) the fund which issues the underlying securities or its trustee (if applicable) or manager; or
- (c) any index compiler of the underlying index.

As our obligations under the Structured Products are unsecured, we do not guarantee the repayment of your investment in any Structured Product.

If we become insolvent or default on our obligations under the Structured Products, you may not be able to recover all or even part of the amount due under the Structured Products (if any).

#### ***Repurchase of our Structured Products***

We may repurchase the Structured Products from time to time in the private market or otherwise at a negotiated price or at the prevailing market price at our discretion. You should not make any assumption as to the number of Structured Products in issue for any particular series at any time.

### ***No deposit liability or debt obligation***

We are obliged to deliver to you the Cash Settlement Amount under the Conditions of each series of Structured Product upon expiry. We do not intend (expressly, implicitly or otherwise) to create a deposit liability or a debt obligation of any kind by the issue of any Structured Product.

#### ***Conflicts of interest***

The Group engages in financial activities for our own account or the account of others. The Group, in connection with our other business activities, may possess or acquire material information about the Underlying Assets to which a Structured Product is linked. Such activities may involve or otherwise affect the Underlying Assets in a manner that may cause consequences adverse to you or otherwise create conflicts of interests in connection with the issue of Structured Products by us. Such actions and conflicts may include, without limitation, the purchase and sale of securities and exercise of creditor rights.

The Group:

- (a) has no obligation on to disclose such information about the Underlying Assets or such activities. The Group and our officers and directors may engage in any such activities without regard to the issue of Structured Products by us or the effect that such activities may directly or indirectly have on any Structured Product;
- (b) may from time to time engage in transactions involving the Underlying Assets for our proprietary accounts and/or for accounts under our management and/or to hedge against the market risk associated with issuing the Structured Products. Such transactions may have a positive or negative effect on the price/level of the Underlying Assets and consequently upon the value of the relevant series of Structured Products;

- (c) may from time to time act in other capacities with regard to the Structured Products, such as in an agency capacity and/or as the liquidity provider;
- (d) may issue other derivative instruments in respect of the Underlying Assets and the introduction of such competing products into the market place may affect the value of the relevant series of Structured Products; and/or
- (e) may also act as underwriter in connection with future offerings of the Underlying Assets or may act as financial adviser to the issuer, or sponsor, as the case may be, of any such Underlying Assets, the trustee (if applicable) or the manager of the ETF. Such activities could present certain conflicts of interest and may affect the value of the Structured Products.

***Not the ultimate holding company of the group***

We are not the ultimate holding company of the group to which we belong. Our group holding company is Huatai Securities Co., Ltd. (stock codes: 6886.HK, 601688.SS).

**General risks in relation to Structured Products**

***The Structured Products are not principal protected and you may lose all your investment in the Structured Products***

Structured Products involve a high degree of risk, and are subject to a number of risks which may include interest rate, foreign exchange, time value, market and/or political risks. Structured Products may expire worthless. The past performance of a Structured Product or an Underlying Asset is not indicative of its future performance.

Options, warrants and equity linked instruments are priced primarily on the basis of the price/level of the Underlying Asset, the volatility of the Underlying Asset's price/level and the time remaining to expiry of the Structured Product.

The price of Structured Products generally may fall in value as rapidly as they may rise and you should be prepared to sustain a significant or total loss of the purchase price of the Structured Products. Assuming all other factors are held constant, the more the underlying share price, unit price or index level of a Structured Product moves in a direction against you and the shorter its remaining term to expiration, the greater the risk that you will lose all or a significant part of your investment.

The Structured Products are only exercisable on their respective Expiry Dates and may not be exercised by you prior to the relevant Expiry Date. Accordingly, if on such Expiry Date the Cash Settlement Amount is zero or negative, you will lose the value of your investment.

The risk of losing all or any part of the purchase price of a Structured Product means that, in order to recover and realise a return on your investment, you must generally anticipate correctly the direction, timing and magnitude of any change in the price/level of the Underlying Asset specified in the relevant Launch announcement and Supplemental Listing Document.

Changes in the price/level of an Underlying Asset can be unpredictable, sudden and large and such changes may result in the price/level of the Underlying Asset moving in a direction which will negatively impact upon the return on your investment. You therefore risk losing your entire investment if the price/level of the relevant Underlying Asset does not move in the anticipated direction.

***The value of the Structured Products may be disproportionate or opposite to the movement in price/level of the Underlying Assets***

An investment in Structured Products is not the same as owning the Underlying Assets or having a direct investment in the Underlying Asset. The market values of Structured Products are linked to the relevant Underlying Assets and will be influenced (positively or negatively) by it or them but any change may not be comparable and may be disproportionate. For example, for a call Warrant, it is possible that while the price or level of the Underlying Assets is increasing, the value of the Warrant is falling.

If you intend to purchase any series of Structured Products to hedge against the market risk associated with investing in the Underlying Asset, you should recognise the complexities of utilizing Structured Products in this manner. For example, the value of the Structured Products may not exactly correlate with the price/level of the Underlying Asset. Due to fluctuations in supply and demand for Structured Products, there is no assurance that their value will correlate with movements of the Underlying Asset.

Furthermore, it may not be possible to liquidate the Structured Products at a level which directly reflects the price/level of the Underlying Asset or portfolio of which the Underlying Asset forms a part. Therefore, it is possible that you could suffer substantial losses in the Structured Products in addition to any losses suffered with respect to investments in or exposures to the Underlying Asset.

#### ***Possible illiquidity of secondary market***

It is not possible to predict if and to what extent a secondary market may develop in any series of Structured Products and at what price such series of Structured Products will trade in the secondary market and whether such market will be liquid or illiquid. The fact that the Structured Products are listed does not necessarily lead to greater liquidity than if they were not listed.

A lessening of the liquidity of the affected series of Structured Products may cause, in turn, an increase in the volatility associated with the price of such Structured Products.

While we have, or will appoint, a liquidity provider for the purposes of making a market for each series of Structured Products, there may be circumstances outside our control or the appointed liquidity provider's control where the appointed liquidity provider's ability to make a market in some or all series of Structured Products is limited, restricted, and/or without limitation, frustrated. In such circumstances we will use our best endeavours to appoint an alternative liquidity provider.

#### ***Interest rates***

Value of the Structured Products in the secondary market may be sensitive to movements in interest rates with respect to the currency of denomination of the Underlying Assets and/or the Structured Products. A variety of factors influence interest rates such as macro economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Structured Products at any time prior to valuation of the Underlying Assets relating to the Structured Products.

#### ***Time decay***

The settlement amount of certain series of Structured Products at any time prior to expiration may be less than the trading price of such Structured Products at that time. The difference between the trading price and the settlement amount will reflect, among other things, a "time value" of the Structured Products. The "time value" of the Structured Products will depend upon, among others, the length of the period remaining to expiration and expectations concerning the range of possible future prices/levels of the Underlying Assets. The value of a Structured Product is likely to decrease over time. Therefore, the Structured Products should not be viewed as products for long term investments.

#### ***Taxes***

You may be required to pay stamp duty or other taxes or other documentary charges. If you are in doubt as to your tax position, you should consult your own independent tax advisers. In addition, you should be aware that tax regulations and their application by the relevant taxation authorities may change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. See the section headed "Taxation" for further information.

### ***Modification to the Conditions***

Under the Conditions, we may, without your consent, effect any modification of the terms and conditions applicable to the Structured Products or the Instrument which, in our opinion is:

- (a) not materially prejudicial to the interests of the holder of the Structured Products generally (without considering the circumstances of any individual holder or the tax or other consequences of such modification in any particular jurisdiction);
- (b) of a formal, minor or technical nature;
- (c) made to correct a manifest error; or
- (d) necessary in order to comply with mandatory provisions of the laws or regulations of Hong Kong.

### ***Possible early termination for illegality or impracticability***

If we determine in good faith and in a commercially reasonable manner that, for reasons beyond our control, it has become or it will become illegal or impracticable:

- (a) for us to perform our obligations under the Structured Products in whole or in part as a result of (i) the adoption of or any change in any relevant law or regulation or (ii) the promulgation of, or any change, in the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation, (each of (i) and (ii), a “Change in Law Event”); or
- (b) for us or our affiliates to maintain our hedging arrangements with respect to the Structured Product due to a Change in Law Event,

we may terminate early such Structured Products. If we terminate early the Structured Products, we will, if and to the extent permitted by applicable law, pay an amount determined by us in good faith and in commercially reasonable manner to be the fair market value notwithstanding the illegality or impracticability less the cost to us of unwinding any related hedging arrangements. Such amount may be substantially less than your initial investment and may be zero.

### ***Exchange rate risk***

There may be an exchange rate risk in the case of cash settled Structured Products where the Cash Settlement Amount will be converted from a foreign currency into the Settlement Currency. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Structured Products. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies.

### ***Risks in relation to the Underlying Asset***

#### ***You have no right to the Underlying Asset***

Unless specifically indicated in the Conditions, you will not be entitled to any:

- (a) voting rights or rights to receive dividends or other distributions or any other rights that a holder of the underlying shares or units would normally be entitled to; or
- (b) voting rights or rights to receive dividends or other distributions or any other rights with respect to any company constituting any underlying index.

### ***Valuation risk***

An investment in Structured Products may involve valuation risk with regards to the Underlying Asset to which the particular series of Structured Products relate. The price/level of the Underlying Asset may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro economic factors, speculation and, where the Underlying Asset is an index, changes in the formula for or the method of calculating the index.

Where the Structured Products are linked to certain Underlying Asset in a developing financial market, you should note a developing financial market differs from most developed markets in various aspects, including the growth rate, government involvement and control, level of development and foreign exchange control. Any rapid or significant changes in the economic, political or social condition and the government policies of the developing financial market may result in large fluctuations in the value or level of the Underlying Asset. Such fluctuations may affect the market value of the Structured Products and hence your investment return.

You must be experienced with dealings in these types of Structured Products and must understand the risks associated with dealings in such products. You should reach an investment decision only after careful consideration, with your advisers, of the suitability of any Structured Product in light of your particular financial circumstances, the information regarding the relevant Structured Product and the particular Underlying Asset to which the value of the relevant Structured Product relates.

#### ***Adjustment related risk***

Certain events relating to the Underlying Asset require or, as the case may be, permit us to make certain adjustments or amendments to the Conditions. You have limited anti-dilution protection under the Conditions of the Structured Products. We may, in our sole and absolute discretion and in a commercially reasonable manner, adjust, among other things, the Entitlement, the Exercise Price, the Strike Level, the Strike Price, Closing Price, Closing Level, Call Price, Call Level (if applicable) or any other terms (including without limitation the closing price or the closing level of the Underlying Asset) of any series of Structured Product. However, we are not required to make an adjustment for every event that may affect an Underlying Asset, in which case the market price of the Structured Product and the return upon the expiry of the Structured Product may be affected.

In the case of Structured Products which relate to an index, in addition, the level of the index may be published by the index compiler at a time when one or more shares comprising the index are not trading. If this occurs on the Valuation Date but such occurrence does not constitute a Market Disruption Event under the Conditions, then the value of such share(s) may not be included in the level of the index. In addition, certain events relating to the index (including a material change in the formula or the method of calculating the index or a failure to publish the index) permit us to determine the level of the index on the basis of the formula or method last in effect prior to such change in formula or method, but using only those securities that comprised the index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant exchange).

#### ***Suspension of trading***

If an Underlying Asset is suspended from trading or dealing for whatever reason on the market on which it is listed or dealt in (including the Stock Exchange), trading or dealing in the relevant series of Structured Product may be suspended for a similar period. In addition, if an Underlying Asset is an index and the calculation and/or publication of the index level by the index compiler is suspended for whatever reasons, trading in the relevant series of Structured Product may be suspended for a similar period. The value of the Structured Products will decrease over time as the length of the period remaining to expiration becomes shorter. You should note that in the case of a prolonged suspension period, the market price of the Structured Products may be subject to a significant impact of time decay of such prolonged suspension period and may fluctuate significantly upon resumption of trading after the suspension period of the Structured Products. This may adversely affect your investment in the Structured Products.

#### ***Delay in settlement***

Unless otherwise specified in the relevant Conditions, in the case of any expiry of Structured Products, there may be a time lag between the date on which the Structured Products expire and the time the applicable settlement amount relating to such event is determined. Any such delay between the time of expiry and the determination of the settlement amount will be specified in the relevant Conditions.



However, such delay could be significantly longer, particularly in the case of a delay in the expiry of such Structured Products arising from a determination by us that a Market Disruption Event, Settlement Disruption Event or delisting of a company or fund has occurred at any relevant time or that adjustments are required in accordance with the Conditions.

The applicable settlement amount may change significantly during any such period, and such movement or movements could decrease or modify the settlement amount of the Structured Products.

You should note that in the event of a Settlement Disruption Event or a Market Disruption Event, payment of the Cash Settlement Amount may be delayed as more fully described in the Product Conditions.

***Risks specific to underlying asset adopting the multiple counters model***

Where the Underlying Asset of Structured Products adopts the multiple counters model for trading its units or shares on the Stock Exchange in Hong Kong dollars (“**HKD**”) and one or more foreign currencies (such as Renminbi and/or United States Dollars) (“**Foreign Currency**”) separately, the novelty and relatively untested nature of the Stock Exchange’s multiple counters model may bring the following additional risks:

- (a) the Structured Products may be linked to the HKD-traded or the Foreign Currency traded units or shares. If the Underlying Asset of Structured Products is the units or shares traded in one currency counter, movements in the trading prices of the units or shares traded in another currency counter should not directly affect the price of the Structured Products;
- (b) if there is a suspension of inter-counter transfer of such units or shares between different currency counters for any reason, such units or shares will only be able to be traded in the relevant currency counter on the Stock Exchange, which may affect the demand and supply of such units or shares and have an adverse effect on the price of the Structured Products; and

- (c) the trading price on the Stock Exchange of the units or shares traded in one currency counter may deviate significantly from the trading price on the Stock Exchange of shares or units traded in another currency counter due to different factors, such as market liquidity, foreign exchange conversion risk, supply and demand in each counter and the exchange rate fluctuation. Changes in the trading price of the Underlying Asset of Structured Products in the relevant currency counter may adversely affect the price of the Structured Products.

**Risks relating to Structured Products over funds**

***General risks***

In the case of Structured Products which relate to units or shares of a fund:

- (a) we and our affiliates do not have the ability to control or predict the actions of the trustee (if applicable) or the manager of the relevant fund. Neither the trustee (if applicable) nor the manager of the relevant fund (i) is involved in the offer of any Structured Product in any way, or (ii) has any obligation to consider the interests of the holders of any Structured Product in taking any corporate actions that might affect the value of any Structured Product; and
- (b) we have no role in the relevant fund. The manager of the relevant fund is responsible for making strategic, investment and other trading decisions with respect to the management of the relevant fund consistent with its investment objectives and in compliance with the investment restrictions as set out in the constitutive documents of the relevant fund. The manner in which the relevant fund is managed and the timing of the manager’s actions may have a significant impact on the performance of the relevant fund. Hence, the market price of the relevant units or shares is also subject to these risks.

### *Exchange traded funds*

In the case of Structured Products linked to units or shares of an ETF, you should note that:

- (a) an ETF is exposed to the economic, political, currency, legal and other risks of a specific sector or market related to the underlying asset pool or index or market that the ETF is designed to track;
- (b) there may be disparity between the performance of the ETF and the performance of the underlying asset pool or index or market that the ETF is designed to track as a result of, for example, failure of the tracking strategy, currency differences, fees and expenses; and
- (c) where the underlying asset pool or index or market that the ETF tracks is subject to restricted access, the efficiency in the creation or redemption of units or shares to keep the price of the ETF in line with its net asset value may be disrupted, causing the ETF to trade at a higher premium or discount to its net asset value. Hence, the market price of the Structured Products will also be indirectly subject to these risks.

### *Synthetic exchange traded funds*

Additionally, where the Underlying Asset comprises the units or shares of an ETF adopting a synthetic replication investment strategy to achieve its investment objectives by investing in financial derivative instruments linked to the performance of an underlying asset pool or index that the ETF is designed to track (“**Synthetic ETF**”), you should note that:

- (a) investments in financial derivative instruments will expose the Synthetic ETF to the credit, potential contagion and concentration risks of the counterparties who issued such financial derivative instruments. As such counterparties are predominantly international financial institutions, the failure of one such counterparty may have a negative effect on other counterparties of the Synthetic ETF. Even if the Synthetic ETF has collateral to reduce the counterparty risk, there may still be a risk that the market value of the collateral has fallen substantially when the Synthetic ETF seeks to realise the collateral; and
- (b) the Synthetic ETF may be exposed to higher liquidity risk if the Synthetic ETF invests in financial derivative instruments which do not have an active secondary market.

The above risks may have a significant impact on the performance of the relevant ETF or Synthetic ETF and hence the market price of Structured Products linked to such ETF or Synthetic ETF.



***Risks related to the ETF investing through the QFI regimes and/or China Connect ("China ETF")***

Where the Underlying Asset comprises the units or shares of a China ETF issued and traded outside Mainland China with direct investment in the Mainland China's securities markets through the Qualified Foreign Institutional Investor regime and Renminbi Qualified Foreign Institutional Investor regime (collectively, "**QFI regimes**") and/or the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, "**China Connect**"), you should note that, amongst others:

- (a) the novelty and untested nature of China Connect makes China ETFs riskier than traditional ETFs investing directly in more developed markets. The policy and rules for the QFI regimes and China Connect prescribed by the Mainland China government are new and subject to change, and there may be uncertainty to its interpretation and/or implementation. The uncertainty and change of the laws and regulations in Mainland China may adversely impact on the performance of the China ETFs and the trading price of the relevant units or shares;
- (b) a China ETF primarily invests in securities traded in the mainland Chinese securities markets and is subject to concentration risk. Investment in the mainland Chinese securities markets (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of a China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets;

- (c) trading of securities invested by a China ETF under China Connect will be subject to a daily quota which is utilised on a first-come-first-serve basis under the China Connect. In the event that the daily quota under China Connect is reached, the manager may need to suspend creation of further units or shares of such China ETF, and therefore may affect liquidity in unit or share trading of such China ETF. In such event, the trading price of a unit or share of such China ETF is likely to be at a significant premium to its net asset value, and may be highly volatile. The People's Bank of China and the State Administration of Foreign Exchange have jointly published the detailed implementation rules removing the investment quota under the QFI regimes with effect from 6 June 2020; and
- (d) there are risks and uncertainties associated with the current mainland Chinese tax laws applicable to a China ETF investing in mainland China through the QFI regimes and/or China Connect. Although such China ETF may have made a tax provision in respect of potential tax liability, the provision may be excessive or inadequate. Any shortfall between the provisions and actual tax liabilities may be covered by the assets of such China ETF and may therefore adversely affect the net asset value of such China ETF and the market value and/or potential payout of our structured products.

The above risks may have a significant impact on the performance of the China ETF and hence the market price of Structured Products linked to such China ETF.

Please read the offering documents of the China ETF to understand its key features and risks.

### ***Real estate investment trust (“REIT”)***

Where the Underlying Asset comprises the units of a REIT, you should note that the investment objective of a REIT is to invest in a real estate portfolio. Each REIT is exposed to risks relating to investments in real estate, including but not limited to:

- (a) adverse changes in political or economic conditions;
- (b) changes in interest rates and the availability of debt or equity financing, which may result in an inability by the REIT to maintain or improve the real estate portfolio and finance future acquisitions;
- (c) changes in environmental, zoning and other governmental rules;
- (d) changes in market rents;
- (e) any required repair and maintenance of the portfolio properties;
- (f) breach of any property laws or regulations;
- (g) the relative illiquidity of real estate investment;
- (h) real estate taxes;
- (i) any hidden interests in the portfolio properties;
- (j) any increase in insurance premiums and
- (k) any uninsurable losses.

There may also be disparity between the market price of the units of a REIT and the net asset value per unit. This is because the market price of the units of a REIT also depends on many factors, including but not limited to:

- (a) the market value and perceived prospects of the real estate portfolio;
- (b) changes in economic or market conditions;
- (c) changes in market valuations of similar companies;
- (d) changes in interest rates;
- (e) the perceived attractiveness of the units of the REIT against those of other equity securities;
- (f) the future size and liquidity of the market for the units and the REIT market generally;
- (g) any future changes to the regulatory system, including the tax system; and
- (h) the ability of the REIT to implement its investment and growth strategies and to retain its key personnel.

The above risks may have a significant impact on the performance of the relevant units and the price of the Structured Products.

### ***Commodity market risk***

Where the Underlying Asset comprises the units or shares of an ETF whose value relates directly to the value of a commodity, you should note that fluctuations in the price of the commodity could materially adversely affect the value of the underlying units or shares. Commodity market is generally subject to greater risks than other markets. The price of a commodity is highly volatile. Price movement of a commodity is influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and international political and economic events and policies.

## **Risk relating to CBBCs**

### ***Correlation between the price of a CBBC and the price/level of the Underlying Asset***

When the Underlying Asset of a CBBC is trading at a price/level close to its Call Price/Call Level, the price of that CBBC tends to be more volatile and any change in the value of that CBBC at such time may be incomparable and disproportionate to the change in the price/level of the Underlying Asset.

### ***Mandatory Call Event is irrevocable except in limited circumstances***

A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

- (a) system malfunction or other technical errors of HKEX (such as the setting up of wrong Call Price/Call Level and other parameters), and such event is reported by the Stock Exchange to us and we and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or
- (b) manifest errors caused by the relevant third party price source where applicable (such as miscalculation of the index level by the relevant index compiler), and such event is reported by us to the Stock Exchange and we and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked,

in each case, such mutual agreement must be reached between the Stock Exchange and us no later than such time as prescribed in the relevant Launch announcement and Supplemental Listing Document. Upon revocation of the Mandatory Call Event, trading of the CBBCs will resume and any trade cancelled after such Mandatory Call Event will be reinstated.

## ***Non-recognition of Post MCE Trades***

The Stock Exchange and its recognised exchange controller, HKEX, shall not incur any liability (whether based on contract, tort (including, without limitation, negligence), or any other legal or equitable grounds and without regard to the circumstances giving rise to any purported claim except in the case of willful misconduct on the part of the Stock Exchange and/or HKEX) for any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with the Mandatory Call Event or the suspension of trading (“**Trading Suspension**”) or the non-recognition of trades after a Mandatory Call Event (“**Non-Recognition of Post MCE Trades**”), including without limitation, any delay, failure, mistake or error in the Trading Suspension or Non-Recognition of Post MCE Trades.

We and our affiliates shall not have any responsibility towards you for any losses suffered as a result of the Trading Suspension and/or Non-Recognition of Post MCE Trades in connection with the occurrence of a Mandatory Call Event, notwithstanding that such Trading Suspension or Non-Recognition of Post MCE Trades may have occurred as a result of an error in the observation of the event.

### ***Residual Value will not include residual funding cost***

For Category R CBBCs, the Residual Value (if any) payable by us following the occurrence of a Mandatory Call Event will not include the residual funding cost for the CBBCs. You will not receive any residual funding cost back from us upon early termination of a Category R CBBC following the occurrence of a Mandatory Call Event.

### ***Delay in announcements of a Mandatory Call Event***

The Stock Exchange will notify the market as soon as practicable after the CBBC has been called. You must however be aware that there may be delay in the announcements of a Mandatory Call Event due to technical errors or system failures and other factors that are beyond our control or the control of the Stock Exchange.

***Our hedging activities may adversely affect the price/level of the Underlying Asset***

We and/or any of our affiliates may carry out activities that minimise our risks related to the CBBCs, including effecting transactions for our own account or for the account of our customers and hold long or short positions in the Underlying Asset whether for risk reduction purposes or otherwise. In addition, in connection with the offering of any CBBCs, we and/or any of our affiliates may enter into one or more hedging transactions with respect to the Underlying Asset. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by us and/or any of our affiliates, we and/or any of our affiliates may enter into transactions in the Underlying Asset which may affect the market price, liquidity or price/level of the Underlying Asset and/or the value of CBBCs and which could be deemed to be adverse to your interests. We and/or our affiliates are likely to modify our hedging positions throughout the life of the CBBCs whether by effecting transactions in the Underlying Asset or in derivatives linked to the Underlying Asset. Further, it is possible that the advisory services which we and/or our affiliates provide in the ordinary course of our business could lead to an adverse impact on the value of the Underlying Asset.

**Unwinding of hedging arrangements**

The trading and/or hedging activities of us or our affiliates related to CBBCs and/or other financial instruments issued by us from time to time may have an impact on the price/level of the Underlying Asset and may trigger a Mandatory Call Event. In particular, when the Underlying Asset is trading close to the Call Price/Call Level, our unwinding activities may cause a fall or rise (as the case may be) in the trading price/level of the Underlying Asset, leading to a Mandatory Call Event as a result of such unwinding activities.

In respect of Category N CBBCs, we or our affiliates may unwind any hedging transactions entered into by us in relation to the CBBCs at any time even if such unwinding activities may trigger a Mandatory Call Event.

In respect of Category R CBBCs, before the occurrence of a Mandatory Call Event, we or our affiliates may unwind our hedging transactions relating to the CBBCs in proportion to the amount of the CBBCs we repurchase from time to time. Upon the occurrence of a Mandatory Call Event, we or our affiliates may unwind any hedging transactions in relation to the CBBCs. Such unwinding activities after the occurrence of a Mandatory Call Event may affect the trading price/level of the Underlying Asset and consequently the Residual Value for the CBBCs.

**Risks relating to the legal form of the Structured Products**

Each series of Structured Products will be represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by HKSCC from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of CCASS).

Structured Products issued in global registered form held on your behalf within a clearing system effectively means evidence of your title and efficiency of ultimate delivery of the Cash Settlement Amount will be subject to the CCASS Rules. Amongst the risks, you should note that:

- (a) you will not receive any definitive certificates where the Structured Products are to remain in the name of HKSCC Nominees Limited for their entire life;
- (b) any register that is maintained by us or on our behalf, while available for inspection by you, will not be capable of registering any interests other than that of the legal title owner, in other words, it will record at all times that the Structured Products are being held by HKSCC Nominees Limited;
- (c) you will have to rely solely upon your brokers/custodians and the statements you receive from such party as evidence of your interests in the investment;

- (d) notices or announcements will be published on the HKEX website and/or released by HKSCC to its participants via CCASS. You will need to check the HKEX website regularly and/or rely on your brokers/custodians to obtain such notices/announcements; and
- (e) our obligations under the Conditions will be duly performed by the payment of the Cash Settlement Amount to HKSCC Nominees Limited as the registered holder of the Structured Products, all in accordance with the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

**United States federal tax may be withheld from payments with respect to Structured Products that are treated as “dividend equivalents”. This may have an adverse effect on the value and liquidity of the Structured Products.**

A “dividend equivalent” payment generally is treated as a dividend from sources within the U.S. and such payments generally would be subject to a 30 percent (or a lower rate if an income tax treaty applies) U.S. federal withholding tax if paid to a Non-U.S. Holder (as defined in “United States taxation”). Under U.S. Treasury regulations issued pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), payments (including deemed payments) that are contingent upon or determined by reference to actual or estimated U.S. source dividends with respect to certain equity-linked instruments (including U.S. equity securities, indices containing U.S. equity securities and other financial transactions that reference the value of one or more U.S. equity securities), may be treated as “dividend equivalents”. If we determine that withholding is required with respect to the Structured Products, we (or an applicable withholding agent) would be entitled to withhold taxes at the applicable rate without being required to pay any additional amounts with respect to amounts so withheld. As a result, payments on the Structured Products may be substantially less than the amounts specified in their terms.

**Payments made by us to certain holders with respect to the Structured Products may be subject to U.S. withholding tax under the United States Foreign Account Tax Compliance Act.**

The Foreign Account Tax Compliance Act of the United States (“**FATCA**”) generally imposes a 30 percent U.S. withholding tax on certain United States source payments, including interest (and original issue discount), dividends (and “dividend equivalent” payments), or other fixed or determinable annual or periodical gain, profits, and income, and on the gross proceeds from a disposition of property of a type which can produce United States source interest or dividends (“**Withholdable Payments**”), if paid to a foreign financial institution (including amounts paid to a foreign financial institution on behalf of an account holder), unless such institution enters into an agreement with the U.S. Treasury Department to collect and provide to the U.S. Treasury Department substantial information regarding United States account holders (including certain account holders that are foreign entities with United States owners) with such institution, or such institution otherwise complies with its obligations under FATCA. A Structured Product may constitute an account for these purposes. FATCA also generally imposes a withholding tax of 30 percent on Withholdable Payments made to a non-financial foreign entity unless such entity provides the withholding agent with a certification that it does not have any substantial United States owners or a certification identifying the direct and indirect substantial United States owners of the entity, or otherwise establishes an exemption.

In addition, under FATCA, “passthru payments” made by a foreign financial institution to “recalcitrant account holders” or non-compliant foreign financial institutions are subject to a 30 percent U.S. withholding tax. A “recalcitrant account holder” generally is a holder of an account with a foreign financial institution that fails to comply with certain requests for information that will help enable the relevant foreign financial institution to comply with its obligations under FATCA (a Structured Product may constitute an account for these purposes). Pursuant to the U.S. Treasury regulations, a passthru payment includes any Withholdable Payment and any “foreign passthru payment”, which has yet to be defined.

If we determine that withholding is required with respect to the Structured Products, we (or an applicable withholding agent) would be entitled to withhold taxes at the applicable rate without being required to pay any additional amounts with respect to amounts so withheld. As a result, payments on the Structured Products may be substantially less than the amounts specified in their terms.

**Effect of the combination of risk factors  
unpredictable**

Two or more risk factors may simultaneously have an effect on the value of a series of Structured Products such that the effect of any individual risk factor may not be predictable. No assurances can be given as to the effect any combination of risk factors may have on the value of a series of Structured Products.

## TAXATION

The comments below are of a general nature and are based on current law and practice in Hong Kong and the United States. They are not intended to provide guidance, and potential investors in Structured Products are strongly advised to consult their own tax advisors as to their respective tax positions on any sale, purchase, ownership, transfer, holding or exercise of any Structured Products and in particular the effect of any foreign, state or local tax laws to which potential investors are subject.

### **Hong Kong taxation**

No tax is payable in Hong Kong by way of withholding or otherwise in respect of:

- (a) dividends of any company which has issued the underlying shares;
- (b) distributions of any fund which has issued the underlying units or shares; or
- (c) any capital gains arising on the sale of the underlying assets or Structured Products,

except that Hong Kong profits tax may be chargeable on any such gains in the case of certain persons carrying on a trade, profession or business in Hong Kong.

You do not need to pay any stamp duty in respect of purely cash settled Structured Products.

### **United States taxation**

#### *Section 871(m)*

Under Section 871(m) of the Code, a “dividend equivalent” payment (as described below) generally is treated as a dividend from sources within the United States and such payments generally would be subject to a 30 percent (or a lower rate if an applicable income tax treaty applies) United States withholding tax if paid to a Non-U.S. Holder (as defined below), regardless of whether the payor is a U.S. person. Under the U.S. Treasury regulations issued pursuant to Section 871(m) of the Code, payments (including deemed payments) that are contingent upon or determined by reference to actual or estimated U.S. source dividends with respect to certain equity-linked instruments (financial transactions that reference the value of one or more U.S. equity securities, indices containing U.S. equity securities and other financial transactions that reference the value of one or more U.S. equity securities) may be treated as “dividend equivalents”. The equity-linked instrument subject to Section 871(m) of the Code includes (i) a “simple” financial instrument that has a delta of 0.8 or greater with respect to an underlying U.S. stock or a U.S. stock component of an underlying index or basket and (ii) a “complex” financial instrument that meets the “substantial equivalence” test with respect to an underlying U.S. stock or a U.S. stock component of an underlying index or basket. However, the U.S. Internal Revenue Service has issued guidance providing that withholding on dividend equivalent payments will not apply to equity-linked instruments that are not delta-one instruments and that are issued before January 1, 2025.

The regulations and administrative guidance on Section 871(m) are extremely complex. You are urged to consult your own tax advisor regarding the United States withholding tax considerations arising from your investment in the Structured Products.



The Launch announcement and Supplemental Listing Documents may indicate if we have determined that the particular Structured Product is expected to be subject to withholding under Section 871(m). If we determine that any payments made on the Structured Products are treated as “dividend equivalents” subject to withholding, we (or an applicable withholding agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to the amounts so withheld. As a result, payments on the Structured Products may be substantially less than the amounts specified in their terms.

#### *The Foreign Account Tax Compliance Act*

FATCA (Sections 1471 through 1474 of the Code) generally imposes a 30 percent United States withholding tax on certain U.S. source payments, including interest (and original issue discount), dividends (and “dividend equivalent” payments), and other fixed or determinable annual or periodical gain, profits, and income (“Withholdable Payments”) paid to a Hong Kong foreign financial institution like the Issuer (including amounts paid to a foreign financial institution on behalf of an account holder) unless such institution enters into an agreement with the U.S. Treasury Department to collect and provide to the U.S. Treasury Department substantial information regarding United States account holders (including certain account holders that are foreign entities with United States owners) with such institution, or such institution otherwise complies with its obligations under FATCA. A Structured Product may constitute an account for these purposes. FATCA may also impose a withholding tax of 30 percent on Withholdable Payments made to a non-financial foreign entity unless such entity provides the withholding agent with a certification on its FATCA status. In addition, FATCA proposes withholding on “foreign passthru payments”, which has yet to be defined.

The Launch Announcement and Supplemental Listing Documents may indicate if we have determined that the particular Structured Product is expected to be subject to withholding under FATCA. If we determine that any payments made on the Structured Products are subject to such withholding, we (or an applicable withholding agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld. As a result, payments on the Structured Products may be substantially less than the amounts specified in their terms.

You are urged to consult with your own tax advisors regarding the possible implications of FATCA on your investment in the Structured Products, including the possibility of meeting certain documentation requirements to be exempt from FATCA withholding tax.

The above summary makes reference to Non-U.S. Holder. You are a Non-U.S. Holder unless you are: (1) an individual citizen or resident of the United States; (2) a corporation that is formed or organized under the laws of the United States, any state thereof or the District of Columbia, or any entity that is taxable as a corporation so formed or organized, (3) an estate other than a foreign estate, or (4) a trust that a court within the U.S. is able to exercise primary supervision over the administration of the trust and for which one or more “United States persons” (as defined in the Code) control all of the substantial decisions. If you are an investor treated as a partnership for U.S. federal income tax purposes, FATCA withholding tax may apply to you and your beneficial owners based on your and your beneficial owners’ activities and status and you should consult your own tax advisor regarding any FATCA withholding tax consideration arising from your investment in the Structured Products.

## APPENDIX 1 — GENERAL CONDITIONS OF STRUCTURED PRODUCTS

*These General Conditions relate to each series of Structured Products and must be read in conjunction with, and are subject to, the relevant Product Conditions set out in Appendix 2 and Appendix 3 to this Base Listing Document and the supplemental terms and conditions contained in the Launch announcement and Supplemental Listing Document in relation to the particular series of Structured Products. These General Conditions and the relevant Product Conditions together constitute the Conditions of the relevant Structured Products, and will be endorsed on the Global Certificate representing the relevant Structured Products. The Launch announcement and Supplemental Listing Document in relation to the issue of any series of Structured Products may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these General Conditions and the relevant Product Conditions, replace or modify these General Conditions and the relevant Product Conditions for the purpose of such series of Structured Products.*

### 1 Definitions

**“Base Listing Document”** means the base listing document relating to Structured Products dated 30 May 2023 and issued by the Issuer (including any addenda to such base listing document issued by the Issuer from time to time);

**“Board Lot”** has the meaning given to it in the relevant Launch announcement and Supplemental Listing Document;

**“Business Day”** means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong;

**“CCASS”** means the Central Clearing and Settlement System established and operated by the HKSCC;

**“CCASS Rules”** means the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time;

**“CCASS Settlement Day”** has the meaning ascribed to the term “Settlement Day” in the CCASS Rules in effect from time to time, subject to such modification and amendment prescribed by HKSCC from time to time;

**“Conditions”** means, in respect of a particular series of Structured Products, these General Conditions and the applicable Product Conditions;

**“Designated Bank Account”** means the relevant bank account designated by each Holder;

**“Exercise Expenses”** means, in respect of each series of Structured Products, any charges or expenses (including any taxes or duties) which are incurred in respect of the exercise of a Board Lot of Structured Products;

**“Expiry Date”** means the date specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“General Conditions”** means these general terms and conditions. These General Conditions apply to each series of Structured Products;

**“Global Certificate”** means, in respect of the relevant Structured Products, a global certificate registered in the name of the Nominee;

**“HKSCC”** means Hong Kong Securities Clearing Company Limited;

**“Holder”** means, in respect of each series of Structured Products, each person who is for the time being shown in the Register as the holder of the Structured Products, and such person shall be treated by the Issuer as the absolute owner and holder of the Structured Products;

**“Hong Kong”** means the Hong Kong Special Administrative Region of the People’s Republic of China;

**“Index”** means the index specified as such in the relevant Launch announcement and Supplemental Listing Document in respect of each series of Structured Products;

**“Instrument”** means an instrument dated 23 May 2023 (as amended, supplemented or replaced from time to time) executed by the Issuer by way of deed poll pursuant to which the Issuer creates and grants to the Holders certain rights in relation to the Structured Products;

**“Issuer”** means Huatai Financial Holdings (Hong Kong) Limited;

**“Launch announcement and Supplemental Listing Document”** means the launch announcement and supplemental listing document relating to a particular series of Structured Products;

**“Listing Date”** means the date specified as such in the relevant Launch announcement and Supplemental Listing Document and on which dealing of the Structured Products on the Stock Exchange commences;

**“Nominee”** means HKSCC Nominees Limited (or such other nominee company as may be used by HKSCC from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of CCASS);

**“Product Conditions”** means, in respect of each series of Structured Products, the product specific terms and conditions that apply to that particular series of Structured Products;

**“Register”** means, in respect of each series of Structured Products, the register of the Holders of such series of Structured Products kept by the Issuer in Hong Kong;

**“Settlement Currency”** means the currency specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Settlement Disruption Event”** means an event which is beyond the control of the Issuer and as a result of which, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date;

**“Share”** means the share specified as such in the relevant Launch announcement and Supplemental Listing Document in respect of each series of Structured Products;

**“Stock Exchange”** means The Stock Exchange of Hong Kong Limited; and

**“Structured Products”** means standard warrants (**“Warrants”**), callable bull/bear contracts (**“CBBCs”**) or such other structured products to be issued by the Issuer from time to time. References to **“Structured Products”** are to be construed as references to a particular series of Structured Products and, unless the context otherwise requires, any further Structured Products issued pursuant to General Condition 8.

Other capitalised terms will, unless otherwise defined, have the meanings given to them in the Base Listing Document, the relevant Product Conditions, the relevant Launch announcement and Supplemental Listing Document and/or the Global Certificate.

## **2 Form, Status, Transfer and Additional Costs and Expenses**

### *2.1 Form*

The Structured Products are issued in registered form subject to and with the benefit of the Instrument. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Instrument. A copy of the Instrument is available for inspection at the offices of the Issuer.

The Structured Products are represented by a Global Certificate. No definitive certificate will be issued. The Structured Products can only be exercised by the Nominee.

### *2.2 Status of the Issuer's obligations*

The settlement obligation of the Issuer in respect of the Structured Products represents general unsecured contractual obligations of the Issuer and of no other person which rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated contractual obligations of the Issuer, except for obligations accorded preference by mandatory provisions of applicable law.

Structured Products represent general contractual obligations of the Issuer, and are not, nor is it the intention (expressed, implicit or otherwise) of the Issuer to create by the issue of Structured Products deposit liabilities of the Issuer or a debt obligation of any kind.

### *2.3 Transfer of Structured Products*

Transfers of Structured Products may be effected only in Board Lots or integral multiples thereof in CCASS in accordance with the CCASS Rules.

### *2.4 Additional Costs and Expenses*

Holders shall be responsible for additional costs and expenses in connection with any exercise of the Structured Products including the Exercise Expenses which amount shall, subject to the General Condition 3.2 and to the extent necessary, be payable to the Issuer and collected from the Holders.

## **3 Rights and Exercise Expenses relating to the Structured Products**

### *3.1 Entitlement of Holders*

Every Board Lot initially entitles the Holders, upon due exercise or early expiration (as the case may be) and upon compliance with these General Conditions and the applicable Product Conditions, the rights to receive payment of the Cash Settlement Amount, if any.

### *3.2 Holders responsible for Exercise Expenses*

Upon exercise or early expiration of a particular series of Structured Products, the Holders of such series will be required to pay a sum equal to all the expenses resulting from the exercise or early expiration of such Structured Products. To effect such payment an amount equivalent to the Exercise Expenses shall be deducted from the Cash Settlement Amount in accordance with the applicable Product Conditions.

## **4 Purchase**

The Issuer or any of its subsidiaries may at any time purchase Structured Products at any price in the open market or by tender or by private treaty. Any Structured Products so purchased may be held or resold or surrendered for cancellation.

## **5 Global Certificate**

A Global Certificate representing the Structured Products will be deposited with CCASS in the name of the Nominee. No definitive certificate will be issued.

## **6 Meetings of Holders and Modification**

### *6.1 Meetings of Holders*

The Instrument contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Instrument) of a modification of the provisions of the Structured Products or of the Instrument.

Any resolution to be passed in a meeting of the Holders shall be decided by poll. A meeting may be convened by the Issuer or by Holders holding not less than 10 per cent. of the Structured Products for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Structured Products for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Holders whatever the number of Structured Products so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all Holders, whether or not they are present at the meeting.

Resolutions can be passed in writing without a meeting of the Holders being held if passed unanimously.

### *6.2 Modification*

The Issuer may, without the consent of the Holders, effect any modification of the terms and conditions of the Structured Products or the Instrument which, in the opinion of the Issuer, is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holders or the tax or other consequences of such modification in any particular jurisdiction);
- (b) of a formal, minor or technical nature;
- (c) made to correct a manifest error; or
- (d) necessary in order to comply with mandatory provisions of the laws or regulations of Hong Kong.

Any such modification shall be binding on the Holders and shall be notified to them by the Issuer as soon as practicable thereafter in accordance with General Condition 7.

## **7 Notices**

All notices to the Holders will be validly given if published in English and in Chinese on the website of Hong Kong Exchanges and Clearing Limited. The Issuer shall not be required to despatch copies of the notice to the Holders.

## **8 Further Issues**

The Issuer shall be at liberty from time to time, without the consent of the Holders, to create and issue further structured products so as to form a single series with the Structured Products.

## **9 Good Faith and Commercially Reasonable Manner**

Any exercise of discretion by the Issuer under the Conditions will be made in good faith and in a commercially reasonable manner.

## **10 Governing Law**

The Structured Products and the Instrument are governed by and construed in accordance with the laws of Hong Kong. The Issuer and each Holder (by its purchase of the Structured Products) submit for all purposes in connection with the Structured Products and the Instrument to the non-exclusive jurisdiction of the courts of Hong Kong.

## **11 Language**

In the event of any inconsistency between the Chinese translation and the English version of these Conditions, the English version of these Conditions prevails.

## **12 Prescription**

Claims against the Issuer for payment of any amount in respect of the relevant Structured Products will become void unless made within ten years of the Expiry Date or the end of the MCE Valuation Period (as the case may be) and thereafter, any sums payable in respect of such Structured Products shall be forfeited and shall revert to the Issuer.

## **13 Illegality or Impracticability**

The Issuer is entitled to terminate the Structured Products if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

- (a) for it to perform its obligations under the Structured Products in whole or in part as a result of:
  - (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
  - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),

(each of (i) and (ii), a “**Change in Law Event**”); or

- (b) for it or any of its affiliates to maintain the Issuer's hedging arrangements with respect to the Structured Products due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Structured Products held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 7.

#### **14 Contracts (Rights of Third Parties) Ordinance**

A person who is not a party to the Conditions has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of the Structured Products.



**APPENDIX 2 —  
PRODUCT CONDITIONS OF WARRANTS**

The following pages set out the Product Conditions in respect of different types of Warrants.

	Page
PART A — PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER SINGLE EQUITIES . . . . .	32
PART B — PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER INDEX . . . . .	40
PART C — PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER EXCHANGE TRADED FUNDS . . . . .	45

**PART A —  
PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER SINGLE EQUITIES**

*These Product Conditions will, together with the General Conditions and the supplemental terms and conditions contained in the relevant Launch announcement and Supplemental Listing Document, and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants.*

**1 Definitions**

For the purposes of these Product Conditions:

**“Average Price”** means the arithmetic mean of the closing prices of one Share (as derived from the daily quotation sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) in respect of each Valuation Date;

**“Cash Settlement Amount”** means, in respect of every Board Lot, an amount payable in the Settlement Currency calculated by the Issuer in accordance with the following formula:

(a) In the case of a series of call Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Average Price} - \text{Exercise Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) In the case of a series of put Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Exercise Price} - \text{Average Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

**“Company”** means the company specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Entitlement”** means the number specified as such in the relevant Launch announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“Exercise Price”** means the price specified as such in the relevant Launch announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“General Conditions”** means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

**“Market Disruption Event”** means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in:
  - (i) the Shares; or
  - (ii) any options or futures contracts relating to the Shares if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either:
  - (i) results in the Stock Exchange being closed for trading for the entire day; or
  - (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session),

PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or

- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

**“Product Conditions”** means these product terms and conditions. These Product Conditions apply to each series of cash settled Warrants over single equities;

**“Settlement Date”** means the third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Average Price is determined in accordance with the Conditions;

**“Share”** means the share specified as such in the relevant Launch announcement and Supplemental Listing Document; and

**“Valuation Date”** means each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a Business Day that is already or is deemed to be a Valuation Date.

For the avoidance of doubt, in the event that a Market Disruption Event has occurred and a Valuation Date is postponed as aforesaid, the closing price of the Shares on the first succeeding Business Day will be used more than once in determining the Average Price, so that in no event shall there be less than five closing prices used to determine the Average Price.

If the postponement of the Valuation Date as aforesaid would result in the Valuation Date falling on or after the Expiry Date, then:

- (i) the Business Day immediately preceding the Expiry Date (the “Last Valuation Date”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and

- (ii) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of the price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

Trading in Warrants on the Stock Exchange shall cease prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch announcement and Supplemental Listing Document or the Global Certificate.

## **2 Exercise of Warrants**

### *2.1 Exercise of warrants in Board Lots*

The Warrants may only be exercised in Board Lots or integral multiples thereof.

### *2.2 Automatic exercise*

The Warrants will be deemed to be automatically exercised on the Expiry Date (without notice given to the Holders) if the Issuer determines that the Cash Settlement Amount is positive. The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount. Any Warrant which has not been automatically exercised in accordance with this Product Condition 2.2 shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

### *2.3 Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer on the Expiry Date and deducted from the Cash Settlement Amount prior to delivery to the Holders in accordance with this Product Condition 2, shall be notified by the Issuer to the Holders as soon as practicable after determination thereof and shall be paid by the Holders to the Issuer immediately upon demand.

### *2.4 Record in the Register*

Upon automatic exercise of the Warrants on the Expiry Date of the Warrants in accordance with the Conditions, or in the event the Warrants have expired worthless, the Issuer will, with effect from the first Business Day following the Expiry Date, remove the names of each Holder from the Register in respect of the number of relevant Warrants which are the subject of the automatic exercise or the number of relevant Warrants which have expired worthless, as the case may be, and thereby cancel the relevant Warrants and the Global Certificate.

### *2.5 Cash Settlement*

Upon the automatic exercise of Warrants in accordance with the Conditions, the Issuer will pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount minus the determined Exercise Expenses shall be despatched no later than the Settlement Date, by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

Upon the occurrence of a Settlement Disruption Event, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date.

The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with this Product Condition 2.5.

### 3 Adjustments

#### 3.1 Rights Issues

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a "**Rights Offer**"), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement ("**Rights Issue Adjustment Date**") in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Component} \times E$$

Where:

$$\text{Adjustment Component} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Share price being the closing price of an existing Share as derived from the daily quotation sheet of the Stock Exchange on the last Business Day on which the Shares are traded on a Cum-Rights basis

R: Subscription price per new Share specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Rights

M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Exercise Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

- (a) "**Rights**" means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

### 3.2 Bonus Issues

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement (“**Bonus Issue Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Component} \times E$$

Where:

$$\text{Adjustment Component} = 1 + N$$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Exercise Price shall take effect on the Bonus Issue Adjustment Date.

### 3.3 Subdivisions and Consolidations

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), then:

- (a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) takes effect.

### 3.4 Restructuring Events

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion) so that the Warrants shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or

surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event, and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Shares shall not be affected by this paragraph and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

### 3.5 *Cash Distribution*

No adjustment will be made for an ordinary cash dividend (whether or not it is offered with a scrip alternative) (“**Ordinary Dividend**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Company, such as a cash bonus, special dividend or extraordinary dividend, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Share’s closing price as derived from the daily quotation sheet of the Stock Exchange on the day of announcement by the Company.

If and whenever the Company shall make a Cash Distribution credited as fully paid to the holders of Shares generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Component} \times E$$

Where:

$$\text{Adjustment Component} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the Share as derived from the daily quotation sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Share

OD: The amount of Ordinary Dividend per Share, provided that the Ordinary Dividend and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Dividend and Cash Distribution are different

In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Exercise Price shall take effect on the Cash Distribution Adjustment Date.

### 3.6 *Other Adjustments*

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Warrants as appropriate where any event (including the events as



contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### *3.7 Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with General Condition 7.

## **4 Liquidation**

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose. In the case of voluntary liquidation, the unexercised Warrants will lapse and shall cease to be valid on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

## **5 Delisting**

### *5.1 Adjustments following delisting*

If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to these Product Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the circumstances of any individual Holder or the tax or other consequences that may result in any particular jurisdiction).

### *5.2 Listing on another exchange*

Without prejudice to the generality of Product Condition 5.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of the Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

### 5.3 *Adjustments binding*

The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7 as soon as practicable after they are determined.

**PART B —  
PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER INDEX**

*These Product Conditions will, together with the General Conditions and the supplemental terms and conditions contained in the relevant Launch announcement and Supplemental Listing Document, and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants.*

**1 Definitions**

For the purposes of these Product Conditions:

**“Cash Settlement Amount”** means, in respect of every Board Lot, an amount calculated by the Issuer in accordance with the following formula (and, if appropriate, either (I) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (II) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

(a) In the case of a series of Call Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Closing Level} - \text{Strike Level}) \times \text{Index Currency Amount} \times \text{one Board Lot}}{\text{Divisor}}$$

(b) In the case of a series of Put Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Strike Level} - \text{Closing Level}) \times \text{Index Currency Amount} \times \text{one Board Lot}}{\text{Divisor}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

**“Closing Level”** means the level specified as such in the relevant Launch announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“Divisor”** means the number specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Exchange Rate”** means the rate specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“First Exchange Rate”** means the rate specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“General Conditions”** means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

**“Index”** means the index specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Index Business Day”** means a day on which the Index Exchange is scheduled to open for trading for its regular trading sessions;

**“Index Compiler”** means the index compiler specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Index Currency Amount”** has the meaning given to it in the relevant Launch announcement and Supplemental Listing Document;

**“Index Exchange”** means the index stock exchange specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Interim Currency”** means the currency specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Market Disruption Event”** means:

- (i) the occurrence or existence, on the Valuation Date during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:
  - (A) the suspension or material limitation of the trading of a material number of constituent securities that comprise the Index;
  - (B) the suspension or material limitation of the trading of options or futures contracts relating to the Index on any exchanges on which such contracts are traded; or
  - (C) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

For the purposes of this definition:

- (1) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any relevant exchange, and
  - (2) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event; or
- (ii) where the Index Exchange is the Stock Exchange, the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either:
  - (A) results in the Stock Exchange being closed for trading for the entire day; or
  - (B) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session),

PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued;

- (iii) a limitation or closure of the Index Exchange due to any unforeseen circumstances; or

- (iv) any circumstances beyond the control of the Issuer in which the Closing Level or, if applicable, the Exchange Rate, the First Exchange Rate or the Second Exchange Rate (as the case may be) cannot be determined by the Issuer in the manner set out in these Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

**“Product Conditions”** means these product terms and conditions. These Product Conditions apply to each series of cash settled warrants over an index;

**“Second Exchange Rate”** means the rate specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Settlement Date”** means the third CCASS Settlement Day after the later of: (i) the Expiry Date; and (ii) the day on which the Closing Level is determined in accordance with the Conditions;

**“Strike Level”** means the level specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Successor Index Compiler”** means a successor to the Index Compiler acceptable to the Issuer; and

**“Valuation Date”** means the date specified in the relevant Launch announcement and Supplemental Listing Document, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on the Valuation Date, then the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

Trading in Warrants on the Stock Exchange shall cease prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch announcement and Supplemental Listing Document or the Global Certificate.

## **2 Exercise of Warrants**

### *2.1 Exercise of warrants in Board Lots*

The Warrants may only be exercised in Board Lots or integral multiples thereof.

### *2.2 Automatic exercise*

The Warrants will be deemed to be automatically exercised on the Expiry Date (without notice given to the Holders) if the Issuer determines that the Cash Settlement Amount is positive. The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount. Any Warrant which has not been automatically exercised in accordance with this Product Condition 2.2 shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

### *2.3 Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer on the Expiry Date and deducted from the Cash Settlement Amount prior to delivery to the Holders in accordance with this Product Condition 2, shall be notified by the Issuer to the Holders as soon as practicable after determination thereof and shall be paid by the Holders to the Issuer immediately upon demand.

### *2.4 Record in the Register*

Upon automatic exercise of the Warrants on the Expiry Date of the Warrants in accordance with the Conditions, or in the event the Warrants have expired worthless, the Issuer will, with effect from the first Business Day following the Expiry Date, remove the names of each Holder from the Register in respect of the number of relevant Warrants which are the subject of the automatic exercise or the number of relevant Warrants which have expired worthless, as the case may be, and thereby cancel the relevant Warrants and the Global Certificate.

### *2.5 Cash Settlement*

Upon the automatic exercise of Warrants in accordance with the Conditions, the Issuer will pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount minus the determined Exercise Expenses shall be despatched no later than the Settlement Date, by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

Upon the occurrence of a Settlement Disruption Event, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with this Product Condition 2.5.

## **3 Adjustments to the Index**

### *3.1 Successor Index Compiler Calculates and Reports Index*

If the Index is:

- (a) not calculated and announced by the Index Compiler but is calculated and published by a Successor Index Compiler; or
- (b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

### *3.2 Modification and Cessation of Calculation of Index*

If:

- (a) on or prior to the Valuation Date, the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events), or
- (b) on the Valuation Date, the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the Closing Level using, in lieu of the published level for the Index, the level for the Index as of the Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities that comprised the Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant exchange).

### *3.3 Other Adjustments*

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Warrants as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### *3.4 Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with General Condition 7.



**PART C —  
PRODUCT CONDITIONS OF CASH SETTLED WARRANTS OVER EXCHANGE TRADED  
FUNDS**

*These Product Conditions will, together with the General Conditions and the supplemental terms and conditions contained in the relevant Launch announcement and Supplemental Listing Document, and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants.*

**1 Definitions**

For the purposes of these Product Conditions:

**“Average Price”** shall be the arithmetic mean of the closing prices of one Unit (as derived from the daily quotation sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) in respect of each Valuation Date;

**“Cash Settlement Amount”** means, in respect of every Board Lot, an amount payable in the Settlement Currency calculated by the Issuer in accordance with the following formula:

(a) In the case of a series of call Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Average Price} - \text{Exercise Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) In the case of a series of put Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Exercise Price} - \text{Average Price}) \times \text{one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

**“Entitlement”** means the number specified as such in the relevant Launch announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“Exercise Price”** means the price specified as such in the relevant Launch announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“Fund”** means the exchange traded fund specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“General Conditions”** means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

**“Market Disruption Event”** means:

- (a) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in:
  - (i) the Units; or
  - (ii) any options or futures contracts relating to the Units if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either:
  - (i) results in the Stock Exchange being closed for trading for the entire day; or
  - (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session),

PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal having been issued; or

- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

“**Product Conditions**” means these product terms and conditions. These Product Conditions apply to each series of cash settled Warrants over exchange traded funds;

“**Settlement Date**” means the third CCASS Settlement Day after later of: (i) the Expiry Date; and (ii) the day on which the Average Price is determined in accordance with the Conditions;

“**Unit**” means the share or unit of the Fund specified as such in the relevant Launch announcement and Supplemental Listing Document; and

“**Valuation Date**” means each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a Business Day that is already or is deemed to be a Valuation Date.

For the avoidance of doubt, in the event that a Market Disruption Event has occurred and a Valuation Date is postponed as aforesaid, the closing price of the Units on the first succeeding Business Day will be used more than once in determining the Average Price, so that in no event shall there be less than five closing prices used to determine the Average Price.

If the postponement of the Valuation Date as aforesaid would result in the Valuation Date falling on or after the Expiry Date, then:

- (a) the Business Day immediately preceding the Expiry Date (the “**Last Valuation Date**”) shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and

- (b) the Issuer shall determine the closing price of the Units on the basis of its good faith estimate of the price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

Trading in Warrants on the Stock Exchange shall cease prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

Other capitalised terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the General Conditions, the relevant Launch announcement and Supplemental Listing Document or the Global Certificate.

## **2 Exercise of Warrants**

### *2.1 Exercise of warrants in Board Lots*

The Warrants may only be exercised in Board Lots or integral multiples thereof.

### *2.2 Automatic exercise*

The Warrants will be deemed to be automatically exercised on the Expiry Date (without notice given to the Holders) if the Issuer determines that the Cash Settlement Amount is positive. The Holders will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holders the Cash Settlement Amount. Any Warrant which has not been automatically exercised in accordance with this Product Condition 2.2 shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such Warrant shall cease.

### *2.3 Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer on the Expiry Date and deducted from the Cash Settlement Amount prior to delivery to the Holders in accordance with this Product Condition 2, shall be notified by the Issuer to the Holders as soon as practicable after determination thereof and shall be paid by the Holders to the Issuer immediately upon demand.

### *2.4 Record in the Register*

Upon automatic exercise of the Warrants on the Expiry Date of the Warrants in accordance with the Conditions, or in the event the Warrants have expired worthless, the Issuer will, with effect from the first Business Day following the Expiry Date, remove the names of each Holder from the Register in respect of the number of relevant Warrants which are the subject of the automatic exercise or the number of relevant Warrants which have expired worthless, as the case may be, and thereby cancel the relevant Warrants and the Global Certificate.

### *2.5 Cash Settlement*

Upon the automatic exercise of Warrants in accordance with the Conditions the Issuer will pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable by the Issuer.

The Cash Settlement Amount minus the determined Exercise Expenses shall be despatched no later than the Settlement Date, by crediting that amount, in accordance with the CCASS Rules, to the Designated Bank Account.

Upon the occurrence of a Settlement Disruption Event, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date.

The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with this Product Condition 2.5.

### 3 Adjustments

#### 3.1 Rights Issues

If and whenever the Fund shall, by way of Rights (as defined below), offer new Units for subscription at a fixed subscription price to the holders of existing Units pro rata to existing holdings (a "**Rights Offer**"), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement ("**Rights Issue Adjustment Date**") in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Component} \times E$$

Where:

$$\text{Adjustment Component} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Unit price being the closing price of an existing Unit as derived from the daily quotation sheet of the Stock Exchange on the last Business Day on which the Units are traded on a Cum-Rights basis

R: Subscription price per new Unit specified in the Rights Offer plus an amount equal to any distributions or other benefits foregone to exercise the Rights

M: Number of new Unit(s) (whether a whole or a fraction) per existing Unit each holder thereof is entitled to subscribe,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Exercise Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

- (a) "**Rights**" means the right(s) attached to each existing Unit or needed to acquire one new Unit (as the case may be) which are given to the holders of existing Units to subscribe at a fixed subscription price for new Units pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

### 3.2 Bonus Issues

If and whenever the Fund shall make an issue of Units credited as fully paid to the holders of Units generally (other than pursuant to a scrip distribution or similar scheme for the time being operated by the Fund or otherwise in lieu of a cash distribution and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement (“**Bonus Issue Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Component} \times E$$

Where:

$$\text{Adjustment Component} = 1 + N$$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Units (whether a whole or a fraction) received by a holder of Units for each Units held prior to the Bonus Issue,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Exercise Price shall take effect on the Bonus Issue Adjustment Date.

### 3.3 Subdivisions and Consolidations

If and whenever the Fund shall subdivide its Units or any class of its outstanding Units into a greater number of units or shares (a “**Subdivision**”) or consolidate the Units or any class of its outstanding Units into a smaller number of units or shares (a “**Consolidation**”), then:

- (a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) takes effect.

### 3.4 Restructuring Events

If it is announced that the Fund is to or may merge or consolidate with or into any other trust or corporation (including becoming, by agreement or otherwise, controlled by any person or corporation) (except where the Fund is the surviving entity in a merger) or that it is to, or may, sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion) so that the Warrants shall, after such Restructuring Event, relate to the number of units or shares of the trust(s) or corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Units, as the case may be, to which the holder

of such number of Units to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event, and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Units shall not be affected by this paragraph and, where cash is offered in substitution for Units or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Units shall include any such cash.

### 3.5 Cash Distribution

No adjustment will be made for an ordinary cash distribution (whether or not it is offered with a scrip alternative) (“**Ordinary Distribution**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Fund, such as a cash bonus, special distribution or extraordinary distribution, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Unit’s closing price as derived from the daily quotation sheet of the Stock Exchange on the day of announcement by the Fund.

If and whenever the Fund shall make a Cash Distribution credited as fully paid to the holders of Units generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component × E

Where:

$$\text{Adjustment Component} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the Unit as derived from the daily quotation sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Unit

OD: The amount of Ordinary Distribution per Unit, provided that the Ordinary Distribution and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be zero if the ex-entitlement dates of the relevant Ordinary Distribution and Cash Distribution are different

In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Exercise Price shall take effect on the Cash Distribution Adjustment Date.

### 3.6 Other Adjustments

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Warrants as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### 3.7 *Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with General Condition 7.

## 4 **Termination or Liquidation**

In the event of a Termination or the liquidation or dissolution of the Fund or, if applicable, the trustee of the Fund (including any successor trustee appointed from time to time) (“**Trustee**”) (in its capacity as trustee of the Fund or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the Fund’s or the Trustee’s (as the case may be) undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose. In the case of a Termination, the unexercised Warrants will lapse and shall cease to be valid on the effective date of the Termination, in the case of a voluntary liquidation, the unexercised Warrants will lapse and shall cease to be valid on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, the unexercised Warrants will lapse and shall cease to be valid on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of such Fund’s or Trustee’s (as the case may be) undertaking, property or assets, the unexercised Warrants will lapse and shall cease to be valid on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

For the purpose of this Product Condition 4, “**Termination**” means:

- (a) the Fund is terminated or required to be terminated for whatever reason, or the termination of the Fund commences;
- (b) where applicable, the Fund is held or is conceded by the Trustee or the manager of the Fund (including any successor manager appointed from time to time) not to have been constituted or to have been imperfectly constituted;
- (c) where applicable, the Trustee ceases to be authorised under the Fund to hold the property of the Fund in its name and perform its obligations under the trust deed constituting the Fund; or
- (d) the Fund ceases to be authorised as an authorised collective investment scheme under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

## 5 **Delisting**

### 5.1 *Adjustments following delisting*

If at any time the Units cease to be listed on the Stock Exchange, the Issuer shall give effect to these Product Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so



far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the circumstances of any individual Holder or the tax or other consequences that may result in any particular jurisdiction).

## *5.2 Listing on another exchange*

Without prejudice to the generality of Product Condition 5.1, where the Units are, or, upon the delisting, become, listed on any other stock exchange, these Product Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of the Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

## *5.3 Adjustment binding*

The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7 as soon as practicable after they are determined.

**APPENDIX 3 —  
PRODUCT CONDITIONS OF CBBCs**

The following pages set out the Product Conditions in respect of different types of CBBCs.

	Page
PART A — PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER SINGLE EQUITIES . . . . .	54
PART B — PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER AN INDEX . . . . .	65
PART C — PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER EXCHANGE TRADED FUNDS . . . . .	73

**PART A —  
PRODUCT CONDITIONS OF CASH SETTLED CALLABLE  
BULL/BEAR CONTRACTS OVER SINGLE EQUITIES**

*These Product Conditions will, together with the General Conditions and the supplemental terms and conditions contained in the relevant Launch announcement and Supplemental Listing Document, and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs.*

**1 Definitions**

For the purposes of these Product Conditions:

**“Call Price”** means the price specified as such in the relevant Launch announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“Cash Settlement Amount”** means, in respect of every Board Lot, an amount payable in the Settlement Currency calculated by the Issuer in accordance with the following formula:

(a) following a Mandatory Call Event:

(i) in the case of a series of Category R CBBCs, the Residual Value; or

(ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

(i) in the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

(ii) in the case of series of bear CBBCs

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

**“Category N CBBCs”** means a series of CBBCs where the Call Price is equal to the Strike Price;

**“Category R CBBCs”** means a series of CBBCs where the Call Price is different from the Strike Price;

**“Closing Price”** means the closing price of one Share (as derived from the daily quotation sheet of the Stock Exchange, subject to any adjustments to such closing price as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) as of the Valuation Date;

**“Company”** means the company specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Entitlement”** means the number specified as such in the relevant Launch announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“General Conditions”** means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

**“Mandatory Call Event”** occurs if the Spot Price is:

- (a) in the case of a series of bull CBBCs, at or below the Call Price; or
- (b) in the case of a series of bear CBBCs, at or above the Call Price,

at any time during a Trading Day in the Observation Period;

**“Market Disruption Event”** means:

- (a) the occurrence or existence on any Trading Day during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in:
  - (i) the Shares; or
  - (ii) any options or futures contracts relating to the Shares if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm on any day which either:
  - (i) results in the Stock Exchange being closed for trading for the entire day; or
  - (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session),

PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal have been issued; or

- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

**“Maximum Trade Price”** means the highest Spot Price of the Shares (subject to any adjustments to such spot prices as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

**“MCE Valuation Period”** means the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session on the Stock Exchange during which the Mandatory Call Event occurs is the **“1st Session”**) and up to the end of the trading session on the Stock Exchange immediately following the 1st Session (**“2nd Session”**) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed, the MCE Valuation Period shall be extended to the end of the subsequent trading session following the 2nd Session during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Trading Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed. In that case:

- (a) the period commencing from the 1st Session up to, and including, the last trading session on the Stock Exchange of the fourth Trading Day immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and
- (b) the Issuer shall determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Price and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Prices available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (a) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if applicable) of the same day; and
- (b) the afternoon session and the closing auction session (if applicable) of the same day, shall each be considered as one trading session only;

**“Minimum Trade Price”** means the lowest Spot Price of the Shares (subject to any adjustments to such Spot Prices as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

**“Observation Commencement Date”** means the date specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Observation Period”** means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the Trading Day immediately preceding the Expiry Date;

**“Post MCE Trades”** has the meaning given to it in the relevant Launch announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

**“Product Conditions”** means these product terms and conditions. These Product Conditions apply to each series of cash settled CBBCs over single equities;

**“Residual Value”** means, in respect of every Board Lot, an amount calculated by the Issuer in accordance with the following formula:

- (a) in the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

- (b) in the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

**“Settlement Date”** means the third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Price is determined in accordance with the Conditions (as the case may be);

**“Share”** means the share specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Spot Price”** means:

- (a) in respect of a continuous trading session of the Stock Exchange, the price per Share concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules); and
- (b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange (as the case may be), the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Share (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable), as the case may be, in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time.

**“Strike Price”** means the price specified as such in the relevant Launch announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“Trading Day”** means any day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions;

**“Trading Rules”** means the Rules and Regulations of the Exchange prescribed by the Stock Exchange from time to time; and

**“Valuation Date”** means the Trading Day immediately preceding the Expiry Date provided if, in the determination of the Issuer, a Market Disruption Event has occurred on that day, the Valuation Date shall be postponed until the first succeeding Trading Day on which the Issuer determines that there is no Market Disruption Event, unless the Issuer determines that there is a Market Disruption Event occurring on each of the four Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case:

- (a) the fourth Trading Day immediately following the original date shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (b) the Issuer shall determine the Closing Price having regard to the then prevailing market conditions, the last reported trading price of the Share on the Stock Exchange and such other factors as the Issuer determines to be relevant.

## **2 Exercise of CBBCs**

### *2.1 Exercise of CBBCs in Board Lots*

CBBCs may only be exercised in Board Lots or integral multiples thereof.

### *2.2 Automatic exercise*

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date if the Cash Settlement Amount is positive. Any CBBC which has not been automatically exercised in accordance with this Product Condition 2.2 shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such CBBC shall cease.

### *2.3 Mandatory Call Event*

- (a) Subject to Product Condition 2.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer shall have no further obligation under the CBBCs except for the payment of the Cash Settlement Amount (if any) on the relevant Settlement Date. The Issuer will notify the Holders of the occurrence of the Mandatory Call Event in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon the occurrence of a Mandatory Call Event and any Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.
- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:
  - (i) system malfunction or other technical errors of Hong Kong Exchanges and Clearing Limited and such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or
  - (ii) manifest errors caused by the relevant third party where applicable and such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked;

in each case, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs, or such other time as prescribed by the Stock Exchange from time to time.



In both cases, the Mandatory Call Event so triggered will be reversed; and all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume as soon as practicable in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

#### *2.4 Entitlement*

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

#### *2.5 Cancellation*

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date, the Issuer will, with effect from the first Business Day following the MCE Valuation Period or the Expiry Date (as the case may be) remove the name of the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

#### *2.6 Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer by the end of the MCE Valuation Period or the Expiry Date (as the case may be) and deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with this Product Condition 2, shall be notified by the Issuer to the Holder as soon as practicable after determination thereof and shall be paid by the Holder to the Issuer immediately upon demand.

#### *2.7 Cash Settlement*

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The Cash Settlement Amount minus the determined Exercise Expenses shall be despatched no later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

#### *2.8 Responsibility of Issuer*

The Issuer or its agents shall not have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to these Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions. The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the Shares.

## 2.9 Liability of Issuer

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and the Issuer shall not incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. The Issuer shall not under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

## 2.10 Trading

Subject to Product Condition 2.3(b), trading in CBBCs on the Stock Exchange shall cease:

- (a) immediately upon the occurrence of a Mandatory Call Event; or
- (b) at the close of trading for the Trading Day immediately preceding the Expiry Date (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning session only, at the close of trading for the morning session),

whichever is the earlier.

## 3 Adjustments

### 3.1 Rights Issues

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a “**Rights Offer**”), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement (“**Rights Issue Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component × E

Where:

$$\text{Adjustment Component} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Share price being the closing price of an existing Share as derived from the daily quotation sheet of the Stock Exchange on the last Business Day on which the Shares are traded on a Cum-Rights basis

R: Subscription price per new Share specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Rights

M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Strike Price and the Call Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

- (a) “**Rights**” means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

### 3.2 *Bonus Issues*

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a “**Bonus Issue**”) the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement (“**Bonus Issue Adjustment Date**”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Component} \times E$$

Where:

$$\text{Adjustment Component} = 1 + N$$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Strike Price and the Call Price shall take effect on the Bonus Issue Adjustment Date.

### 3.3 *Subdivisions and Consolidations*

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a “**Subdivision**”) or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a “**Consolidation**”), then:

- (a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) takes effect.

### 3.4 Restructuring Events

If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the CBBCs may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion) so that the CBBCs shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the CBBCs related immediately before such Restructuring Event would have been entitled upon such Restructuring Event and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Shares shall not be affected by this paragraph and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

### 3.5 Cash Distribution

No adjustment will be made for an ordinary cash dividend (whether or not it is offered with a scrip alternative) (“**Ordinary Dividend**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Company, such as a cash bonus, special dividend or extraordinary dividend, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Share’s closing price on the day of announcement by the Company.

If and whenever the Company shall make a Cash Distribution credited as fully paid to the holders of Shares generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component × E

Where:

$$\text{Adjustment Component} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the existing Share as derived from the daily quotation sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Share

OD: The amount of Ordinary Dividend per Share, provided that the Ordinary Dividend and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Dividend and Cash Distribution are different

In addition, the Issuer shall adjust the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Strike Price and the Call Price shall take effect on the Cash Distribution Adjustment Date.

### *3.6 Other Adjustments*

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the CBBCs as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### *3.7 Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

## **4 Liquidation**

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised CBBCs will lapse and shall cease to be valid for any purpose. In the case of voluntary liquidation, the unexercised CBBCs will lapse and shall cease to be valid on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of the applicable law.

## **5 Delisting**

### *5.1 Adjustments following delisting*

If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the CBBCs as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the circumstances of any individual Holder or the tax or other consequences that may result in any particular jurisdiction).

### *5.2 Listing on another exchange*

Without prejudice to the generality of Product Condition 5.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, the Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of the Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

### *5.3 Adjustments binding*

The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7 as soon as practicable after they are determined.

**PART B —  
PRODUCT CONDITIONS OF CASH SETTLED CALLABLE  
BULL/BEAR CONTRACTS OVER AN INDEX**

*These Product Conditions will, together with the General Conditions and the supplemental terms and conditions contained in the relevant Launch announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs.*

**1 Definitions**

For the purposes of these Product Conditions:

**“Call Level”** means the level specified as such in the relevant Launch announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“Cash Settlement Amount”** means, in respect of every Board Lot, an amount calculated by the Issuer in accordance with the following formula (and, if appropriate, either (I) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (II) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

(a) following a Mandatory Call Event:

- (i) in the case of a series of Category R CBBCs, the Residual Value; or
- (ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

- (i) in the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Closing Level} - \text{Strike Level}) \times \text{Index Currency Amount} \times \text{one Board Lot}}{\text{Divisor}}$$

- (ii) in the case of a series of bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Strike Level} - \text{Closing Level}) \times \text{Index Currency Amount} \times \text{one Board Lot}}{\text{Divisor}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

**“Category N CBBCs”** means a series of CBBCs where the Call Level is equal to the Strike Level;

**“Category R CBBCs”** means a series of CBBCs where the Call Level is different from the Strike Level;

**“Closing Level”** has the meaning given to it in the relevant Launch announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“Divisor”** means the number specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Exchange Rate”** means the rate specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“First Exchange Rate”** means the rate specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“General Conditions”** means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

**“Index”** means the index specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Index Business Day”** means a day on which the Index Exchange is scheduled to open for trading for its regular trading sessions;

**“Index Compiler”** has the meaning given to it in the relevant Launch announcement and Supplemental Listing Document;

**“Index Currency Amount”** has the meaning given to it in the relevant Launch announcement and Supplemental Listing Document;

**“Index Exchange”** means the index exchange specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Interim Currency”** means the currency specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Mandatory Call Event”** occurs if the Spot Level is:

- (a) in the case of a series of bull CBBCs, at or below the Call Level; or
- (b) in the case of a series of bear CBBCs, at or above the Call Level,

at any time during an Index Business Day in the Observation Period;

**“Market Disruption Event”** means:

- (a) the occurrence or existence, on any Trading Day or Index Business Day during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:
  - (i) the suspension or material limitation of the trading of a material number of constituent securities that comprise the Index;
  - (ii) the suspension or material limitation of the trading of options or futures contracts relating to the Index on any exchanges on which such contract are traded; or
  - (iii) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.



For the purposes of this definition:

- (1) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any relevant exchange, and
  - (2) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event; or
- (b) where the Index Exchange is the Stock Exchange, the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm signal on any day which either:
- (i) results in the Stock Exchange being closed for trading for the entire day; or
  - (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session),

PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal have been issued;

- (c) a limitation or closure of the Index Exchange due to any unforeseen circumstances; or
- (d) any circumstances beyond the control of the Issuer in which the Closing Level or, if applicable, the Exchange Rate, the First Exchange Rate or the Second Exchange Rate (as the case may be) cannot be determined by the Issuer in the manner set out in these Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

“**Maximum Index Level**” means the highest Spot Level during the MCE Valuation Period;

“**MCE Valuation Period**” means the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session on the Index Exchange during which the Mandatory Call Event occurs is the “**1st Session**”) and up to the end of the trading session on the Index Exchange immediately following the 1st Session (“**2nd Session**”) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which the Spot Levels are available, the MCE Valuation Period shall be extended to the end of the subsequent trading session on the Index Exchange following the 2nd Session during which Spot Levels are available for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Index Business Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which Spot Levels are available. In that case:

- (a) the period commencing from the 1st Session up to, and including, the last trading session of the fourth Index Business Day on the Index Exchange immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and

- (b) the Issuer shall determine the Maximum Index Level or the Minimum Index Level (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Level of the Index and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Levels available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Index Level or the Minimum Index Level (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (i) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if applicable) of the same day; and
- (ii) the afternoon session and the closing auction session (if applicable) of the same day,

shall each be considered as one trading session only;

**“Minimum Index Level”** means the lowest Spot Level during the MCE Valuation Period;

**“Observation Commencement Date”** means the date specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Observation Period”** means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the Trading Day immediately preceding the Expiry Date;

**“Post MCE Trades”** has the meaning given to it in the relevant Launch announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

**“Price Source”**, if applicable, has the meaning given to it in the relevant Launch announcement and Supplemental Listing Document;

**“Product Conditions”** means these product terms and conditions. These Product Conditions apply to each series of cash settled CBBCs over an index;

**“Residual Value”** means, in respect of every Board Lot, an amount calculated by the Issuer in accordance with the following formula (and, if appropriate, either (I) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (II) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

- (a) In the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{(\text{Minimum Index Level} - \text{Strike Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

- (b) In the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{(\text{Strike Level} - \text{Maximum Index Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

**“Second Exchange Rate”** means the rate specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Settlement Date”** means the third CCASS Settlement Day after (i) the end of the MCE Valuation Period or (ii) the later of: (a) the Expiry Date; and (b) the day on which the Closing Level is determined in accordance with the Conditions (as the case may be);

**“Spot Level”** means:

- (a) if no Price Source is specified, the spot level of the Index as compiled and published by the Index Compiler; or
- (b) if a Price Source is specified, the spot level of the Index as published on the Price Source;

**“Strike Level”** means the level specified as such in the relevant Launch announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“Trading Day”** means any day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions; and

**“Valuation Date”** means the date specified as such in the relevant Launch announcement and Supplemental Listing Document, provided that, if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on the Valuation Date, then the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event, provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

## **2 Exercise of CBBCs**

### *2.1 Exercise of CBBCs in Board Lots*

CBBCs may only be exercised in Board Lots or integral multiples thereof.

### *2.2 Automatic exercise*

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date if the Cash Settlement Amount is positive. Any CBBC which has not been automatically exercised in accordance with this Product Condition 2.2 shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such CBBC shall cease.

### *2.3 Mandatory Call Event*

- (a) Subject to Product Condition 2.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer shall have no further obligation under the CBBCs except for the payment of the Cash Settlement Amount (if any) on the relevant Settlement Date. The Issuer will notify the Holders of the occurrence of the Mandatory Call Event in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon the occurrence of a Mandatory Call Event and any Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.

- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:
- (i) system malfunction or other technical errors of Hong Kong Exchanges and Clearing Limited and such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or
  - (ii) manifest errors caused by the relevant third party where applicable (such as miscalculation of the index level by the Index Compiler) and such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked;

in each case, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs, or such other time as prescribed by the Stock Exchange from time to time.

In both cases, the Mandatory Call Event so triggered will be reversed; and all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume as soon as practicable in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

#### *2.4 Entitlement*

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

#### *2.5 Cancellation*

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date, the Issuer will, with effect from the first Business Day following the MCE Valuation Period or the Expiry Date (as the case may be) remove the name of the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

#### *2.6 Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer by the end of the MCE Valuation Period or the Expiry Date (as the case may be) and deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with this Product Condition 2, shall be notified by the Issuer to the Holder as soon as practicable after determination thereof and shall be paid by the Holder to the Issuer immediately upon demand.

#### *2.7 Cash Settlement*

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The Cash Settlement Amount minus the determined Exercise Expenses shall be despatched no later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

## *2.8 Responsibility of Issuer*

The Issuer or its agents shall not have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to these Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions. The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the constituent securities comprising the Index.

## *2.9 Liability of Issuer*

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and the Issuer shall not incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. The Issuer shall not under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

## *2.10 Trading*

Subject to Product Condition 2.3(b), trading in CBBCs on the Stock Exchange shall cease:

- (a) immediately upon the occurrence of a Mandatory Call Event; or
- (b) at the close of trading for the Trading Day immediately preceding the Expiry Date (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning session only, at the close of trading for the morning session),

whichever is the earlier.

# **3 Adjustments**

## *3.1 Successor Index Compiler Calculates and Reports Index*

If the Index is:

- (a) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the “**Successor Index Compiler**”) acceptable to the Issuer; or
- (b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

### *3.2 Modification and Cessation of Calculation of Index*

If:

- (a) on or prior to the Valuation Date, the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or
- (b) on the Valuation Date, the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as of the Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities that comprised the Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant exchange).

### *3.3 Other Adjustments*

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the CBBs as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### *3.4 Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

**PART C —  
PRODUCT CONDITIONS OF CASH SETTLED CALLABLE  
BULL/BEAR CONTRACTS OVER EXCHANGE TRADED FUNDS**

*These Product Conditions will, together with the General Conditions and the supplemental terms and conditions contained in the relevant Launch announcement and Supplemental Listing Document, and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs.*

**1 Definitions**

For the purposes of these Product Conditions:

**“Call Price”** means the price specified as such in the relevant Launch announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“Cash Settlement Amount”** means, in respect of every Board Lot, an amount payable in the Settlement Currency calculated by the Issuer in accordance with the following formula:

(a) following a Mandatory Call Event:

- (i) in the case of a series of Category R CBBCs, the Residual Value; or
- (ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

- (i) in the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Closing Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

- (ii) in the case of a series of bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

**“Category N CBBCs”** means a series of CBBCs where the Call Price is equal to the Strike Price;

**“Category R CBBCs”** means a series of CBBCs where the Call Price is different from the Strike Price;

**“Closing Price”** means the closing price of one Unit (as derived from the daily quotation sheet of the Stock Exchange, subject to any adjustments to such closing price as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) as of the Valuation Date;

**“Entitlement”** means the number specified as such in the relevant Launch announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“Fund”** means the exchange traded fund specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“General Conditions”** means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

**“Mandatory Call Event”** occurs if the Spot Price is:

- (a) in the case of a series of bull CBBCs, at or below the Call Price; or
- (b) in the case of a series of bear CBBCs, at or above the Call Price,

at any time during any Trading Day in the Observation Period;

**“Market Disruption Event”** means:

- (a) the occurrence or existence on any Trading Day during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in:
  - (i) the Units; or
  - (ii) any options or futures contracts relating to the Units if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;
- (b) the issuance of the tropical cyclone warning signal number 8 or above or the issuance of a “BLACK” rainstorm on any day which either:
  - (i) results in the Stock Exchange being closed for trading for the entire day; or
  - (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session),

PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the “BLACK” rainstorm signal have been issued; or

- (c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

**“Maximum Trade Price”** means the highest Spot Price of the Units (subject to any adjustments to such spot prices as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;



**“MCE Valuation Period”** means the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session on the Stock Exchange during which the Mandatory Call Event occurs is the **“1st Session”**) and up to the end of the trading session on the Stock Exchange immediately following the 1st Session (**“2nd Session”**) unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Units is permitted on the Stock Exchange with no limitation imposed, the MCE Valuation Period shall be extended to the end of the subsequent trading session following the 2nd Session during which trading in the Units is permitted on the Stock Exchange with no limitation imposed for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Trading Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Units is permitted on the Stock Exchange with no limitation imposed. In that case:

- (a) the period commencing from the 1st Session up to, and including, the last trading session on the Stock Exchange of the fourth Trading Day immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and
- (b) the Issuer shall determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Price and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Prices available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

- (i) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if applicable) of the same day; and
- (ii) the afternoon session and the closing auction session (if applicable) of the same day, shall each be considered as one trading session only;

**“Minimum Trade Price”** means the lowest Spot Price of the Units (subject to any adjustments to such spot prices as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

**“Observation Commencement Date”** means the date specified as such in the relevant Launch announcement and Supplemental Listing Document;

**“Observation Period”** means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the Trading Day immediately preceding the Expiry Date;

**“Post MCE Trades”** has the meaning given to it in the relevant Launch announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

**“Product Conditions”** means these product terms and conditions. These Product Conditions apply to each series of cash settled CBBCs over exchange traded funds;

**“Residual Value”** means, in respect of every Board Lot, an amount calculated by the Issuer in accordance with the following formula:

- (a) in the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

- (b) in the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

**“Settlement Date”** means the third CCASS Settlement Day after: (a) the end of the MCE Valuation Period; or (b) the later of: (i) the Expiry Date; and (ii) the day on which the Closing Price is determined in accordance with the Conditions (as the case may be);

**“Spot Price”** means:

- (a) in respect of a continuous trading session of the Stock Exchange, the price per Unit concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules); and
- (b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange (as the case may be), the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Unit (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable), as the case may be, in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time.

**“Strike Price”** means the price specified as such in the relevant Launch announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

**“Trading Day”** means any day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions;

**“Trading Rules”** means the Rules and Regulations of the Exchange prescribed by the Stock Exchange from time to time;

**“Unit”** means the share or unit of the Fund specified as such in the relevant Launch announcement and Supplemental Listing Document; and

“**Valuation Date**” means the Trading Day immediately preceding the Expiry Date provided that if, in the determination of the Issuer, a Market Disruption Event has occurred on that day, the Valuation Date shall be postponed until the first succeeding Trading Day on which the Issuer determines that there is no Market Disruption Event, unless the Issuer determines that there is a Market Disruption Event occurring on each of the four Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case:

- (a) the fourth Trading Day immediately following the original date shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (b) the Issuer shall determine the Closing Price having regard to the then prevailing market conditions, the last reported trading price of the Unit on the Stock Exchange and such other factors as the Issuer determines to be relevant.

## **2 Exercise of CBBCs**

### *2.1 Exercise of CBBCs in Board Lots*

CBBCs may only be exercised in Board Lots or integral multiples thereof.

### *2.2 Automatic exercise*

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date if the Cash Settlement Amount is positive. Any CBBC which has not been automatically exercised in accordance with this Product Condition 2.2 shall expire immediately without value thereafter and all rights of the Holder and obligations of the Issuer with respect to such CBBC shall cease.

### *2.3 Mandatory Call Event*

- (a) Subject to Product Condition 2.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer shall have no further obligation under the CBBCs except for the payment of the Cash Settlement Amount (if any) on the relevant Settlement Date. The Issuer will notify the Holders of the occurrence of the Mandatory Call Event in accordance with General Condition 7. Trading in the CBBCs will be suspended immediately upon the occurrence of a Mandatory Call Event and any Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.
- (b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:
  - (i) system malfunction or other technical errors of Hong Kong Exchanges and Clearing Limited and such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or
  - (ii) manifest errors caused by the relevant third party where applicable and such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked;

in each case, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs, or such other time as prescribed by the Stock Exchange from time to time.

In both cases, the Mandatory Call Event so triggered will be reversed; and all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume as soon as practicable in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

#### *2.4 Entitlement*

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

#### *2.5 Cancellation*

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date, the Issuer will, with effect from the first Business Day following the MCE Valuation Period or the Expiry Date (as the case may be) remove the name of the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

#### *2.6 Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer by the end of the MCE Valuation Period or the Expiry Date (as the case may be) and deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with this Product Condition 2, shall be notified by the Issuer to the Holder as soon as practicable after determination thereof and shall be paid by the Holder to the Issuer immediately upon demand.

#### *2.7 Cash Settlement*

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The Cash Settlement Amount minus the determined Exercise Expenses shall be despatched no later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of a Settlement Disruption Event, it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

#### *2.8 Responsibility of Issuer*

The Issuer or its agents shall not have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to these Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions. The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the Units.

## 2.9 Liability of Issuer

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and the Issuer shall not incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. The Issuer shall not under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

## 2.10 Trading

Subject to Product Condition 2.3(b), trading in CBBCs on the Stock Exchange shall cease:

- (a) immediately upon the occurrence of a Mandatory Call Event; or
- (b) at the close of trading for the Trading Day immediately preceding the Expiry Date (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning session only, at the close of trading for the morning session),

whichever is the earlier.

## 3 Adjustments

### 3.1 Rights Issues

If and whenever the Fund shall, by way of Rights (as defined below), offer new Units for subscription at a fixed subscription price to the holders of existing Units pro rata to existing holdings (a “**Rights Offer**”), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement (“**Rights Issue Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component × E

Where:

$$\text{Adjustment Component} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Unit price being the closing price of an existing Unit as derived from the daily quotation sheet of the Stock Exchange on the last Business Day on which the Units are traded on a Cum-Rights basis

R: Subscription price per new Unit specified in the Rights Offer plus an amount equal to any distributions or other benefits foregone to exercise the Rights

M: Number of new Unit(s) (whether a whole or a fraction) per existing Unit each holder thereof is entitled to subscribe,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Strike Price and the Call Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

“**Rights**” means the right(s) attached to each existing Unit or needed to acquire one new Unit (as the case may be) which are given to the holders of existing Units to subscribe at a fixed subscription price for new Units pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

### 3.2 *Bonus Issues*

If and whenever the Fund shall make an issue of Units credited as fully paid to the holders of Units generally (other than pursuant to a scrip distribution or similar scheme for the time being operated by the Fund or otherwise in lieu of a cash distribution and without any payment or other consideration being made or given by such holders) (a “Bonus Issue”), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement (“Bonus Issue Adjustment Date”) in accordance with the following formula:

$$\text{Adjusted Entitlement} = \text{Adjustment Component} \times E$$

Where:

$$\text{Adjustment Component} = 1 + N$$

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Units (whether a whole or a fraction) received by a holder of Units for each Unit held prior to the Bonus Issue,

provided that if the above formula would result in an adjustment to the Entitlement which would amount to one per cent. or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Strike Price and the Call Price shall take effect on the Bonus Issue Adjustment Date.

### 3.3 *Subdivisions and Consolidations*

If and whenever the Fund shall subdivide its Units or any class of its outstanding Units into a greater number of units or shares (a “**Subdivision**”) or consolidate the Units or any class of its outstanding Units into a smaller number of units or shares (a “**Consolidation**”), then:

- (a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivision; and
- (b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation (as the case may be) takes effect.

### 3.4 Restructuring Events

If it is announced that the Fund is to or may merge or consolidate with or into any other trust or corporation (including becoming, by agreement or otherwise, controlled by any person or corporation) (except where the Fund is the surviving entity in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the CBBCs may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a “**Restructuring Event**”) (as determined by the Issuer in its absolute discretion) so that the CBBCs shall, after such Restructuring Event, relate to the number of units or shares of the trust(s) or corporation(s) resulting from or surviving such Restructuring Event or other securities (“**Substituted Securities**”) and/or cash offered in substitution for the affected Units, as the case may be, to which the holder of such number of Units to which the CBBCs related immediately before such Restructuring Event would have been entitled upon such Restructuring Event and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Units shall not be affected by this paragraph and, where cash is offered in substitution for Units or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Units shall include any such cash.

### 3.5 Cash Distribution

No adjustment will be made for an ordinary cash distribution (whether or not it is offered with a scrip alternative) (“**Ordinary Distribution**”). For any other forms of cash distribution (“**Cash Distribution**”) announced by the Fund, such as a cash bonus, special distribution or extraordinary distribution, no adjustment will be made unless the value of the Cash Distribution accounts for 2 per cent. or more of the Unit’s closing price on the day of announcement by the Fund.

If and whenever the Fund shall make a Cash Distribution credited as fully paid to the holders of Units generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement in respect of the relevant Cash Distribution (“**Cash Distribution Adjustment Date**”) in accordance with the following formula:

Adjusted Entitlement = Adjustment Component × E

Where:

$$\text{Adjustment Component} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the existing Unit as derived from the daily quotation sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Unit

OD: The amount of Ordinary Distribution per Unit, provided that the Ordinary Distribution and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Distribution and Cash Distribution are different



In addition, the Issuer shall adjust the Strike Price and the Call Price (both of which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Component, where the reciprocal of the Adjustment Component means one divided by the relevant Adjustment Component. The adjustment to the Strike Price and the Call Price shall take effect on the Cash Distribution Adjustment Date.

### 3.6 *Other Adjustments*

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the CBBCs as appropriate where any event (including the events as contemplated in the applicable Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Conditions, provided that such adjustment is:

- (a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

### 3.7 *Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 7.

## 4 **Termination or Liquidation**

In the event of a Termination or the liquidation or dissolution of the Fund or, if applicable, the trustee of the Fund (including any successor trustee appointed from time to time) (“**Trustee**”) (in its capacity as trustee of the Fund) or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the Fund’s or the Trustee’s (as the case may be) undertaking, property or assets, all unexercised CBBCs will lapse and shall cease to be valid for any purpose.

In the case of a Termination, the unexercised CBBCs will lapse and shall cease to be valid on the effective date of the Termination, in the case of a voluntary liquidation, the unexercised CBBCs will lapse and shall cease to be valid on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of such Fund’s or Trustee’s (as the case may be) undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of the applicable law.

For the purpose of this Product Condition 4, “**Termination**” means:

- (i) the Fund is terminated or required to be terminated for whatever reason, or the termination of the Fund commences;
- (ii) where applicable, the Fund is held or is conceded by the Trustee or the manager of the Fund (including any successor manager appointed from time to time) as not having been constituted or as having been imperfectly constituted;



- (iii) where applicable, the Trustee ceases to be authorised under the Fund to hold the property of the Fund in its name and perform its obligations under the trust deed constituting the Fund; or
- (iv) the Fund ceases to be authorised as an authorised collective investment scheme under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

## **5 Delisting**

### *5.1 Adjustments following delisting*

If at any time the Units cease to be listed on the Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the CBBCs as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holders generally are not materially prejudiced as a consequence of such delisting (without considering the circumstances of any individual Holder or the tax or other consequences that may result in any particular jurisdiction).

### *5.2 Listing on another exchange*

Without prejudice to the generality of Product Condition 5.1, where the Units are, or, upon the delisting, become, listed on any other stock exchange, the Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holders, make such adjustments to the entitlements of the Holders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

### *5.3 Adjustments binding*

The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holders in accordance with General Condition 7 as soon as practicable after they are determined.

**APPENDIX 4 —  
AUDITOR'S REPORT AND OUR FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

*Our audited financial statements for the year ended 31 December 2021 are set out in this Appendix 4. References to page numbers on the following pages are to the page numbers of such audited financial statements.*



Huatai Financial Holdings  
(Hong Kong) Limited  
華泰金融控股(香港)有限公司

Consolidated Financial Statements

31 December 2021

<b>Contents</b>	<b>Page(s)</b>
Directors' report	1 - 2
Independent auditor's report	3 - 5
Consolidated statement of comprehensive income	6 - 7
Consolidated statement of financial position	8 - 10
Consolidated statement of changes in equity	11 - 12
Consolidated cash flow statement	13 - 15
Notes to the consolidated financial statements	16 - 102

## Directors' report

The directors submit herewith their annual report together with audited financial statements of Huatai Financial Holdings (Hong Kong) Limited ("the Company"), and its subsidiaries ("the Group") for the year ended 31 December 2021.

### Principal place of business

The Company is incorporated and domiciled in Hong Kong and has its registered office at 62/F, The Center, 99 Queen's Road Central, Hong Kong and its principal place of business at Room 4201, 42/F., 53/F., Room 5808-5812, 58/F., and 62/F., The Center, 99 Queen's Road Central, Hong Kong.

### Principal activities

The principal activities of the Company are investment holding, dealing in securities and futures contracts, provision of margin financing, advising on securities, corporate finance and asset management services. The principal activities of its subsidiaries are set out in note 16 to the consolidated financial statements.

### Financial statements

The result of the Group for the year ended 31 December 2021 and the financial position of the Group as at that date are set out in the financial statements on pages 6 to 10.

### Recommended dividend

The directors do not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: HK\$Nil).

### Share capital

Details of the share capital of the Company are set out in note 30 to the consolidated financial statements. There were no movements during the year.

### Directors of the Company

The directors of the Company during the financial year and up to the date of this report were:

ZHOU Yi  
WANG Lei  
QIAO Wei  
CHEN Jing (Resigned on 31 August 2021)

According to the Company's Articles of Association, all directors are subject to retirement at the Annual General Meeting. The retiring directors, being eligible, will offer themselves for re-appointment as director of the Company to hold office at the forthcoming Annual General Meeting.

### **Directors of the Company (continued)**

At no time during the year was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **Directors' interests in transactions, arrangements or contracts**

No transaction, arrangement or contract of significance to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

### **Indemnity of directors**

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the company is currently in force and was in force throughout this year.

### **Auditor**

The financial statements of the Group have been audited by KPMG.

By order of the Board



WANG Lei

Director

Hong Kong

14 April 2022



# Independent auditor's report to the directors of Huatai Financial Holdings (Hong Kong) Limited *(Incorporated in Hong Kong with limited liability)*

## Opinion

We have audited the consolidated financial statements of Huatai Financial Holdings (Hong Kong) Limited ("the Company") and its subsidiaries ("the Group") set out on pages 6 to 102 which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

## Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Hong Kong, 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.

## Information other than the consolidated financial statements and auditor's report thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Independent auditor's report to the directors of Huatai Financial Holdings (Hong Kong) Limited (continued) *(Incorporated in Hong Kong with limited liability)*

## **Responsibilities of the directors for the consolidated financial statements**

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

## **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. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



**Independent auditor's report to the directors of  
Huatai Financial Holdings (Hong Kong) Limited (continued)**  
*(Incorporated in Hong Kong with limited liability)*

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors 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.



Certified Public Accountants

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

14 April 2022

# Consolidated statement of comprehensive income for the year ended 31 December 2021 (Expressed in Hong Kong dollars)

	Note	The Group 2021	2020
<b>Continuing operations</b>			
<b>Revenue</b>	5	\$ 2,314,713,860	\$ 2,577,869,578
Other income	6	637,069,410	(544,625,586)
		<u>\$ 2,951,783,270</u>	<u>\$ 2,033,243,992</u>
Staff costs	7	(1,617,969,925)	(947,182,702)
Finance costs	8	(415,778,186)	(319,687,483)
Depreciation		(112,756,568)	(82,895,342)
Amortisation		(2,785,682)	(807,717)
Impairment losses and expected credit losses		18,623,886	(39,201,855)
Other operating expenses	9	(565,866,430)	(329,174,996)
<b>Profit before taxation</b>	10	\$ 255,250,365	\$ 314,293,897
Tax credit	11(a)	1,434,418	29,716
<b>Profit after taxation</b>		<u>\$ 256,684,783</u>	<u>\$ 314,323,613</u>
<b>Discontinued operations</b>			
Profit from discontinued operations, net of tax	4	\$ 901,968,499	\$ 1,083,182,086
<b>Profit for the year</b>		<u>\$ 1,158,653,282</u>	<u>\$ 1,397,505,699</u>
<b>Attributable to:</b>			
<b>Equity shareholders of the Company</b>			
- from continuing operations		\$ 256,684,783	\$ 314,323,613
- from discontinued operations		901,968,499	1,099,287,681
		<u>\$ 1,158,653,282</u>	<u>\$ 1,413,611,294</u>
<b>Non-controlling interests</b>	33		
- from discontinued operations		\$ -	\$ (16,105,595)
		<u>\$ 1,158,653,282</u>	<u>\$ 1,397,505,699</u>

# Consolidated statement of comprehensive income for the year ended 31 December 2021 (continued)

(Expressed in Hong Kong dollars)

	Note	The Group 2021	2020
<b>Other comprehensive income for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
- Exchange differences on translation of financial statements of overseas subsidiaries		\$ 26,069,139	\$ (40,717)
- Cash flow hedge: net movement in the hedging reserve		24,405,178	(40,818,450)
- Net movement in financial assets at fair value through other comprehensive income		(85,407,123)	106,802,840
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
- Net movement in equity investments at fair value through other comprehensive income		(14,571,911)	19,731,779
- Revaluation of self-occupied land and buildings	13(a)	1,620,000	(1,090,000)
<b>Other comprehensive income for the year</b>		<u>\$ (47,884,717)</u>	<u>\$ 84,585,452</u>
<b>Attributable to:</b>			
<b>Equity shareholders of the Company</b>		\$ (47,884,717)	\$ 92,645,299
<b>Non-controlling interests</b>		<u>\$ -</u>	<u>\$ (8,059,847)</u>
<b>Total comprehensive income for the year</b>		<u>\$ 1,110,768,565</u>	<u>\$ 1,482,091,151</u>
<b>Attributable to:</b>			
<b>Equity shareholders of the Company</b>		\$ 1,110,768,565	\$ 1,506,256,593
<b>Non-controlling interests</b>	33	<u>\$ -</u>	<u>\$ (24,165,442)</u>

The notes on pages 16 to 102 form part of these financial statements.



# Consolidated statement of financial position as at 31 December 2021 (Expressed in Hong Kong dollars)

		The Group	
	Note	31 December 2021	31 December 2020
<b>Non-current assets</b>			
Fixed assets			
- Self-occupied land and buildings	13	\$ 16,180,000	\$ 14,560,000
- Other property, plant and equipment	13	106,852,690	47,903,291
- Right-of-use assets	15	140,068,895	107,035,659
Intangible assets	31	2,576,970	9,816,780
Goodwill	32	-	-
Interests in associates	17	-	9,230,429
Interest in joint venture	17	1,006,958,796	1,055,313,373
Financial assets measured at amortised cost	22	-	321,971,941
Financial assets at fair value through other comprehensive income	23	-	4,540,276,028
Deferred tax assets	20(b)	1,526,143	-
Deposits, prepayments and other receivables	24	8,390,028	12,952,585
Other assets	14	77,772,213	55,636,695
		<u>\$ 1,360,325,735</u>	<u>\$ 6,174,696,781</u>
<b>Current assets</b>			
Accounts receivable	21	\$ 4,222,878,785	\$ 6,239,203,181
Financial assets at fair value through profit or loss	18	20,346,730,358	72,826,190,432
Financial assets held under resale agreements	34	-	477,835,402
Financial assets measured at amortised cost	22	-	24,360,108
Financial assets at fair value through other comprehensive income	23	-	1,836,017,610
Deposits, prepayments and other receivables	24	127,361,535	1,433,893,526
Amount due from immediate holding company	39	8,816,337,331	-
Amounts due from fellow subsidiaries	39	25,813,925,126	-
Cash and deposits	25(a)	4,711,592,483	5,832,784,038
Bank balances held on behalf of customers	25(a)	5,191,577,396	5,435,810,515
		<u>\$69,230,403,014</u>	<u>\$94,106,094,812</u>


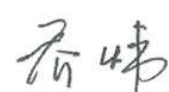
**Consolidated statement of financial position as  
at 31 December 2021 (continued)**  
(Expressed in Hong Kong dollars)

		The Group	
	Note	31 December 2021	31 December 2020
<b>Current liabilities</b>			
Financial liabilities at fair value through profit or loss	18	\$27,354,979,415	\$28,850,732,151
Financial assets sold under repurchase agreements	35	-	21,682,953,006
Accounts payable	26	5,543,667,193	10,531,826,760
Amounts due to fellow subsidiaries	39	-	129,893
Amount due to immediate holding company	39	-	9,355,230,717
Amount due to ultimate holding company	39	9,859,430	1,450,251,974
Debt securities issued	29	6,007,439,899	384,659,216
Loan payables	40	296,456,943	513,010,006
Lease liabilities	27	66,969,752	58,650,220
Other payables and accruals	28	1,848,682,962	6,190,158,704
		<u>\$41,128,055,594</u>	<u>\$79,017,602,647</u>
<b>Net current assets</b>		<u>\$28,102,347,420</u>	<u>\$15,088,492,165</u>
<b>Non-current liabilities</b>			
Subordinated loans from immediate holding company	39	\$ 3,899,100,000	\$ 3,876,050,000
Debt securities issued	29	14,053,617,335	6,993,460,216
Lease liabilities	27	91,783,857	55,205,077
		<u>\$18,044,501,192</u>	<u>\$10,924,715,293</u>
<b>NET ASSETS</b>		<u>\$11,418,171,963</u>	<u>\$10,338,473,653</u>

**Consolidated statement of financial position as  
at 31 December 2021 (continued)**  
(Expressed in Hong Kong dollars)

			<i>The Group</i>	
	<i>Note</i>	<i>31 December</i>	<i>31 December</i>	
		<i>2021</i>	<i>2020</i>	
<b>CAPITAL AND RESERVES</b>				
Share capital	30	\$ 8,800,000,000	\$ 8,800,000,000	
Reserves		<u>2,618,171,963</u>	<u>1,538,473,653</u>	
<b>SHAREHOLDERS' FUND</b>		<b>\$11,418,171,963</b>	<b>\$10,338,473,653</b>	
Non-controlling interests	33	<u>-</u>	<u>-</u>	
		<b>\$11,418,171,963</b>	<b>\$10,338,473,653</b>	

Approved and authorised for issue by the board of directors on 14 April 2022.

WANG Lei, Director		)	
		)	
		)	Directors
		)	
QIAO Wei, Director		)	

The notes on pages 16 to 102 form part of these financial statements.

# Consolidated statement of changes in equity for the year ended 31 December 2021 (Expressed in Hong Kong dollars)

	Issued capital	Share based payment reserve	Capital reserve	Properties revaluation reserve	Exchange reserve	Fair value reserve	Hedging reserve	Retained profits	Total equity
As at 1 January 2021	\$ 8,800,000,000	\$ -	\$ 724,465	\$ 9,717,900	\$ (669,700)	\$ 155,467,228	\$ (40,818,450)	\$ 1,414,052,210	\$ 10,338,473,653
Changes in equity for 2021:									
Equity-settled share-based transactions	-	8,694,110	-	-	-	-	-	-	8,694,110
Disposal of interest in subsidiaries	-	-	(724,465)	-	35,022	(55,488,194)	16,413,272	-	(39,764,365)
Profit for the year	-	-	-	-	-	-	-	1,158,653,282	1,158,653,282
Other comprehensive income	-	-	-	1,620,000	26,069,139	(99,979,034)	24,405,178	-	(47,884,717)
	\$ -	\$ 8,694,110	\$ (724,465)	\$ 1,620,000	\$ 26,104,161	\$ (155,467,228)	\$ 40,818,450	\$ 1,158,653,282	\$ 1,079,698,310
As at 31 December 2021	\$ 8,800,000,000	\$ 8,694,110	\$ -	\$ 11,337,900	\$ 25,434,461	\$ -	\$ -	\$ 2,572,705,492	\$ 11,418,171,963

# Consolidated statement of changes in equity for the year ended 31 December 2021 (continued) (Expressed in Hong Kong dollars)

	Issued capital	Share based payment reserve	Capital reserve	Properties revaluation reserve	Exchange reserve	Fair value reserve	Hedging reserve	Retained profits	Sub total	Non-controlling interests	Total equity
As at 1 January 2020	\$ 8,800,000,000	\$ 563,206,829	\$ 583,860,606	\$ 10,807,900	\$ (23,036,587)	\$ 24,575,838	\$ -	\$ 440,916	\$ 9,959,855,502	\$ 1,985,850,975	\$ 11,945,706,477
Changes in equity for 2020:											
Equity-settled share-based transactions	-	145,670,440	-	-	-	-	-	-	145,670,440	61,637,384	207,307,824
Disposal of interest in subsidiaries	-	-	(583,136,141)	-	-	-	-	-	(583,136,141)	(2,023,322,917)	(2,606,459,058)
Release of reserves on disposal of subsidiaries	-	(708,877,269)	-	-	14,347,757	4,356,771	-	-	(690,172,741)	-	(690,172,741)
Profit/(loss) for the year	-	-	-	-	8,019,130	126,534,619	(40,818,450)	1,413,611,294	1,413,611,294	(16,105,595)	1,397,505,699
Other comprehensive income	-	-	-	(1,090,000)	-	-	-	-	92,645,299	(8,059,847)	84,585,452
	\$ -	\$ (563,206,829)	\$ (583,136,141)	\$ (1,090,000)	\$ 22,366,887	\$ 130,891,390	\$ (40,818,450)	\$ 1,413,611,294	\$ 378,618,151	\$ (1,985,850,975)	\$ (1,607,232,824)
As at 31 December 2020	\$ 8,800,000,000	\$ -	\$ 724,465	\$ 9,717,900	\$ (669,700)	\$ 155,467,228	\$ (40,818,450)	\$ 1,414,052,210	\$ 10,338,473,653	\$ -	\$ 10,338,473,653

The notes on pages 16 to 102 form part of these financial statements



## Consolidated cash flow statement for the year ended 31 December 2021 (Expressed in Hong Kong dollars)

	Note	2021	2020
<b>Operating activities</b>			
Profit before taxation		\$ 1,278,653,065	\$ 1,435,381,366
Adjustments for:			
Depreciation		112,756,568	112,896,808
Amortisation		2,785,682	125,260,264
Finance costs		71,379,931	58,186,501
Share-based payment expense		8,602,385	207,307,824
Impairment losses and expected credit losses		86,888,168	117,227,453
Loss on disposal of property, plant and equipment and intangible assets		7,885,486	158,757
Fair value changes in investment in joint venture		54,474,037	(55,313,373)
Share of loss of associates		(1,566,560)	74,359
Fair value changes in loans to associates and joint venture		(27,385,793)	26,804,651
Gain on disposal of subsidiaries		(174,478,748)	(8,840,697)
Release of reserves on disposal of subsidiaries		-	(690,172,741)
		<u>\$ 1,419,994,221</u>	<u>\$ 1,328,971,172</u>
Decrease/(increase) in accounts receivable		506,502,670	(4,283,291,766)
Increase in deposits, prepayments and other receivables		(1,621,060,894)	(733,848,121)
Increase in financial assets at fair value through profit or loss		(51,956,636,993)	(52,788,976,575)
Decrease in financial assets measured at amortised cost		65,558,853	741,786,676
Decrease/(increase) in financial assets at fair value through other comprehensive income		1,689,251,643	(4,798,240,463)
Increase in other assets		(22,135,518)	(39,939,843)
Net movement in amount due from/to ultimate holding company		2,978,410,119	1,619,013,558
Net movement in amount due from/to immediate holding company		(10,232,109,567)	10,410,932,698
Net movement in amounts due from/to fellow subsidiaries		4,688,428	(622,950)

## Consolidated cash flow statement for the year ended 31 December 2021 (continued)

(Expressed in Hong Kong dollars)

	Note	2021	2020
<b>Operating activities (continued)</b>			
Decrease/(increase) in bank balances held on behalf of customers		\$ 244,233,119	\$ (4,401,220,982)
Increase in accounts payable		11,014,784,604	8,922,222,488
Increase in other payables and accruals		12,913,824,532	4,033,121,716
Increase in financial liabilities at fair value through profit or loss		8,310,508,033	23,771,024,618
(Increase)/decrease in financial assets held under resale agreements		(2,790,189,304)	537,398,149
Increase in financial assets sold under repurchase agreements		12,390,836,956	15,704,484,812
<b>Cash (used in)/generated from operations</b>		<b>\$ (15,083,539,098)</b>	<b>\$ 22,815,187</b>
Tax paid		-	(18,972,696)
<b>Net cash (used in)/generated from operating activities</b>		<b>\$ (15,083,539,098)</b>	<b>\$ 3,842,491</b>
<b>Investing activities</b>			
Purchases of property, plant and equipment		\$ (98,770,096)	\$ (35,686,090)
Purchases of intangible assets		(2,711,235)	(103,605,184)
Capital injection to associates and joint venture		-	(1,009,304,788)
Proceeds from disposal of associates and joint ventures		4,656,684	-
Repayment/(drawdown) of loans to associates and joint ventures		1,580,715,856	(1,661,243,688)
Acquisition of subsidiary, net of cash acquired		-	(153,282,317)
Disposal of subsidiaries, net of cash disposed		101,731,518	(943,477,088)
<b>Net cash generated from/(used in) investing activities</b>		<b>\$ 1,585,622,727</b>	<b>\$ (3,906,599,155)</b>

## Consolidated cash flow statement for the year ended 31 December 2021 (continued)

(Expressed in Hong Kong dollars)

	Note	2021	2020
<b>Financing activities</b>			
Proceeds from bank loans	25(b)	\$245,601,000,000	\$ 81,277,755,300
Repayment of bank loans	25(b)	(245,821,155,866)	(81,999,650,300)
Proceeds from issuance of debt securities	25(b)	14,937,146,839	3,468,380,834
Redemption of debt securities issued	25(b)	(2,335,562,354)	(117,601,607)
Subordinated loans from immediate holding company	25(b)	-	3,876,050,000
Capital element of lease payments	25(b)	(60,292,743)	(57,744,132)
Finance costs paid	25(b)	(71,659,594)	(58,353,124)
<b>Net cash generated from financing activities</b>		<u>\$ 12,249,476,282</u>	<u>\$ 6,388,836,971</u>
<b>(Decrease)/Increase in cash and cash equivalents</b>		\$ (1,248,440,089)	\$ 2,486,080,307
<b>Cash and cash equivalents at 1 January</b>		5,832,784,038	3,333,668,983
<b>Effect in foreign exchange rate changes</b>		<u>127,248,534</u>	<u>13,034,748</u>
<b>Cash and cash equivalents at 31 December</b>	25(a)	<u>\$ 4,711,592,483</u>	<u>\$ 5,832,784,038</u>

The notes on pages 16 to 102 form part of these financial statements.



## Notes to the consolidated financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

### 1 General information

The Company was a private company and was incorporated in Hong Kong on 23 November 2006 with limited liability. By adopting a new articles of association of the Company by special resolutions passed on 18 February 2021, the Company's status was changed from a private company to a public company. The registered office address of the Company is located at 62/F., The Center, 99 Queen's Road Central, Hong Kong, effective from 6 August 2021.

The principal activities of the Company are investment holding, dealing in securities and futures contracts, provision of margin financing, advising on securities, corporate finance and asset management services.

The Company is a licensed corporation under Securities and Futures Ordinance ("SFO") which is licensed to perform the following regulated activities: dealing in securities (Type 1), dealing in futures contracts (Type 2), advising on securities (Type 4), advising on corporate finance (Type 6) and asset management (Type 9).

In addition, the Company is an Exchange Participant and a SPAC Exchange Participant of The Stock Exchange of Hong Kong Limited ("SEHK"), a Direct Clearing Participant of the Hong Kong Securities Clearing Company Limited ("HKSCC"), a Clearing Participant of the HKFE Clearing Corporation Limited ("HKCC"), a Futures Commission Merchant of the Hong Kong Futures Exchanges Limited ("HKFE"), a market maker on the International Order Book under London Stock Exchange, a non-trading member of Turquoise Global Holdings Limited and a member participant of Macau Exchange.

On 29 April 2021, the Company was granted an insurance broker company license from Insurance Authority to carry on regulated activities in general and long-term business (including linked long-term business with a validity period of 3 years).

During most of the year, the Company's key subsidiary was Huatai Capital Investment Limited ("HCI"). On 30 December 2021, all shares of HCI were directly transferred to Huatai International Financial Holdings Company Limited, the immediate holding company of the Company, at consideration of \$878,662,930.

HCI was engaged in proprietary trading business with investments in equities, debt instruments and derivatives.

The Company is a wholly-owned subsidiary of Huatai International Financial Holdings Company Limited, a company incorporated in the Hong Kong. In the opinion of the directors, the Company's ultimate holding company is Huatai Securities Co., Ltd., a company incorporated in the People's Republic of China and is listed on Shanghai Stock Exchange (Stock code: 601688) and Hong Kong Stock Exchange (Stock code: 6886) and the global depository receipts of which are listed on the London Stock Exchange (Symbol: HTSC).

## 2 Significant accounting policies

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- self-occupied land and buildings (see note 2(h));
- investments in debt and equity instruments at fair value through profit or loss or at fair value through other comprehensive income (see note 2(e));
- derivative financial instruments (see note 2(f)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



## 2 Significant accounting policies

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2(x).

The consolidated financial statements for the year ended 31 December 2021 have been prepared for management's purpose. Huatai Financial Holdings (Hong Kong) Limited, as a wholly owned subsidiary of Huatai Securities Co., Ltd. has applied section 379 and section 380 of the Hong Kong Companies Ordinance ("HKCO") to prepare company level financial statements as the Company's statutory financial statements. Those financial statements have been prepared in accordance with all applicable HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the HKCO that are relevant to the preparation of company level financial statements. Consequently, this consolidated financial information and the comparatives do not constitute the Company's statutory financial statements for either of the years ended 31 December 2021 or 2020. Information relating to the Company's statutory financial statements required to be disclosed in accordance with section 436 of the HKCO is as follows:

The Company's auditor has reported on those financial statements on 30 March 2022. The auditor's report was unqualified; and did not contain a statement under either sections 406(2), 407(2) or (3) of the HKCO.

### (c) *Changes in accounting policies*

The Group has applied the following amendment to HKFRS issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – Phase 2

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRS are discussed below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – Phase 2

The amendments provide targeted relief from (i) accounting for change in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR" reform). The amendments do not have an impact on these financial statements as those Group's contracts that are indexed to benchmark interest rate which are subject to the IBOR reform are mainly using 1-month USD LIBOR or 3-month USD LIBOR for which the ICE Benchmark Administration (IBA) will continue to publish till 30 June 2023. The Group has no hedge accounting relationships maturing beyond the anticipated cessation dates for IBORs. The Group will continue to monitor the exposures to IBORs and the transition.

## 2 Significant accounting policies (continued)

### (d) *Subsidiaries, associates and joint ventures*

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 profits 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 Group, 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 meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to equity shareholders of the Group. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit and total comprehensive income for the year between non-controlling interests and equity shareholders of the Company.

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(e)).



## 2 Significant accounting policies (continued)

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 qualified to apply exemption from equity method when the investment in an associate or a joint venture is held by, or is held indirectly through, venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds. Those investments in associates and joint ventures may be measured at fair value through profit or loss in accordance with HKFRS 9 *Financial Instruments*.

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 values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. 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 notes 2 (j)(ii)). Any acquisition-date fair values of the investee's identifiable net assets over the cost, the Group's share of the post-acquisition, post-tax results of the investees, any impairment losses and post-tax other comprehensive income for the year are recognised in the consolidated statement of comprehensive income.

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 any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see note 2(j)(i)).

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, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

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(e)).



## 2 Significant accounting policies (continued)

In the Group's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses unless they are qualified to apply exemption from equity method when the investment in an associate or a joint venture is held by, or is held indirectly through, venture capital organisations, or mutual funds, unit trusts and similar entities including investment-linked insurance funds.

### (e) *Financial assets and liabilities*

#### (i) Recognition and initial measurement

The Group initially recognises debt instruments issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to its acquisition or issue.

#### (ii) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or FVPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset 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 fair value in Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

## 2 Significant accounting policies (continued)

All other financial assets are classified as measured at FVPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### *Business model assessment*

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

## 2 Significant accounting policies (continued)

### *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 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 the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

### *Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

### *Financial liabilities*

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVPL.

## (iii) Derecognition

### *Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire (see also (iv)), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.



## 2 Significant accounting policies (continued)

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

### *Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

#### (iv) Modifications of financial assets and financial liabilities

### *Financial assets*

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

## 2 Significant accounting policies (continued)

### Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### (v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under HKFRS, or for gains and losses arising from a Group of similar transactions such as in the Group's trading activity.

#### (vi) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.



## 2 Significant accounting policies (continued)

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

### (f) *Derivative financial instruments*

Derivative financial instruments are recognised initially 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, in which case the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income.

### (g) *Hedging*

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and variable rate borrowings (cash flow hedges).

#### *Cash flow hedges*

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gain or loss accumulated in the hedging reserve is removed from equity and included directly in the initial cost or other carrying amount of the non-financial asset or the non-financial liability.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

## 2 Significant accounting policies (continued)

If a hedging relationship no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs upon which it is removed or reclassified from equity in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

### (h) Fixed assets

The following properties held for own use are stated at their revalued amount, being their fair value at the date of the revaluation:

- Self-occupied land and buildings

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the end of reporting period.

Other items of fixed assets including right-of-use assets arising from leases of underlying fixed assets (see note 2(t)) are stated at cost less accumulated depreciation and impairment losses (see note 2(j)(ii)):

- other items of fixed assets

Changes arising on the revaluation of properties held for own use are generally dealt with in other comprehensive income and are accumulated separately in equity in the property revaluation reserve. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.



## 2 Significant accounting policies (continued)

Depreciation is calculated to write off the cost or valuation of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- |   |                                       |
|---|---------------------------------------|
| - Furniture, fixture, leasehold improvement and equipment | Shorter of lease terms or 2 - 3 years |
| - Motor cars  | 3 years                               |

Where parts of an item of fixed assets have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

### (i) Intangible assets (other than Goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(j)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- |  |               |
|--|---------------|
| - Internally developed software  | 3 - 5 years   |
| - Trade names, Trust Company Regulatory Status and Broker-Dealer License | 20 years      |
| - Advisor relationship, trust relationship                               | 12 - 14 years |

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

The following intangible asset is assessed to have indefinite useful life:

- Broker-dealer relationship



## 2 Significant accounting policies (continued)

### (j) Credit losses and impairment of assets

#### (i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, accounts and other receivables and loans and advances);
- debt instruments measured at FVOCI; and
- loan commitments, which are not measured at FVPL

Financial assets measured at fair value through profit or loss, including units in unlisted funds, equities and debt instruments, and equity instruments measured at fair value through other comprehensive income, 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 expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using current effective interest rate where the effect of discounting is material.

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.

## 2 Significant accounting policies (continued)

Loss allowances for fee receivables 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.

For all other financial instruments (including loan commitments), 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.

### Significant increases in credit risk

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly 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.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial asset, 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.



## 2 Significant accounting policies (continued)

ECLs are remeasured at each reporting date to reflect changes in the financial asset's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

### Basis of calculation of interest income

Interest income recognised in accordance with note 2(r)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is 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 events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

### Key parameters for expected credit losses

Depending on whether the credit risk is significantly increased or credit-impaired, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month or lifetime expected credit losses. The key parameters for measuring expected credit losses for financial assets other than fee receivable, include the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). The Group considers the quantitative analysis of historical data (such as the credit rating of counter parties, ways of guarantee, the category of collateral, and ways of repayment, etc.) and forward-looking information, to establish a model of PD, LGD, and EAD.

## 2 Significant accounting policies (continued)

Methods that is used in the calculation of expected credit losses

The Group considers PD/LGD impact on measuring expected credit losses:

- PD is an estimate of the likelihood that a borrower will be unable to meet its debt obligations over the future 12 months or the whole remaining lifetime. The Group estimates PD based on the historical default data, internal and external credit ratings and forward-looking information, etc.
- LGD is the estimated share of the exposure at default that is lost when a borrower defaults. LGD varies depending on the category of counterparties, ways and priority of recourse, and the category of collateral. LGD is the percentage of loss when default occurs;
- EAD is an estimation of the extent to which the Group may be exposed to a counterparty in the event of the counterparty's default in the future 12 months or the whole remaining lifetime;
- Forward-looking information, both the assessment of a significant increase in credit risk and calculation of expected credit losses include forward-looking information. The Group identifies the key economic factors affecting credit risk and the expected credit losses of different kinds of business based on historical data analysis. The Group forecasts economic factors periodically and applies expert judgments to determine the impact of forward-looking information on PD, etc.

For margin loan, the Group periodically make assessment on the borrowers credit risk based on available internal and external information, such as: historical default data, maintenance margin ratio, the liquidity, etc. LGD applied by the Group is based on the fair value of the related collateral securities and the related information, which includes sector situation, liquidity discount factor, restrictions, concentration, volatility, maintenance margin ratio, issuers' operation condition and related information.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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.



## 2 Significant accounting policies (continued)

### (ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- fixed assets (other than properties carried at revalued amounts);
- interest in associates and joint ventures measured under equity method;
- intangible assets;
- goodwill; and
- right-of-use assets.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

#### - Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

#### - Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

#### - Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

## **2 Significant accounting policies (continued)**

### **(k) Accounts and other receivables**

Accounts and other receivables are recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses as determined below:

The loss allowance of accounts receivable from margin clients is measured at 12-month expected credit losses (ECLs) unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The loss allowance of fee receivables is measured at an amount equal to lifetime ECLs, which are those losses that are expected to occur over the expected life of the trade receivables. The loss allowance is 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.

ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of accounts and other receivables through a loss allowance account.

The gross carrying amount of a trade debtor or other receivables is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

### **(l) Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

### **(m) Trade and other payables**

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.



## 2 Significant accounting policies (continued)

### (n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

### (o) Employee benefits

#### (i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

#### (ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

#### (iii) Share-based payments

The Company granted shares to its employees. The fair value of share awards granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity measured. The fair value is measured at grant date using the stock price of Huatai Securities Co., Ltd, the ultimate holding company of the Company, taking into account the terms and conditions upon which the awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the awards will vest.

During the vesting periods, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest.



## 2 Significant accounting policies (continued)

### (p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

## 2 Significant accounting policies (continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

### (q) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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.

### (r) Revenue recognition

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.



## 2 Significant accounting policies (continued)

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, 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 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 in paragraph 63 of HKFRS 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) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(ii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

(iii) Brokerage and commission income

Brokerage and commission income is recognised on trade date basis.

(iv) Service fee income

Service fee income, including handling fee income, custodial service fee income, placing and underwriting commission and financial management and advisory fee income, are recognised when the underlying services had been provided.

## 2 Significant accounting policies (continued)

### (s) *Financial assets held under resale and sold under repurchase agreements*

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

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

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

### (t) *Leased assets*

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.



## 2 Significant accounting policies (continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes 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, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(h) and 2(j)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. 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.

### (u) *Translation of foreign currencies*

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

### (v) *Borrowing costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

## 2 Significant accounting policies (continued)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

### (w) *Related parties*

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) 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).
  - (ii) 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).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the 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)

### (x) *Accounting judgement and estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Changes in assumptions may have a significant impact on the financial statements in the periods where the assumptions are changed. The application of assumptions and estimates means that any selection of different assumptions would cause the Group's reporting to differ. The Group believes that the assumptions that have been made are appropriate and that the financial statements therefore present the financial position and results fairly, in all material respects.

#### *Sources of estimation uncertainty*

##### (i) Fair value of financial instruments

The fair value of unlisted financial instruments, derivative instruments and other non-trading securities are significantly affected by the combination of valuation methodologies employed, the parameters used and, if required, the related comparable companies chosen. The valuation methodologies and the source of parameters adopted by the Group are discussed in note 3(f).

##### (ii) Measurement of ECL

As explained in Note 2(j)(i), ECL are measured as an allowance equal to 12-month ECL or lifetime ECL. 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.

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.

## 2 Significant accounting policies (continued)

### (iii) Recognition of deferred tax assets and liabilities

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the estimation of available tax credits and the possibility to recover such deferred tax assets recognised.

### (iii) Useful life and impairment of intangible assets

The Group assesses whether there are any indicators of impairment for all intangible assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. Other intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

### (y) **Goodwill**

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the Group's interest in 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 any accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or Groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (note 2(j)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit and loss on disposal.

### 3 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

#### (a) Credit risk

The Group's credit risk is primarily attributable to accounts receivable due from clients, brokers and clearing houses, and debt investments. Management has a credit policy in place and the exposure to these credit risks is monitored on an on-going basis.

Debt investments consist of listed and quoted securities. Majority of the debt securities are listed in recognised stock exchanges. Management maintains a risk policy and the exposure to these credit risks is monitored on an on-going basis.

	<i>The Group</i>	
	2021	2020
Credit rating analysis of debt securities		
<b>Rating</b>		
- From AAA to A-	\$ 196,920,948	\$ 1,147,159,059
- From BBB+ to BBB-	54,434,200	3,747,838,945
- BB+ or below	96,094,729	8,336,594,704
Sub total	\$ 347,449,877	\$13,231,592,708
Non-rated	314,961,488	6,289,056,336
Total	\$ 662,411,365	\$19,520,649,044

In respect of accounts receivable due from clients, credit evaluations are performed on all clients including cash, custodian and margin clients. Receivables due from cash and custodian clients are due within the settlement day commonly adopted by the relevant market convention, which is usually within a few days from the trade day. Because of the short settlement period involved, credit risk relating to accounts receivable due from cash and custodian clients is considered small. The Group normally obtains liquid securities as collaterals from margin clients in its securities brokerage business. Margin call and forced liquidation processes are in place to reduce the credit risks of the Group.



### 3 Financial risk management and fair values of financial instruments (continued)

In respect of accounts receivable from brokers and clearing houses, credit risks are considered low as the Group normally enters into transactions with brokers and clearing houses which are registered with regulatory bodies and with sound reputation in the industry.

In respect of unquoted debt instruments and amounts receivable from margin clients, the Group has policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction. The Group requires collateral from counterparties before entering into an exposure. The investment or receivable amount permitted depends on the quality and value of collateral provided by the counterparties. The approval process ensures the proper level of review and authorisation. Further, the Group undertakes ongoing credit analysis and monitoring at several levels. The policies are designed to promote early detection of counterparty, industry or product exposures that require special monitoring. The Risk Management team approves and monitors overall portfolio risk and potential problem. Any subsequent change in value as well as quality, of collateral is closely monitored in order, to determine whether any corrective action is required.

At the end of the reporting period, the exposure to the Group's largest margin client and the top five margin clients represented 13% and 41% (2020: 22% and 63%) of the total accounts receivable from margin clients respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

#### (b) *Liquidity risk*

Liquidity risk is the risk that the Group is unable to meet its payment obligations when they are due. The Group manages its liquidity risk by maintaining sufficient cash at reputable financial institutions and the availability of funding from the immediate holding company.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which 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:

### 3 Financial risk management and fair values of financial instruments (continued)

	The Group					Total	Carrying amount
	Contractual undiscounted cash outflow						
As at 31 December 2021	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Undated			
Debt securities issued	\$ 6,270,301,002	\$ 3,307,054,939	\$ 11,161,630,811	\$ -	\$ 20,738,986,752	\$ 20,061,057,234	
Financial liabilities at fair value through profit or loss	27,354,979,415	-	-	-	27,354,979,415	27,354,979,415	
Accounts payable	5,543,667,193	-	-	-	5,543,667,193	5,543,667,193	
Loan payables	296,456,943	-	-	-	296,456,943	296,456,943	
Lease liabilities	69,464,080	24,412,150	69,912,805	-	163,789,035	158,753,609	
Amount due to ultimate holding company	9,859,430	-	-	-	9,859,430	9,859,430	
Subordinated loans from immediate holding company	-	-	-	3,899,100,000	3,899,100,000	3,899,100,000	
Other payables and accruals	1,848,682,962	-	-	-	1,848,682,962	1,848,682,962	
	\$ 41,393,411,025	\$ 3,331,467,089	\$ 11,231,543,616	\$ 3,899,100,000	\$ 59,855,521,730	\$ 59,172,556,786	



### 3 Financial risk management and fair values of financial instruments (continued)

	The Group					Total	Carrying amount
	Contractual undiscounted cash outflow						
As at 31 December 2020	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Undated			
Debt securities issued	\$ 592,101,182	\$ 4,055,962,994	\$ 3,155,909,264	\$ -	\$ 7,803,973,440	\$ 7,378,119,432	
Financial liabilities at fair value through profit or loss	28,850,732,151	-	-	-	28,850,732,151	28,850,732,151	
Accounts payable	10,531,826,760	-	-	-	10,531,826,760	10,531,826,760	
Financial assets sold under repurchase agreements	21,682,953,006	-	-	-	21,682,953,006	21,682,953,006	
Loan payables	513,010,006	-	-	-	513,010,006	513,010,006	
Lease liabilities	62,466,730	54,443,671	2,181,571	-	119,091,972	113,855,297	
Amount due to ultimate holding company	1,450,251,974	-	-	-	1,450,251,974	1,450,251,974	
Amount due to immediate holding company	9,355,230,717	-	-	-	9,355,230,717	9,355,230,717	
Amounts due to fellow subsidiaries	129,893	-	-	-	129,893	129,893	
Subordinated loans from immediate holding company	-	-	-	3,876,050,000	3,876,050,000	3,876,050,000	
Other payables and accruals	6,190,158,704	-	-	-	6,190,158,704	6,190,158,704	
	\$ 79,228,861,123	\$ 4,110,406,665	\$ 3,158,090,835	\$ 3,876,050,000	\$ 90,373,408,623	\$ 89,942,317,940	

### 3 Financial risk management and fair values of financial instruments (continued)

#### (c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or the interest income of a portfolio will fluctuate due to changes in market interest rates. The Group manages its interest rate exposure by matching the interest rate profile of its assets and liabilities where the exposure is significant.

The Group's major interest bearing financial instruments included bank deposits, accounts receivable from clients, debt instruments classified as trading assets, and debt securities issued. Interest income derived from bank deposits are principally based on deposits rates offered by banks in Hong Kong and the prime interest rate in the Hong Kong market.

#### (i) Hedges of interest rate risk

Interest rate swaps, denominated in US dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy.

The following table provides information on the interest rate swaps which have been designated as cash flow hedges of the interest rate risk arising from the Group's variable rate debt securities issued at the end of the reporting period:

		<i>The Group</i>	
		2021	2020
Notional amount	\$	-	\$ 1,550,420,000
Carrying amount			
- Liability	\$	-	\$ 40,818,450

The Group seeks to hedge the benchmark interest rate component only and applies a hedge ratio of 1:1. The existence of an economic relationship between the interest rate swaps and the variable rate debt security issued is determined by matching their critical contract terms, including the reference interest rates, tenors, interest repricing dates, maturity dates, interest payment and receipt dates, the notional amounts of the swaps and the outstanding principal amounts of the debt. The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the swaps which is not reflected in the fair value of the hedged cash flows attributable to the change in interest rates.

### 3 Financial risk management and fair values of financial instruments (continued)

The following table provides a reconciliation of the hedging reserve in respect of interest rate risk and shows the effectiveness of the hedging relationships:

	<i>The Group</i>	
	2021	2020
Balance at 1 January	\$ (40,818,450)	\$ -
Effective portion of the cash flow hedge recognised in other comprehensive income	2,899,481	(56,867,017)
Net amount reclassified from other comprehensive income to profit or loss	21,505,697	16,048,567
Disposal of interest in subsidiaries	16,413,272	-
Balance at 31 December (note (i))	\$ -	\$ (40,818,450)
Change in fair value of the interest rate swaps designated as hedging strument during the year	\$ 24,405,178	\$ (40,818,450)
Hedge ineffectiveness recognised in profit or loss	-	-
Net movement of cash flow hedge reserve recognised in other comprehensive income during the year	\$ 24,405,178	\$ (40,818,450)

Notes:

- (i) The entire balance in the hedging reserve relates to continuing hedges.
- (ii) Interest rate profile

The following table details the interest rate profile of the Group's interest bearing financial instruments at the end of the reporting period.

		<i>The Group</i>	
	2021	2020	
	<i>Effective interest rate %</i>	<i>Effective interest rate %</i>	
<b>Interest bearing financial instruments</b>			
Interest bearing bank deposits	0.15	\$ 9,903,169,879	0.40 \$ 11,268,594,553
Accounts receivable from clients	5.10	1,830,744,159	6.10 2,114,677,684
Debt instruments	5.07	3,011,105,918	4.32 14,748,141,769
Loan payables	0.85	(296,456,943)	1.63 (513,010,006)
Subordinated loans from immediate holding company	2.81	(3,899,100,000)	2.87 (3,876,050,000)
Financial assets held under resale agreement	-	-	0.16 477,835,402
Financial assets sold under repurchase agreements	-	-	0.77 (21,682,953,006)



### 3 Financial risk management and fair values of financial instruments (continued)

#### (iii) Sensitivity analysis

At 31 December 2021, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately \$52,747,315/\$44,044,008 (2020: increased/decreased by approximately \$12,686,182/\$10,592,962).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) 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 profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2020.

#### (d) Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group manages its foreign currency exposure by matching the currencies of its financial assets and liabilities.

The Group is exposed to foreign currency risk primarily through agency brokerage transactions and clients' trust balances that are denominated in a currency other than the functional currency of the operations to which they relate. The major transactions of the Group are entered in Hong Kong dollars, Renminbi, Euros and United States dollars. As Hong Kong dollar is pegged to the United States dollar, the Group considers the risk of movements in exchange rates between Hong Kong dollar and the United States dollar to be insignificant.

### 3 Financial risk management and fair values of financial instruments (continued)

#### (i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date.

	The Group Exposure to foreign currencies (expressed in Hong Kong dollars) 2021	
	Renminbi	Euro
Deposits, prepayments and other receivables	\$ 50,525,670	\$ 292,221
Accounts receivable	1,579,414,821	5,014,644
Financial assets at fair value through profit or loss	16,334,703,302	-
Cash and deposits	2,461,303,994	2,081,760
Bank balances held on behalf of customers	441,608,034	47,503
Financial liabilities at fair value through profit or loss	(1,449,716,834)	-
Accounts payable	(354,978,575)	(47,503)
Other payables and accruals	(3,147,559)	-
Amount due (to)/from immediate holding company	(20,143,996,801)	23,503,900
Amount due from fellow subsidiaries	1,357,584,599	4,420,908
Net exposure arising from recognised assets and liabilities	<u>\$ 273,300,651</u>	<u>\$ 35,313,433</u>



### 3 Financial risk management and fair values of financial instruments (continued)

	The Group Exposure to foreign currencies (expressed in Hong Kong dollars) 2020	
	Renminbi	Euro
Deposits, prepayments and other receivables	\$ 23,569,127	\$ 315,542
Accounts receivable	736,323,375	(253,436,793)
Financial assets at fair value through profit or loss	16,064,463,664	384,942,308
Cash and deposits	1,193,564,162	36,602,890
Bank balances held on behalf of customers	127,952,093	13,832
Financial liabilities at fair value through profit or loss	(13,089,657,326)	(6,814)
Accounts payable	(133,622,323)	(13,832)
Financial assets sold under repurchase agreements	-	(19,272,589)
Lease liabilities	(6,436,399)	-
Other payables and accruals	(797,643,227)	-
Amount due to ultimate holding company	(1,495,087,802)	-
Amount due to immediate holding company	(41,272,567)	-
Net exposure arising from recognised assets and liabilities	<u>\$2,582,152,777</u>	<u>\$ 149,144,544</u>

### 3 Financial risk management and fair values of financial instruments (continued)

#### (ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. Effect on profit after tax for Renminbi is accounted for the foreign currency exposures under foreign exchange contracts as of 31 December 2021.

	The Group					
	2021			2020		
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Effect on other components of equity	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Effect on other components of equity
Renminbi	5% (5)%	\$ 11,410,302 (11,410,302)	\$ - -	5% (5)%	\$ 28,433,613 (28,433,613)	\$ - -
Euro	5% (5)%	\$ 1,474,336 (1,474,336)	\$ - -	5% (5)%	\$ 6,226,785 (6,226,785)	\$ - -

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2020.

### 3 Financial risk management and fair values of financial instruments (continued)

#### (e) Equity price risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. To manage the equity price risk, the performance of the investee company is regularly monitored.

The Group's exposure to equity price risk relates principally to its investments in unlisted equity securities.

The following table demonstrates the sensitivity of the Group's profit after tax and equity to every 10% change in fair values of the relevant equity stock prices.

	The Group					
	2021			2020		
	Change in fair value	Effect on profit after tax and retained profits	Effect on other components of equity	Change in fair value	Effect on profit after tax and retained profits	Effect on other components of equity
Market price of equity investments	10% (10%)	\$ 51,492,924 (51,492,924)	\$ 3,776,730 (3,776,730)	10% (10%)	\$ 48,820,822 (48,820,822)	\$ 11,714,115 (11,714,115)

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the changes in fair values 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.

#### (f) Fair value measurement

##### (i) Financial assets and liabilities measured at fair value

###### *Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

### 3 Financial risk management and fair values of financial instruments (continued)

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2021	The Group Fair value measurements as at 31 December 2021 categorised into		
		Level 1	Level 2	Level 3
Financial assets measured at fair value				
Financial assets at fair value through profit or loss				
Debt instruments				
- Listed in Hong Kong	\$ 127,704,405	\$ -	\$ 127,704,405	\$ -
- Listed outside Hong Kong	64,898,586	-	64,898,586	-
- Unlisted	2,865,476,279	-	2,865,476,279	-
	<u>\$ 3,058,079,270</u>	<u>\$ -</u>	<u>\$ 3,058,079,270</u>	<u>\$ -</u>
Equity securities				
- Listed in Hong Kong	\$ 16,283,249	\$ 16,283,249	\$ -	\$ -
- Listed outside Hong Kong	13,215,211,865	13,215,211,865	-	-
- Unlisted	278,071,213	-	-	278,071,213
	<u>\$ 13,509,566,327</u>	<u>\$ 13,231,495,114</u>	<u>\$ -</u>	<u>\$ 278,071,213</u>
Funds				
- Listed outside Hong Kong	\$ 2,987,787,553	\$ 2,987,787,553	\$ -	\$ -
	<u>\$ 2,987,787,553</u>	<u>\$ 2,987,787,553</u>	<u>\$ -</u>	<u>\$ -</u>



### 3 Financial risk management and fair values of financial instruments (continued)

	Fair value at 31 December 2021	The Group Fair value measurements as at 31 December 2021 categorised into		
		Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>				
Convertible bonds	\$ 462,077,325	\$ 163,277,960	\$ 298,799,365	\$ -
<b>Derivative assets</b>				
- Total return swaps	\$ 327,766,409	\$ -	\$ 327,766,409	\$ -
- Futures and options contracts	1,453,474	1,453,474	-	-
	\$ 329,219,883	\$ 1,453,474	\$ 327,766,409	\$ -
	\$ 20,346,730,358	\$ 16,384,014,101	\$ 3,684,645,044	\$ 278,071,213
Interest in joint venture	\$ 1,006,958,796	\$ -	\$ -	\$ 1,006,958,796
<b>Financial liabilities measured at fair value</b>				
<b>Financial liabilities measured at fair value through profits or loss</b>				
<b>Debt instruments</b>				
- Listed in Hong Kong	\$ (15,736,768)	\$ -	\$ (15,736,768)	\$ -
- Listed outside Hong Kong	(28,316,023)	-	(28,316,023)	-
- Unlisted	(2,920,561)	-	(2,920,561)	-
	\$ (46,973,352)	\$ -	\$ (46,973,352)	\$ -
Non-controlling interests	\$ (14,505,730)	\$ -	\$ -	\$ (14,505,730)
Structured notes	\$ (26,989,289,280)	\$ -	\$ (26,989,289,280)	\$ -
<b>Derivative liabilities</b>				
- Total return swaps	\$ (101,193,030)	\$ -	\$ (101,193,030)	\$ -
- Futures and options contracts	(203,018,023)	(203,018,023)	-	-
	\$ (304,211,053)	\$ (203,018,023)	\$ (101,193,030)	\$ -
	\$ (27,354,979,415)	\$ (203,018,023)	\$ (27,137,455,662)	\$ (14,505,730)



### 3 Financial risk management and fair values of financial instruments (continued)

	Fair value at 31 December 2020	The Group Fair value measurements as at 31 December 2020 categorised into		
		Level 1	Level 2	Level 3
Financial assets measured at fair value				
Financial assets at fair value through profit or loss				
Debt instruments				
- Listed in Hong Kong	\$ 10,687,692,923	\$ -	\$ 10,687,692,923	\$ -
- Listed outside Hong Kong	2,302,654,933	170,027,094	2,132,627,839	-
- Unlisted	4,143,918,193	-	3,692,242,962	451,675,231
	<u>\$ 17,134,266,049</u>	<u>\$ 170,027,094</u>	<u>\$ 16,512,563,724</u>	<u>\$ 451,675,231</u>
Equity securities				
- Listed in Hong Kong	\$ 13,638,714,487	\$ 13,638,714,487	\$ -	\$ -
- Listed outside Hong Kong	29,563,268,552	29,563,268,552	-	-
- Unlisted	890,991,695	-	-	890,991,695
	<u>\$ 44,092,974,734</u>	<u>\$ 43,201,983,039</u>	<u>\$ -</u>	<u>\$ 890,991,695</u>
Funds				
- Listed outside Hong Kong	\$ 1,548,495,293	\$ 1,548,495,293	\$ -	\$ -
- Unlisted	850,670,231	-	-	850,670,231
	<u>\$ 2,399,165,524</u>	<u>\$ 1,548,495,293</u>	<u>\$ -</u>	<u>\$ 850,670,231</u>

### 3 Financial risk management and fair values of financial instruments (continued)

	Fair value at 31 December 2020	The Group Fair value measurements as at 31 December 2020 categorised into		
		Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Loans to associates and joint venture	\$ 1,634,439,037	\$ -	\$ 1,634,439,037	\$ -
Convertible bonds	\$ 422,370,362	\$ -	\$ 422,370,362	\$ -
Derivative assets				
- Foreign exchange forwards	\$ 209,439,389	\$ -	\$ 209,439,389	\$ -
- Equity swaps	6,849,385,889	6,849,385,889	-	-
- Interest rate swaps	2,472,223	-	2,472,223	-
- Total return swaps	34,928,941	-	34,928,941	-
- Futures and options contracts	46,748,284	11,928,950	32,897,761	1,921,573
	\$ 7,142,974,726	\$ 6,861,314,839	\$ 279,738,314	\$ 1,921,573
	\$ 72,826,190,432	\$ 51,781,820,265	\$ 18,849,111,437	\$ 2,195,258,730
Interest in joint venture	\$ 1,055,313,373	\$ -	\$ -	\$ 1,055,313,373
Financial assets at fair value through other comprehensive income				
Debt instruments				
- Listed in Hong Kong	\$ 3,493,827,241	\$ -	\$ 3,493,827,241	\$ -
- Listed outside Hong Kong	1,723,024,046	-	1,723,024,046	-
- Unlisted	1,042,301,206	-	1,042,301,206	-
	\$ 6,259,152,493	\$ -	\$ 6,259,152,493	\$ -
Funds				
- Unlisted	\$ 117,141,145	\$ -	\$ -	\$ 117,141,145
	\$ 6,376,293,638	\$ -	\$ 6,259,152,493	\$ 117,141,145

### 3 Financial risk management and fair values of financial instruments (continued)

	Fair value at 31 December 2020	The Group Fair value measurements as at 31 December 2020 categorised into		
		Level 1	Level 2	Level 3
<b>Financial liabilities measured at fair value</b>				
<b>Financial liabilities measured at fair value through profits or loss</b>				
<b>Debt instruments</b>				
- Listed in Hong Kong	\$ (149,907,763)	\$ -	\$ (149,907,763)	\$ -
- Listed outside Hong Kong	(101,026,241)	-	(101,026,241)	-
	<u>\$ (250,934,004)</u>	<u>\$ -</u>	<u>\$ (250,934,004)</u>	<u>\$ -</u>
<b>Equity securities</b>				
- Listed outside Hong Kong	\$ (282,710,052)	\$ (282,710,052)	\$ -	\$ -
	<u>\$ (282,710,052)</u>	<u>\$ (282,710,052)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Non-controlling interests</b>	<u>\$ (15,660,616)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,660,616)</u>
<b>Structured notes</b>	<u>\$ (12,976,669,663)</u>	<u>\$ -</u>	<u>\$ (11,604,274,723)</u>	<u>\$ (1,372,394,940)</u>
<b>Derivative liabilities</b>				
- Foreign exchange forwards	\$ (268,475,034)	\$ -	\$ (268,475,034)	\$ -
- Equity swaps	(14,601,826,923)	(14,601,826,923)	-	-
- Credit default swaps	(12,030,333)	-	(12,030,333)	-
- Total return swaps	(136,520,179)	-	(136,520,179)	-
- Futures and options contracts	(248,450,882)	(229,309,022)	(19,141,860)	-
- Interest rate swap	(57,454,465)	-	(57,454,465)	-
	<u>\$ (15,324,757,816)</u>	<u>\$ (14,831,135,945)</u>	<u>\$ (493,621,871)</u>	<u>\$ -</u>
	<u>\$ (28,850,732,151)</u>	<u>\$ (15,113,845,997)</u>	<u>\$ (12,348,830,598)</u>	<u>\$ (1,388,055,556)</u>

During the years ended 31 December 2021 and 2020, there were no significant transfers between Level 1 and Level 2. Transfers into or out of Level 3 are disclosed on page 61. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

#### *Valuation techniques and inputs used in Level 2 fair value measurements*

For financial instruments that are not traded in the active markets, the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and various market widely recognised option pricing models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, equity prices, foreign currency exchange rates, index prices, and historical or implied volatilities. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

### 3 Financial risk management and fair values of financial instruments (continued)

#### *Information about Level 3 fair value measurements*

Significant inputs to the valuation technique are unobservable and a proprietary valuation technique is used. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used.

Within this level of the hierarchy are:

Instruments where there is a significant unobservable parameter to the valuation technique. Whilst there is no bright line threshold if the parameter input could impact the fair value of the instrument by +/- 5% when stressed within a credible range then the instrument should be Level 3.

Instruments where fair value is determined by reference to prices of similar transactions but there is significant uncertainty regarding the valuation should be included in this level of the fair value hierarchy.

For the Level 3 instrument that the Group holds, the main unobservable inputs are volatility on profit earned by the investee and growth rate of the investee and weighted average cost of capital.

#### *Qualitative disclosure of valuation techniques*

##### (i) Equity securities

The majority of the Group's positions in equity securities are traded on public stock exchanges for which quoted market prices are readily and regularly available and are therefore categorised as level 1 instruments. Level 3 equities consisted of private equities and listed stocks which were suspended from trading as at year end. The fair value of the unlisted equity securities has been determined with reference to the price of recent investment valuation technique under market approach.

##### (ii) Debt instruments

For debt instruments for which market prices are not available, valuations are based on yields reflecting credit rating, historical performance, delinquencies, loss severity, the maturity of the security, recent transactions in the market or other modeling techniques, which may involve judgment. For those securities where the price or model inputs are observable in the market, they are categorised as level 2 instruments. Level 3 debt instruments consisted of private notes. The fair value of these debts was estimated with regards to the last traded prices and qualitative analysis.



### 3 Financial risk management and fair values of financial instruments (continued)

#### (iii) Derivatives

Derivative contracts mainly include swaps, forward and options contracts on foreign exchange interest, equity and bond. The fair values of these contracts are mainly measured using valuation techniques such as discounted cash flow models and option pricing models. The inputs can be observable or unobservable market data. Observable inputs include interest rate, foreign exchange rates equity prices and volatilities. Unobservable inputs such as volatility surface may be used. For certain complex derivative contracts, the fair values are determined based on recent market transaction or broker/dealer price quotations.

#### (iv) Unlisted funds

The fair value of unlisted funds are determined based on the recent net asset value of the fund.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	<i>The Group</i> 2021	2020
Financial assets at fair value through profit or loss:		
At 1 January	\$ 2,312,399,875	\$ 1,732,959,419
Transfer out of level 3	(214,264)	-
Additions	332,924	1,243,779,151
Disposals	(816,911,561)	(748,561,752)
Disposal of interest in subsidiaries	(1,285,146,581)	(60,493,576)
Change in fair value	67,610,820	144,716,633
At 31 December	<u>\$ 278,071,213</u>	<u>\$ 2,312,399,875</u>
Financial liabilities at fair value through profit or loss:		
At 1 January	\$ (1,388,055,556)	\$ (233,625,000)
Additions	-	(1,155,492,556)
Disposals	1,372,394,940	-
Change in fair value	1,154,886	1,062,000
At 31 December	<u>\$ (14,505,730)</u>	<u>\$ (1,388,055,556)</u>

#### (ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost approximate their fair values as at 31 December 2021 and 2020.



#### 4 Discontinued operations

##### (a) Discontinued operations of Huatai Capital Investment Limited in 2021

During the year ended 31 December 2020, the Company was the direct holding company of Huatai Capital Investment Limited ("HCI").

On 30 December 2021, the Company transferred all its share of HCI to Huatai International Financial Holdings Company Limited, the immediate holding company of the Company, at a consideration of \$878,662,930.

Following the transfer, the Company has ceased to hold any equity interest in the transferee and the transferee has ceased to be a subsidiary of the Company. A net gain of \$171,656,472 in respect of the disposal was recorded and included in the profits attributable to equity shareholders of the Company from discontinued operations. The transferee's operating results are reported as discontinued operations in the consolidated statement of comprehensive income.

##### (i) Results of discontinued operations

	<i>Period from 1 January 2021 to 30 December 2021</i>	<i>For the year ended 31 December 2020</i>
Revenue	\$ 2,332,553,537	\$ 850,397,308
Other income	828,724,060	238,479,788
	<u>\$ 3,161,277,597</u>	<u>\$ 1,088,877,096</u>
Finance costs	(319,950,150)	(309,399,208)
Provision for impairment losses and expected credit losses	(105,511,981)	(77,767,014)
Other operating expenses	<u>(1,884,069,238)</u>	<u>(230,649,638)</u>
<b>Operating profit before taxation</b>	<b>\$ 851,746,228</b>	<b>\$ 471,061,236</b>
Taxation	<u>(121,434,201)</u>	<u>-</u>
<b>Operating profit from discontinued operations</b>	<b>\$ 730,312,027</b>	<b>\$ 471,061,236</b>
Gain on disposal of discontinued operations	<u>171,656,472</u>	<u>-</u>
<b>Profit from discontinued operations</b>	<b>\$ 901,968,499</b>	<b>\$ 471,061,236</b>

#### 4 Discontinued operations (continued)

##### (ii) Cash flow from discontinued operations

	2021	2020
Net cash generated from/(used in) operating activities	\$ 1,911,791,649	\$(5,113,010,665)
Net cash used in investing activities	(1,118,237,148)	(9,304,788)
Net cash (used in)/generated from financing activities	(1,569,144,184)	5,098,791,937
	<u>\$ (775,589,683)</u>	<u>\$ (23,523,516)</u>

##### (iii) Effect of disposal in the financial position of the Group

	At 30 December 2021
Interests in associates	\$ 6,140,305
Financial assets measured at amortised cost	280,376,515
Financial assets at fair value through other comprehensive income	4,550,653,534
Financial assets at fair value through profit or loss	102,907,745,638
Deferred tax assets	17,409,477
Accounts and other receivables	4,456,647,072
Financial assets held under resale agreements	3,207,040,152
Cash and deposits	729,899,702
Financial liabilities at fair value through profit or loss	(9,806,260,769)
Amount due to ultimate holding company	(4,418,802,663)
Amount due to immediate holding company	(7,939,458,481)
Amounts due to fellow subsidiaries	(25,767,005,135)
Accounts payable	(16,002,944,171)
Financial assets sold under repurchase agreements	(34,073,789,962)
Other payables and accruals	(17,255,004,764)
Tax payables	(138,843,678)
Deferred tax liabilities	(7,721,392)
<b>Net assets</b>	<b>\$ 746,081,380</b>
Hedging reserve	16,413,272
Fair value reserve	(55,488,194)
<b>Adjusted net assets</b>	<b><u>\$ 707,006,458</u></b>
Consideration received in cash	878,662,930
Cash and deposits disposed of	(729,899,702)
<b>Net cash inflows</b>	<b><u>\$ 148,763,228</u></b>

#### **4 Discontinued operations (continued)**

##### **(b) *Discontinued operations of Huatai International Investment Holdings Limited and its subsidiaries in 2020***

During the year ended 31 December 2019, Huatai International Finance Limited, a wholly owned subsidiary of the Company, was the direct holding company of Huatai International Investment Holdings Limited ("the transferee"). The transferee is the immediate holding company of AssetMark Financial Holdings, Inc ("AssetMark"), a company that the Group acquired on 31 October 2016 and was listed on the New York Stock Exchange on 18 July 2019 (NYSE: AMK).

On 24 June 2020, Huatai International Finance Limited transferred all its share of the transferee to Huatai International Financial Holdings Company Limited, the immediate holding company of the Company, at cost of HK\$2.

Following the transfer, the Company has ceased to hold any equity interest in the transferee and the transferee has ceased to be a subsidiary of the Company. A net gain of \$8,840,697 in respect of the disposal was recorded and included in the profits attributable to equity shareholders of the Company from discontinued operations. The transferee's operating results are reported as discontinued operations in the consolidated statement of comprehensive income.

#### 4 Discontinued operations (continued)

##### (i) Results of discontinued operations

	<i>Period from 1 January 2020 to 24 June 2020</i>
Revenue	\$ 1,659,012,170
Other income	5,718,037
	<u>\$ 1,664,730,207</u>
Staff costs	(712,886,511)
Finance costs	(31,670,076)
Depreciation	(30,001,466)
Amortisation	(124,452,547)
Provision for impairment losses and expected credit losses	(258,584)
Other operating expenses	(814,448,228)
	<u>Operating loss before taxation</u>
	\$ (48,987,205)
Taxation	(37,905,383)
	<u>Operating loss from discontinued operations</u>
	\$ (86,892,588)
Gain on disposal of discontinued operations	8,840,697
Release of reserves on disposal of discontinued operations	690,172,741
	<u>Profit from discontinued operations</u>
	\$ 612,120,850
<b>Attributable to:</b>	
Equity shareholders of the Group	\$ 628,226,445
Non-controlling interests	<u>\$ (16,105,595)</u>



#### 4 Discontinued operations (continued)

##### (ii) Cash flow from discontinued operations

Period from 1  
January 2020 to  
24 June 2020

Net cash generated from operating activities	\$ 228,717,958
Net cash used in investing activities	(1,197,443,636)
	<u>\$ (968,725,678)</u>

##### (iii) Effect of disposal in the financial position of the Group

At 24 June  
2020

Fixed assets	
- Other property, plant and equipment	\$ 55,098,368
- Right-of-use assets	264,807,210
Intangible assets	5,637,767,236
Goodwill	2,626,782,589
Financial assets at fair value through profit or loss	3,257,652
Financial assets at fair value through other comprehensive income	60,493,576
Deposits, prepayments and other receivables	124,909,564
Accounts receivable	7,752,100
Amounts due from fellow subsidiaries	251,943
Tax recoverable	13,844,576
Cash and deposits	943,477,090
Deferred tax assets	319,672,245
Amount due to immediate holding company	(4,347,273,694)
Loan payables	(944,596,854)
Lease liabilities	(296,376,910)
Other payables and accruals	(378,933,340)
Deferred tax liabilities	(1,493,314,988)
<b>Net assets</b>	<b>\$ 2,597,618,363</b>
Capital reserve	(583,136,141)
Non-controlling interests	(2,023,322,917)
<b>Adjusted net assets</b>	<b>\$ (8,840,695)</b>
Consideration received in cash	2
Cash and deposits disposed of	(943,477,090)
<b>Net cash outflows</b>	<b>\$ (943,477,088)</b>



## 5 Revenue

An analysis of revenue is as follows:

	<i>The Group</i>	
	2021	2020
<b>Continuing operations</b>		
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
Brokerage and commission income	\$ 225,389,537	\$ 147,024,732
Handling fee income	33,968,138	14,398,394
Placing and underwriting commission	408,106,075	577,150,239
Financial management and advisory fee income	200,252,547	154,173,557
	<u>\$ 867,716,297</u>	<u>\$ 892,746,922</u>
<b>Income within the scope of HKFRS 9:</b>		
Interest revenue from margin clients calculated using the effective interest method	\$ 111,194,226	\$ 73,445,620
Interest revenue from cash clients and IPO financing	185,855,954	117,205,574
Interest revenue from debt securities and financial assets	5,286,271	161,689,112
Realised gain on investments	1,684,310,444	674,529,327
Unrealised (loss)/gain on investments	(629,591,820)	596,179,311
Dividend income from trading equities	89,942,488	62,073,712
	<u>\$ 1,446,997,563</u>	<u>\$ 1,685,122,656</u>
	<u>\$ 2,314,713,860</u>	<u>\$ 2,577,869,578</u>

## 6 Other income

	<i>The Group</i>	
	2021	2020
<b>Continuing operations</b>		
<b>Interest revenue from:</b>		
Financial assets measured at amortised cost		
- Authorised financial institutions	\$ 15,477,928	\$ 29,294,826
- Others	4,596,577	3,118,909
	<u>\$ 20,074,505</u>	<u>\$ 32,413,735</u>
Exchange loss	\$ (177,603,781)	\$ (828,484,361)
Management fee income from an affiliated company	774,689,601	209,682,917
Sundry income	19,909,085	41,762,123
	<u>\$ 637,069,410</u>	<u>\$ (544,625,586)</u>

## 7 Staff costs

	<i>The Group</i>	
	2021	2020
<b>Continuing operations</b>		
Salaries, bonus and allowances	\$ 1,602,744,025	\$ 941,596,892
Contribution to retirement schemes	6,531,790	5,585,810
Share-based payment expenses	8,694,110	-
	<u>\$ 1,617,969,925</u>	<u>\$ 947,182,702</u>

## 8 Finance costs

	<i>The Group</i>	
	2021	2020
<b>Continuing operations</b>		
Interest expenses on margin financing	\$ 873,062	\$ 1,099,705
Interest paid to banks	67,244,088	67,642,210
Interest on lease liabilities	4,135,843	5,727,080
Interest paid to clients	1,473,281	3,586,116
Interest for inter-company loans and balances	341,383,194	239,331,191
Others	668,718	2,301,181
	<u>\$ 415,778,186</u>	<u>\$ 319,687,483</u>

Note:

Interest expenses on debt securities issued by the Group are borne by Huatai International Financial Holdings Company Limited, the immediate holding company of the Company.

## 9 Other operating expenses

An analysis of other operating expenses is as follows:

	<i>The Group</i>	
	2021	2020
<b>Continuing operations</b>		
Legal and professional fee	\$ 165,487,717	\$ 64,522,404
IT and communication expenses	157,812,836	72,712,598
Marketing expenses	96,193,602	69,329,590
Others	146,372,275	122,610,404
	<u>\$ 565,866,430</u>	<u>\$ 329,174,996</u>

## 10 Profit before taxation

Profit before taxation is arrived at after charging:

	The Group	
	2021	2020
<b>Continuing operations</b>		
Depreciation		
- owned property, plant and equipment	\$ 38,991,165	\$ 26,814,763
- right-of-use assets	73,765,403	56,080,579
Amortisation charge of intangible assets	2,785,682	807,717
	<u>\$ 115,542,250</u>	<u>\$ 83,703,059</u>
Auditors' remuneration		
- charge for the year	\$ 2,400,280	\$ 3,869,035
- Overprovision in respect of prior year	(1,322,000)	-
	<u>\$ 1,078,280</u>	<u>\$ 3,869,035</u>

## 11 Income tax in the statement of comprehensive income

### (a) Taxation in the statement of profit or loss represents:

	The Group	
	2021	2020
<b>Continuing operations</b>		
<b>Current tax - Tax</b>		
Provision for the year - Hong Kong	\$ -	\$ -
Provision for the year - Outside Hong Kong	-	-
Over-provision in respect of prior years	-	(29,716)
	<u>\$ -</u>	<u>\$ (29,716)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>\$ (1,434,418)</u>	<u>\$ -</u>
<b>Total tax credit</b>	<u>\$ (1,434,418)</u>	<u>\$ (29,716)</u>

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

## 11 Income tax in the statement of comprehensive income (continued)

### (b) Reconciliation between tax credit and accounting profit at applicable tax rates:

	The Group	
	2021	2020
<b>Continuing operations</b>		
Profit before taxation	\$ 255,250,365	\$ 314,293,897
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	\$ 41,990,035	\$ 51,840,556
Tax effect of non-deductible expenses	280,875,299	242,653,465
Tax effect of non-taxable income	(304,132,839)	(276,326,057)
Tax effect of unused tax losses not recognised	214,328	27,550,073
Tax effect of utilisation of unused tax losses	(20,381,241)	(45,718,037)
Over-provision in respect of prior years	-	(29,716)
Actual tax credit	\$ (1,434,418)	\$ (29,716)

## 12 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2021	2020
Directors' fees	\$ -	\$ -
Salaries, allowances and benefits in kind	9,168,459	10,744,755
Discretionary bonus	21,580,453	14,138,369
Retirement scheme contributions	48,000	54,000
	\$ 30,796,912	\$ 24,937,124



## 13 Fixed assets

### (a) The Group

	Land and buildings held by own use carried at fair value	Motor cars	Furniture, fixtures, leasehold improvement and equipment	Right-of-use assets (note 15)	Total
<b>Cost or valuation:</b>					
At 1 January 2020	\$ 15,650,000	\$ 2,126,273	\$ 205,688,040	\$ 371,919,436	\$ 595,383,749
Exchange adjustments	-	30,276	(246,629)	(102,910)	(319,263)
Additions	-	-	35,686,090	136,416,317	172,102,407
Acquisition of subsidiary	-	-	2,131,000	-	2,131,000
Disposals	-	-	(184,598)	-	(184,598)
Disposal of interest in subsidiaries	-	-	(115,332,899)	(317,842,264)	(433,175,163)
Deficit on revaluation	(1,090,000)	-	-	-	(1,090,000)
At 31 December 2020	\$ 14,560,000	\$ 2,156,549	\$ 127,741,004	\$ 190,390,579	\$ 334,848,132
Representing:					
Cost	\$ 4,743,100	\$ 2,156,549	\$ 127,741,004	\$ 190,390,579	\$ 325,031,232
Valuation - 2020	9,816,900	-	-	-	9,816,900
	\$ 14,560,000	\$ 2,156,549	\$ 127,741,004	\$ 190,390,579	\$ 334,848,132
At 1 January 2021	\$ 14,560,000	\$ 2,156,549	\$ 127,741,004	\$ 190,390,579	\$ 334,848,132
Exchange adjustments	-	7,906	172,394	-	180,300
Additions	-	-	98,770,096	124,614,384	223,384,480
Disposals	-	-	(11,871,525)	-	(11,871,525)
Disposal of interest in subsidiaries	-	(775,455)	(1,519,952)	(21,816,630)	(24,112,037)
Surplus on revaluation	1,620,000	-	-	-	1,620,000
At 31 December 2021	\$ 16,180,000	\$ 1,389,000	\$ 213,292,017	\$ 293,188,333	\$ 524,049,350
Representing:					
Cost	\$ 4,743,100	\$ 1,389,000	\$ 213,292,017	\$ 293,188,333	\$ 512,612,450
Valuation - 2021	11,436,900	-	-	-	11,436,900
	\$ 16,180,000	\$ 1,389,000	\$ 213,292,017	\$ 293,188,333	\$ 524,049,350
<b>Accumulated depreciation and impairment:</b>					
At 1 January 2020	\$ -	\$ 2,075,599	\$ 100,929,377	\$ 58,289,988	\$ 161,294,964
Exchange adjustments	-	51,986	(808,023)	1,065,577	309,540
Charge for the year	-	18,625	35,843,774	77,034,409	112,896,808
Disposals	-	-	(25,841)	-	(25,841)
Impairment	-	-	4,143,296	-	4,143,296
Disposal of interest in subsidiaries	-	-	(60,234,531)	(53,035,054)	(113,269,585)
At 31 December 2020	\$ -	\$ 2,146,210	\$ 79,848,052	\$ 83,354,920	\$ 165,349,182
At 1 January 2021	\$ -	\$ 2,146,210	\$ 79,848,052	\$ 83,354,920	\$ 165,349,182
Exchange adjustments	-	7,799	(80,468)	385,901	313,232
Charge for the year	-	-	38,991,165	73,765,403	112,756,568
Disposals	-	-	(11,151,402)	-	(11,151,402)
Disposal of interest in subsidiaries	-	(765,009)	(1,168,020)	(4,386,786)	(6,319,815)
At 31 December 2021	\$ -	\$ 1,389,000	\$ 106,439,327	\$ 153,119,438	\$ 260,947,765
<b>Net book value:</b>					
At 31 December 2021	\$ 16,180,000	\$ -	\$ 106,852,690	\$ 140,068,895	\$ 263,101,585
At 31 December 2020	\$ 14,560,000	\$ 10,339	\$ 47,892,952	\$ 107,035,659	\$ 169,498,950

### 13 Fixed assets (continued)

#### (b) Fair value measurement of properties

##### (i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2021	Fair value measurements as at 31 December 2021 categorised into		
		Level 1	Level 2	Level 3
<i>Recurring fair value measurement</i>				
Self-occupied land and buildings	\$ 16,180,000	\$ -	\$ 16,180,000	\$ -
	Fair value at 31 December 2020	Fair value measurements as at 31 December 2020 categorised into		
		Level 1	Level 2	Level 3
<i>Recurring fair value measurement</i>				
Self-occupied land and buildings	\$ 14,560,000	\$ -	\$ 14,560,000	\$ -

During the year ended 31 December 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2020: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's self-occupied land and buildings were revalued as at 31 December 2021.

##### (ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of properties held for own use located in Hong Kong is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

## 14 Other assets

	<i>The Group</i>	
	2021	2020
Deposits with the SEHK:		
- Compensation fund	\$ 50,000	\$ 50,000
- Fidelity fund	50,000	50,000
- Stamp duty	500,000	1,000,000
	<u>\$ 600,000</u>	<u>\$ 1,100,000</u>
Deposits with Hong Kong Securities Clearing Corporation Limited (HKSCC):		
- Guarantee fund contribution	\$ 34,439,079	\$ 37,352,637
- Admission fee	50,000	50,000
- Mainland security deposit	15,267,940	5,458,946
- Mainland settlement deposit	24,086,499	10,175,112
Deposits with HKFE Clearing Corporation Limited (HKCC):		
- Reserve fund	1,500,000	1,500,000
Deposits with SEHK Options Clearing House Limited (SEOCH):		
- Reserve fund	1,500,000	-
- Margin deposit	328,695	-
	<u>\$ 77,172,213</u>	<u>\$ 54,536,695</u>
	<u>\$ 77,772,213</u>	<u>\$ 55,636,695</u>

## 15 Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	<i>The Group</i>	
	2021	2020
Properties leased for own use, carried at depreciated cost	<u>\$ 140,068,895</u>	<u>\$ 107,035,659</u>

## 15 Right-of-use assets (continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	<i>The Group</i>	<i>2021</i>	<i>2020</i>
<b>Continuing operations</b>			
Depreciation charge of right-of-use assets by class of underlying asset:			
- properties leased for own use	\$	73,765,403	\$ 56,080,579
Interest on lease liabilities	\$	4,135,843	\$ 5,727,080
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December	\$	-	\$ 2,123,383

During the year, additions to right-of-use assets were \$124,614,384. This amount primarily related to the capitalised lease payments under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 25(c) and 27 respectively.

## 16 Interest in subsidiaries

The following list contains the particulars of principal subsidiaries of the Group as of 31 December 2021. The class of shares held is ordinary unless otherwise stated.

<i>Name of company</i>	<i>Place of incorporation</i>	<i>Principal activities</i>	<i>Registered and paid up capital</i>	<i>Percentage of shares held by the Group</i>
<u>Held directly by the Company</u>				
Huatai HK SPC	Cayman Islands	Fund management services	US\$1.00	100%
Huatai HK Investment (Cayman) Limited	Cayman Islands	Fund management services	US\$0.01	100%
Huatai Value Investment Partners Limited	British Virgin Islands	Fund management services	US\$1.00	100%
Huatai International Finance Limited	British Virgin Islands	Notes issuer	US\$1.00	100%
Huatai Capital Investment Management Limited	Hong Kong	Fund advisory service	HK\$2.00	100%
Huatai Principal Investment Group Limited	British Virgin Islands	Investment holding	US\$1.00	100%
Principal Solution Group Limited	British Virgin Islands	Investment holding	US\$1.00	100%
HTSC Limited	Hong Kong	Marketing	HK\$1.00	100%



## 16 Interest in subsidiaries (continued)

<i>Name of company</i>	<i>Place of incorporation</i>	<i>Principal activities</i>	<i>Registered and paid up capital</i>	<i>Percentage of shares held by the Group</i>
Pioneer Reward Limited	British Virgin Islands	Notes issuer	US\$1.00	100%
Huatai Capital Investment Partners Limited	British Virgin Islands	Fund management services	US\$1.00	100%
Huatai Capital Management Limited	British Virgin Islands	Fund advisory service	US\$1.00	100%
<i>Held indirectly by the Company</i>				
Huatai Value Management Limited	British Virgin Islands	Investment holding	US\$1.00	100%
Huatai Principal Investment I Limited	British Virgin Islands	Investment holding	US\$1.00	100%
Huatai International Financial Products Limited	British Virgin Islands	Structured products issuer	US\$1.00	100%
Huatai International Greater Bay Area Investment Fund II, L.P.	Cayman Islands	Investment holding	US\$46,509,184	100%
Huatai Special Opportunities Fund I, L.P.	Cayman Islands	Investment holding	US\$249,221,391	99.65%
Huatai Value Investment Fund L.P.	Cayman Islands	Investment holding	US\$271,177,576	99.65%

### **Transfer of direct subsidiaries**

During the year ended 31 December 2020, the Company was the direct holding company of 華泰金控投資諮詢(深圳)有限公司 (the "Transferee 1") and Huatai Capital Investment Limited (the "Transferee 2").

On 15 September 2021 ("the date of transfer"), the Company transferred all its share of the Transferee 1 to Huatai International Financial Holdings Company Limited, the immediate holding company of the Company, at a consideration of \$13,971,611.

On 30 December 2021 ("the date of transfer"), the Company transferred all its share of the Transferee 2 to Huatai International Financial Holdings Company Limited, the immediate holding company of the Company, at a consideration of \$878,662,930.

On the dates of transfer, all net assets of the transferee and its subsidiaries are eliminated from the consolidated statement of financial position. The excess of net assets over the cost of investments are credited to the consolidated profit or loss of the Group.



## 17 Interests in associates and joint venture

The following list contains the particulars of associates and joint venture as of 31 December 2021. None are considered individually material to the Group.

<i>Name of company</i>	<i>Place of incorporation</i>	<i>Percentage of shares held by the Group</i>	<i>Principal activities</i>
<u><i>Joint venture</i></u>			
Huatai International Greater Bay Area Investment Fund, L.P.	Cayman Islands	40%	Investment holding

In prior year, Huatai International GBA Growth Fund LP and Power Rise Holding Limited were the associates of the Transferee 2 and the Group.

On 30 December 2021, all shares of the Transferee 2 have been directly transferred to Huatai International Financial Holdings Company Limited, the immediate holding company of the Company, at a consideration of \$878,662,930. On the date of transfer, interest in associates was derecognised from the consolidated statement of financial position and becomes nil as at 31 December 2021.

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

	<i>The Group 2021</i>	<i>2020</i>
Aggregate carrying amount of individually immaterial associates and joint venture in the consolidated financial statements	\$ 1,006,958,796	\$ 1,064,543,802
<i>Aggregate amounts of the Group's share of those associates and joint venture</i>		
Profit from continuing operations	\$ 28,361,482	\$ 55,313,373
Post-tax profit or loss from discontinued operations	1,566,560	(74,359)
Total comprehensive income	\$ 29,928,042	\$ 55,239,014
<i>Reconciliation of carrying amounts to the Group's total interests in the associates and joint venture</i>		
Carrying amount of material associates and joint venture	\$ -	\$ -
Carrying amount of individually immaterial associates and joint venture	1,006,958,796	1,064,543,802
Interests in associates and joint venture in the consolidated financial statements	\$ 1,006,958,796	\$ 1,064,543,802

# 18 Financial assets/(liabilities) at fair value through profit or loss

	The Group	
	2021	2020
<b>Financial assets at fair value through profit or loss</b>		
Debt instruments		
- Listed in Hong Kong	\$ 127,704,405	\$10,687,692,923
- Listed outside Hong Kong	64,898,586	2,302,654,933
- Unlisted	2,865,476,279	4,143,918,193
	<u>\$ 3,058,079,270</u>	<u>\$17,134,266,049</u>
Equity securities		
- Listed in Hong Kong	\$ 16,283,249	\$13,638,714,487
- Listed outside Hong Kong	13,215,211,865	29,563,268,552
- Unlisted	278,071,213	890,991,695
	<u>\$13,509,566,327</u>	<u>\$44,092,974,734</u>
Funds		
- Listed outside Hong Kong	\$ 2,987,787,553	\$ 1,548,495,293
- Unlisted	-	850,670,231
	<u>\$ 2,987,787,553</u>	<u>\$ 2,399,165,524</u>
Others		
- Convertible bonds	\$ 462,077,325	\$ 422,370,362
- Loans to associates and joint venture	-	1,634,439,037
	<u>\$ 462,077,325</u>	<u>\$ 2,056,809,399</u>
Derivative assets (Note 19(a))	<u>\$ 329,219,883</u>	<u>\$ 7,142,974,726</u>
	<u>\$20,346,730,358</u>	<u>\$72,826,190,432</u>

**18 Financial assets/(liabilities) at fair value through profit or loss (continued)**

	<i>The Group</i>	
	2021	2020
<b>Financial liabilities at fair value through profit or loss</b>		
Debt instruments		
- Listed in Hong Kong	\$ (15,736,768)	\$ (149,907,763)
- Listed outside Hong Kong	(28,316,023)	(101,026,241)
- Unlisted	(2,920,561)	-
	<u>\$ (46,973,352)</u>	<u>\$ (250,934,004)</u>
Equity securities		
- Listed outside Hong Kong	\$ -	\$ (282,710,052)
Non-controlling interests	<u>\$ (14,505,730)</u>	<u>\$ (15,660,616)</u>
Structured notes	<u>\$(26,989,289,280)</u>	<u>\$ (12,976,669,663)</u>
Derivative liabilities (Note 19(a))	<u>\$ (304,211,053)</u>	<u>\$ (15,324,757,816)</u>
	<u>\$(27,354,979,415)</u>	<u>\$ (28,850,732,151)</u>

## 19 Derivative financial instruments

### (a) Fair value of derivatives

The following is a summary of each significant type of derivatives, without taking into accounts the effects of bilateral netting arrangements.

	The Group			
	2021 Assets (Note18)	2021 Liabilities (Note18)	2021 Assets (Note18)	2021 Liabilities (Note18)
Currency derivatives				
- Forwards	\$ -	\$ -	\$ 209,439,389	\$ (268,475,034)
Credit derivatives				
- Credit default swaps	-	-	-	(12,030,333)
Equity swaps	-	-	6,849,385,889	(14,601,826,923)
Total return swaps	327,766,409	(101,193,030)	34,928,941	(136,520,179)
Interest rate swaps	-	-	2,472,223	(57,454,465)
Futures and options contracts	1,453,474	(203,018,023)	46,748,284	(248,450,882)
	<u>\$ 329,219,883</u>	<u>\$ (304,211,053)</u>	<u>\$ 7,142,974,726</u>	<u>\$(15,324,757,816)</u>

## 19 Derivative financial instruments (continued)

### (b) Remaining life of derivatives

	The Group					
	Notional amounts with remaining life of 1 year or less		Notional amounts with remaining life of 1 to 5 years		Notional amounts with remaining life of over 5 years	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
<b>At 31 December 2021</b>						
Total return swaps	\$ 33,877,095,879	\$ 12,939,497,858	\$ -	\$ -	\$ -	\$ -
Futures and options	12,033,023	3,738,324,240	-	-	-	-
	<u>\$ 33,889,128,902</u>	<u>\$ 16,677,822,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>At 31 December 2020</b>						
Currency derivatives						
- Forwards	\$ 3,650,345,104	\$ 12,167,986,009	\$ 1,810,908,504	\$ 277,292,617	\$ -	\$ -
Credit derivatives						
- Credit default swaps	-	178,298,300	-	348,844,500	-	-
Equity swaps						
Total return swaps	27,891,495,732	27,828,180,690	13,795,555,137	25,463,708,554	-	-
Interest rate swaps	780,563,027	1,963,519,954	1,109,325,510	128,917,423	-	-
Futures and options	2,635,714,000	5,800,090,971	2,790,756,000	3,434,339,265	-	-
	<u>500,913,618</u>	<u>4,194,637,070</u>	<u>387,605,000</u>	<u>1,226,769,825</u>	<u>-</u>	<u>-</u>
	<u>\$ 35,459,031,481</u>	<u>\$ 52,132,712,994</u>	<u>\$ 19,894,150,151</u>	<u>\$ 30,879,872,184</u>	<u>\$ -</u>	<u>\$ -</u>



## 20 Income tax in the consolidated statement of financial position

### (a) Current taxation in the consolidated statement of financial position represents:

No tax payable or tax recoverable was recorded by the Group as at 31 December 2021 (2020: Nil).

### (b) Deferred tax assets and liabilities recognised:

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

	Accumulated tax losses	Provisions	The Group Share based payment	ECL	Others	Total
<b>Deferred tax assets arising from:</b>						
At 1 January 2020	\$ 97,611,101	\$ 82,344,651	\$ -	\$ -	\$ 39,785,037	\$ 219,740,789
Charged/(credited) to profit or loss	(13,168,754)	13,411,337	-	-	99,688,873	99,931,456
Disposal of interest in subsidiaries	(84,442,347)	(95,755,988)	-	-	(139,473,910)	(319,672,245)
At 31 December 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
At 1 January 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charged to profit or loss	-	-	1,434,418	17,409,477	-	18,843,895
Charged to reserves	-	-	91,725	-	-	91,725
Disposal of interest in subsidiary	-	-	-	(17,409,477)	-	(17,409,477)
At 31 December 2021	\$ -	\$ -	\$ 1,526,143	\$ -	\$ -	\$ 1,526,143

## 20 Income tax in the consolidated statement of financial position (continued)

	Deferred tax liabilities arising from:	Accumulated tax losses	Depreciation allowances in excess of the related depreciation	Intangible assets and goodwill	Prepayments	Revaluation of financial assets measured at fair value through other comprehensive income	Others	Total
At 1 January 2020								
Charged/(credited) to profit or loss	\$ (2,106,687)	\$ 154,655,113	\$ 1,238,603,794	\$ 4,206,813	\$ -	\$ -	\$ 229,993	\$ 1,395,589,026
Disposal of interest in subsidiaries	(156)	3,707,948	17,906,694	755,090	-	-	75,356,386	97,725,962
	-	(156,306,361)	(1,256,510,488)	(4,961,903)	-	-	(75,536,236)	(1,493,314,988)
At 31 December 2020	\$ (2,106,843)	\$ 2,056,700	\$ -	\$ -	\$ -	\$ -	\$ 50,143	\$ -
At 1 January 2021								
Charged/(credited) to profit or loss	\$ (2,106,843)	\$ 2,056,700	\$ -	\$ -	\$ -	\$ -	\$ 50,143	\$ -
Charged to reserves	(5,062,449)	4,795,149	-	-	-	7,721,392	267,300	7,721,392
Disposal of interest in subsidiary	-	-	-	-	-	(7,721,392)	-	(7,721,392)
At 31 December 2021	\$ (7,169,292)	\$ 6,851,849	\$ -	\$ -	\$ -	\$ -	\$ 317,443	\$ -
<b>Net deferred tax assets</b>								
At 31 December 2020							\$ -	\$ -
At 31 December 2021							\$ 1,526,143	\$ 1,526,143

## 20 Income tax in the consolidated statement of financial position (continued)

### (c) *Deferred tax assets not recognised*

In accordance with the accounting policy set out in note 2(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of \$52,177,000 (2020: \$1,056,416,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislations of the respective subsidiaries.

## 21 Accounts receivable

	<i>The Group</i>	
	2021	2020
Accounts receivable from		
- Cash clients	\$ 405,771,078	\$ 148,086,160
- Margin clients	1,830,744,159	2,114,677,684
- Brokers and dealers	1,608,990,534	3,126,809,920
- Clearing houses	382,538,750	879,305,338
Less: provision for expected credit losses	(5,165,736)	(29,675,921)
	<u>\$ 4,222,878,785</u>	<u>\$ 6,239,203,181</u>

*Analysed by the movement of provision for impairment loss:*

At the beginning of the year	\$ 29,675,921	\$ 26,412,502
(Reversal of)/charge for the year	(24,510,185)	3,263,419
At the end of the year	<u>\$ 5,165,736</u>	<u>\$ 29,675,921</u>

*Analysed by the stages of allowance for ECLs:*

Stage I	\$ 2,342,791	\$ 1,580,195
Stage II	148,029	99,341
Stage III	2,674,916	27,996,385
Total	<u>\$ 5,165,736</u>	<u>\$ 29,675,921</u>

Accounts receivable from cash clients, including amounts that are not settled after settlement dates at 31 December 2021 are current or aged within 30 days. These balances related to a wide range of customers for whom there was no recent history of default.

Margin loans due from margin clients are current and repayable on demand. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group. At 31 December 2021, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately \$18,532,957,690 (2020: \$7,568,399,882).

## 21 Accounts receivable (continued)

Accounts receivable from clearing houses, brokers and dealers are current. These represent pending trades arising from the business of dealing in securities, which are normally due within a few days after the trade date.

## 22 Financial assets measured at amortised cost

	<i>The Group</i>	
	2021	2020
<b>Non-current</b>		
Debt instruments	\$ -	\$ 322,484,499
Less: allowance for credit loss	-	(512,558)
	<u>\$ -</u>	<u>\$ 321,971,941</u>
<b>Current</b>		
Debt instruments	\$ -	\$ 24,538,691
Less: allowance for credit loss	-	(178,583)
	<u>\$ -</u>	<u>\$ 24,360,108</u>
<i>Analysed by the movement of provision for impairment loss:</i>		
At the beginning of the year	\$ 691,141	\$ 6,488,310
Charge for the year	666,796	(332,086)
Reversal of impairment	(270,115)	(5,465,083)
Disposal of interest in subsidiaries	(1,087,822)	-
At the end of the year	<u>\$ -</u>	<u>\$ 691,141</u>
<i>Analysed by the stages of allowance for ECLs:</i>		
Stage I	\$ -	\$ 691,141
Stage II	-	-
Stage III	-	-
Total	<u>\$ -</u>	<u>\$ 691,141</u>



## 23 Financial assets at fair value through other comprehensive income

	<i>The Group</i>	
	2021	2020
<b>Non-current</b>		
Debt instruments	\$ -	\$ 4,423,134,883
Equity instruments	-	117,141,145
	<u>\$ -</u>	<u>\$ 4,540,276,028</u>
Allowance for credit loss	<u>\$ -</u>	<u>\$ 41,897,294</u>
<b>Current</b>		
Debt instruments	<u>\$ -</u>	<u>\$ 1,836,017,610</u>
Allowance for credit loss	<u>\$ -</u>	<u>\$ 45,223,650</u>
<i>Analysed by the movement of provision for impairment loss:</i>		
At the beginning of the year	\$ 87,120,944	\$ 5,357,120
Charge for the year	91,420,228	84,764,576
Reversal of impairment	(46,775,000)	(3,000,752)
Disposal of interest in subsidiaries	(131,766,172)	-
At the end of the year	<u>\$ -</u>	<u>\$ 87,120,944</u>
<i>Analysed by the stages of allowance for ECLs:</i>		
Stage I	\$ -	\$ 87,120,944
Stage II	-	-
Stage III	-	-
Total	<u>\$ -</u>	<u>\$ 87,120,944</u>



## 24 Deposits, prepayments and other receivables

	The Group	
	2021	2020
<b>Non-current</b>		
Deposits	\$ 8,390,028	\$ 12,952,585
<b>Current</b>		
Interest receivables	\$ -	\$ 4,032,723
Fee receivables	35,097,625	188,023,579
Other receivables	104,503,756	109,883,282
Cash collaterals paid	-	1,153,589,742
Deposits	18,025,448	4,615,080
Prepayments	8,323,776	6,106,994
Less: provision for expected credit losses	(38,589,070)	(32,357,874)
	<u>\$ 127,361,535</u>	<u>\$ 1,433,893,526</u>
<b>Total</b>	<u>\$ 135,751,563</u>	<u>\$ 1,446,846,111</u>

*Analysed by the movement of provision for impairment loss:*

At the beginning of the year	\$ 32,357,874	\$ -
Charge for the year	5,886,299	32,357,874
Exchange adjustment	344,897	-
At the end of the year	<u>\$ 38,589,070</u>	<u>\$ 32,357,874</u>

*Analysed by the stages of allowance for ECLs:*

Stage I	\$ 3,939,022	\$ 2,813,219
Stage II	5,895,029	29,544,655
Stage III	28,755,019	-
Total	<u>\$ 38,589,070</u>	<u>\$ 32,357,874</u>

At 31 December 2021, fee and other receivables of \$38,589,070 (2020: \$32,357,874) were determined to be impaired.

Provision for expected credit losses for other receivables 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.

## 24 Deposits, prepayments and other receivables (continued)

Provision for expected credit losses for fee receivables are always measured at an amount equal to lifetime ECL. ECL on fee receivables was 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.

Except for the non-current deposits of \$8,390,028 (2020: \$12,952,585), all of the deposits, prepayments and other receivables classified as current assets are expected to be recovered or recognised as expense within one year.

## 25 Cash and deposits

### (a) Cash and deposits comprise:

	The Group	
	2021	2020
Time deposits with banks	\$ -	\$ 1,550,420
Cash at bank and on hand	4,711,592,483	5,831,233,618
Cash and cash equivalents	<u>\$ 4,711,592,483</u>	<u>\$ 5,832,784,038</u>

At the reporting date, the Group maintained client trust monies of \$5,191,577,396 (2020: \$5,435,810,515) and \$Nil (2020: \$Nil) in segregated bank accounts in accordance with the provision of Hong Kong Securities and Futures (Client Money) Rules and Section 71 of the Hong Kong Insurance Ordinance respectively. Client monies were not included in the cash and deposits of the Group.

## 25 Cash and deposits (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 cash flow statement as cash flows from financing activities.

	At 1 January 2020	Bank overdraft and interest payables	Bank loans and interest payables	Long term loan and interest payables	Subordinated loans from immediate holding company	Debt securities and interest payables	Lease liabilities	Total
<b>Changes from financing cash flows:</b>								
Interest paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital element of lease payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from issuance of debt securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Redemptions of debt securities issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from bank loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of bank loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from subordinated loans from immediate holding company	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total changes from financing cash flows</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other changes:</b>								
Interest expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest borne by immediate holding company	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in lease liabilities from entering into new leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Exchange adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disposal of interest in subsidiaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>At 31 December 2020</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>At 1 January 2021</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Changes from financing cash flows:</b>								
Interest paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital element of lease payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from issuance of debt securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Redemptions of debt securities issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from bank loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of bank loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total changes from financing cash flows</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other changes:</b>								
Interest expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest borne by immediate holding company	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in lease liabilities from entering into new leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Exchange adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disposal of interest in subsidiaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>At 31 December 2021</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

## 25 Cash and deposits (continued)

### (c) Total cash outflow for leases:

Amounts included in the cash flow statement for leases comprise the following:

	The Group	
	2021	2020
Within operating cash flows	\$ 8,779,635	\$ 2,123,383
Within investing cash flows	-	-
Within financing cash flows	64,428,586	71,059,368
	<u>\$ 73,208,221</u>	<u>\$ 73,182,751</u>

These amounts relate to the following:

	The Group	
	2021	2020
Lease rental paid	<u>\$ 73,208,221</u>	<u>\$ 73,182,751</u>

## 26 Accounts payable

	The Group	
	2021	2020
Accounts payable to:		
- Cash clients	\$ 2,677,347,032	\$ 2,348,709,403
- Margin clients	2,424,814,659	2,714,093,925
- Futures clients	4,071,251	4,056,788
- Asset management clients	2,977,688	664,166
- Clearing houses	409,221,759	23,456,171
- Brokers	25,234,804	5,440,846,307
	<u>\$ 5,543,667,193</u>	<u>\$ 10,531,826,760</u>

All of the accounts payable arising from ordinary course of business of dealing in securities, futures and option contracts are expected to be settled within one year or repayable on demand, and their carrying amounts approximate their fair value.



## 26 Accounts payables (continued)

### Offsetting financial assets and financial liabilities

The Group has entered into transactions subject to an enforceable master netting arrangement or similar agreements with counterparties. The gross amounts of recognised accounts receivable from and accounts payables to these counterparties and the net balance as shown on the consolidated statement of financial position are disclosed as follow:

Financial assets subjected to offsetting, enforceable master netting arrangements and similar agreements

	Gross amount of recognised accounts receivable	Gross amount of recognised accounts payable set off in the consolidated statement of financial position	The Group Net amount of accounts receivable presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position	Net amount
<b>At 31 December 2021</b>					
Accounts receivable	\$ 4,738,100,317	\$ (515,221,532)	\$ 4,222,878,785	\$ -	\$ 4,222,878,785
<b>At 31 December 2020</b>					
Accounts receivable	\$ 7,066,073,007	\$ (826,869,826)	\$ 6,239,203,181	\$ -	\$ 6,239,203,181

Financial liabilities subjected to offsetting, enforceable master netting arrangements and similar agreements

	Gross amount of recognised accounts payable	Gross amount of recognised accounts receivable set off in the consolidated statement of financial position	The Group Net amount of accounts payable presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position	Net amount
<b>At 31 December 2021</b>					
Accounts payable	\$ 6,058,888,725	\$ (515,221,532)	\$ 5,543,667,193	\$ -	\$ 5,543,667,193
<b>At 31 December 2020</b>					
Accounts payable	\$ 11,358,696,586	\$ (826,869,826)	\$ 10,531,826,760	\$ -	\$ 10,531,826,760



## 27 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	31 December 2021		31 December 2020	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	\$	\$	\$	\$
Within 1 year	66,969,752	69,464,080	58,650,220	62,466,730
After 1 year but within 2 years	23,201,280	24,412,150	53,259,021	54,443,671
After 2 years but within 5 years	68,582,577	69,912,805	1,946,056	2,181,571
More than 5 years	-	-	-	-
	91,783,857	94,324,955	55,205,077	56,625,242
	158,753,609	163,789,035	113,855,297	119,091,972
Less: total future interest expenses		(5,035,426)		(5,236,675)
Present value of lease liabilities		158,753,609		113,855,297

## 28 Other payables and accruals

	The Group 2021	2020
Margin deposits received	\$ 501,918,377	\$ 5,363,096,136
Employee benefits	1,262,213,774	509,607,656
Accrued expenses	72,664,350	39,695,921
Other payables	11,886,461	277,758,991
	\$ 1,848,682,962	\$ 6,190,158,704

## 29 Debt securities issued

	The Group 2021	2020
Unsecured guaranteed bonds 3.375% (i)	\$ 3,912,174,951	\$ 3,890,525,834
Unsecured guaranteed notes 0.5% (ii)	-	384,659,216
Unsecured guaranteed floating rate bonds (iii)	3,122,049,431	3,102,934,382
Unsecured guaranteed notes 0.35% (iv)	778,937,027	-
Unsecured guaranteed notes 0.7% (v)	782,441,562	-
Unsecured guaranteed notes 0.65% (vi)	233,869,817	-
Unsecured guaranteed notes 0.55% (vii)	300,016,542	-
Unsecured guaranteed bonds 1.3% (viii)	7,024,519,388	-
Unsecured guaranteed bonds 2% (ix)	3,907,048,516	-
	\$20,061,057,234	\$ 7,378,119,432

## 29 Debt securities issued (continued)

- (i) On 23 May 2019, Pioneer Reward Limited issued a guaranteed bond with an aggregated nominal amount of USD500 million, bearing a fixed interest rate of 3.375% per annum. The bond was issued at the price fixed at 99.839% of the nominal amount and will mature in May 2022.
- (ii) On 23 November 2020, Huatai International Finance Limited issued a guaranteed note with an aggregated nominal amount of USD50,000,000 bearing a fixed interest rate of 0.5% per annum. The note was issued at the price fixed at 100% of the nominal amount and matured in November 2021.
- (iii) On 12 February 2020, Pioneer Reward Limited issued a guaranteed bond with an aggregated nominal amount of USD400,000,000 bearing a floating interest rate of 3 months USD LIBOR plus 0.95% per annum. The bond was issued at the price fixed at 100% of the nominal amount and will mature in February 2023.
- (iv) On 23 March 2021, Huatai International Finance Limited issued a guaranteed note with an aggregated nominal amount of USD100,000,000 bearing a fixed interest rate of 0.35% per annum. The note was issued at the price fixed at 99.017% of the nominal amount and will mature in March 2022.
- (v) On 11 June 2021, Huatai International Finance Limited issued a guaranteed note with an aggregated nominal amount of USD100,000,000 bearing a fixed interest rate of 0.7% per annum. The note was issued at the price fixed at 99.872% of the nominal amount and will mature in June 2022.
- (vi) On 29 December 2021, Huatai International Finance Limited issued a guaranteed note with an aggregated nominal amount of USD30,000,000 bearing a fixed interest rate of 0.65% per annum. The note was issued at the price fixed at 99.963% of the nominal amount and will mature in March 2022.
- (vii) On 7 December 2021, Huatai International Finance Limited issued a guaranteed note with an aggregated nominal amount of HKD300,000,000 bearing a fixed interest rate of 0.55% per annum. The note was issued at the price fixed at 99.961% of the nominal amount and will mature in March 2022.
- (viii) On 9 April 2021, Pioneer Reward Limited issued a guaranteed bond with an aggregated nominal amount of USD900,000,000 bearing a fixed interest rate of 1.3% per annum. The bond was issued at the price fixed at 99.626% of the nominal amount and will mature in April 2024.
- (ix) On 9 April 2021, Pioneer Reward Limited issued a guaranteed bond with an aggregated nominal amount of USD500,000,000 bearing a fixed interest rate of 2% per annum. The bond was issued at the price fixed at 99.613% of the nominal amount and will mature in April 2026.

### 30 Share capital

	2021		2020	
	No. of shares	Amount	No. of shares	Amount
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	8,800,000,000	\$8,800,000,000	8,800,000,000	\$8,800,000,000
Issue of shares	-	-	-	-
At 31 December	<u>8,800,000,000</u>	<u>\$8,800,000,000</u>	<u>8,800,000,000</u>	<u>\$8,800,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### 31 Intangible assets

Cost	Trading right	Computer software	Trade names	Existing Broker-Dealer Relationships	Broker - dealer license	Trust Company regulatory status	Total
At 1 January 2021	\$ 470,000	\$ 10,154,497	\$ -	\$ -	\$ -	\$ -	\$ 10,624,497
Additions	-	2,711,235	-	-	-	-	2,711,235
Disposals	-	(9,844,920)	-	-	-	-	(9,844,920)
At 31 December 2021	\$ 470,000	\$ 3,020,812	\$ -	\$ -	\$ -	\$ -	\$ 3,490,812
Less: Accumulated amortisation							
At 1 January 2021	\$ -	\$ (807,717)	\$ -	\$ -	\$ -	\$ -	\$ (807,717)
Charge for the year	-	(2,785,682)	-	-	-	-	(2,785,682)
Disposals	-	2,679,557	-	-	-	-	2,679,557
At 31 December 2021	\$ -	\$ (913,842)	\$ -	\$ -	\$ -	\$ -	\$ (913,842)
Carrying value							
At 31 December 2021	\$ 470,000	\$ 2,106,970	\$ -	\$ -	\$ -	\$ -	\$ 2,576,970
At 1 January 2021	\$ 470,000	\$ 9,346,780	\$ -	\$ -	\$ -	\$ -	\$ 9,816,780



### 31 Intangible assets (continued)

	Trading right	Computer software	Trade names	Existing Broker-Dealer Relationships	Broker - dealer license	Trust Company regulatory status	Total
<b>Cost</b>							
At 1 January 2020	\$ 470,000	\$ 1,040,365,706	\$ 356,897,880	\$ 4,553,584,877	\$ 89,947,571	\$ 180,691,414	\$ 6,221,957,448
Exchange adjustments	-	(4,729,104)	(1,619,137)	(20,599,444)	(410,816)	(67,484)	(27,525,985)
Additions	-	103,605,184	-	-	-	-	103,605,184
Acquisition of subsidiary	-	-	-	73,644,950	-	-	73,644,950
Disposals of interest in subsidiaries	-	(1,129,087,289)	(355,278,743)	(4,606,530,383)	(89,536,755)	(180,623,930)	(6,361,057,100)
At 31 December 2020	\$ 470,000	\$ 10,154,497	\$ -	\$ -	\$ -	\$ -	\$ 10,624,497
<b>Less: Accumulated amortisation</b>							
At 1 January 2020	\$ -	\$ (496,688,010)	\$ (56,506,100)	\$ (4,858,473)	\$ (14,243,337)	\$ (28,728,087)	\$ (601,024,007)
Exchange adjustments	-	2,467,727	253,633	(730,653)	66,685	129,298	2,186,690
Charge for the year	-	(103,736,847)	(8,881,969)	(5,887,431)	(2,238,419)	(4,515,598)	(125,260,264)
Disposals of interest in subsidiaries	-	597,149,413	65,134,436	11,476,557	16,415,071	33,114,387	723,289,864
At 31 December 2020	\$ -	\$ (807,717)	\$ -	\$ -	\$ -	\$ -	\$ (807,717)
<b>Carrying value</b>							
At 31 December 2020	\$ 470,000	\$ 9,346,780	\$ -	\$ -	\$ -	\$ -	\$ 9,816,780
At 1 January 2020	\$ 470,000	\$ 543,677,696	\$ 300,391,780	\$ 4,548,726,404	\$ 75,704,234	\$ 151,963,327	\$ 5,620,933,441



### 32 Goodwill

		<i>The Group</i>	
		2021	2020
Cost:			
At 1 January	\$	-	\$ 2,548,928,337
Acquisition of subsidiaries		-	88,012,367
Disposal of subsidiaries		-	(2,626,782,589)
Exchange differences		-	(10,158,115)
At 31 December	\$	-	\$ -

Prior to the year ended 31 December 2020, goodwill was allocated to the Group's cash-generating units in asset management business in the United States of America, AssetMark. The business was transferred to Huatai International Financial Holdings Company Limited, the immediate holding company of the Company, at cost, on 24 June 2020, and all goodwill was derecognised from the consolidated statement of financial position.

### 33 Non-controlling interests

		<i>The Group</i>	
		2021	2020
At 1 January	\$	-	\$ 1,985,850,975
Disposal of interest in subsidiaries		-	(2,023,322,917)
Loss for the year		-	(16,105,595)
Other comprehensive income for the year		-	(8,059,847)
Equity-settled share-based transactions		-	61,637,384
At 31 December	\$	-	\$ -

### 34 Financial assets held under resale agreements

As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or re-pledge in the absence of default by their owners. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral. The Group has an obligation to return the collateral to its counterparties at the maturity of the contracts. As at 31 December 2021, the Group received securities as collateral with a fair value of \$Nil (2020: \$806,250,028) on these terms.

### 35 Financial assets sold under repurchase agreements

	2021	2020
<i>Analysed by collateral type:</i>		
Debt securities and equities	\$ -	\$21,682,953,006

As of 31 December 2021, the above financial assets sold under repurchase agreements include those bond and equity repurchase agreements entered into with certain counterparties, which amounted to \$Nil (2020: \$21,682,953,006) for the Group.

Sales and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. Since the repurchase prices are fixed, the Group is still exposed to substantially all the credit risks and market risks and rewards of those securities sold. These securities are not derecognised from the financial statements but regarded as "collateral" for the liabilities because the Group retains substantially all the risks and rewards of these securities.

The Group enters into repurchase agreements with certain counterparties. The proceeds from selling such securities are presented as financial assets sold under repurchase agreements. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred securities during the term of the arrangement.

The carrying amounts of \$Nil (2020: \$21,682,953,006) and fair values of \$Nil (2020: \$28,195,100,671) related to transferred financial assets of the Group that are not derecognised in their entirety and the associated liabilities.

### 36 Share-based employee compensation

On 29 March 2021, 3,258,992 share awards were granted to employees of the Company under the employee share award scheme (no share awards were granted as at year ended 31 December 2021). The employees under the scheme are rewarded with ordinary shares of Huatai Securities Co., Ltd., the ultimate holding company of the Company. These share awards will vest from 2 to 4 years after grant date.

No awards were exercised as at the year ended 31 December 2021 (2020: Nil). During the year, share-based payment expenses of \$8,694,110 (2020: \$Nil) were recorded and credited to reserve.

### **37 Capital commitments and contingent liabilities**

At the reporting date, there were no significant capital commitments and contingent liabilities (2020: Nil).

### **38 Capital management**

Capital comprises paid up share capital and retained profits stated on the consolidated statement of financial position. The objective on managing capital of the Group is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholder.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020.

The Company is also subject to regulatory capital requirement imposed by the Securities and Futures Commission ("the SFC") in Hong Kong under the Securities and Futures (Financial Resources) Rules ("the SF(FR)R"). Capital adequacy and utilisation of regulatory capital are monitored daily by the Company's management in accordance with the SF(FR)R.

The Company is required to report its liquid capital on a monthly basis and has complied with the liquid capital requirements under the SF(FR)R at each reporting date throughout the years ended 31 December 2021 and 2020.

The Company is also subject to regulatory capital requirement imposed by the Insurance Authority in Hong Kong under the Insurance (Financial and Other Requirements for Licensed Insurance Broker Companies) Rules ("IR"). Capital adequacy and utilisation of regulatory capital are monitored daily by the Company's management in accordance with the IR.

The Company is required to comply with the capital requirement under the IR throughout the year ended 31 December 2021.



### 39 Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year. All of these transactions were entered into and conducted according to terms mutually agreed between the relevant group entities.

Transactions with related parties which the Group entered into during the year are summarised as follows:

	2021	2020
Commission expense to ultimate holding company	\$ (7,972,402)	\$ (2,698,221)
Commission expense to a fellow subsidiary	(4,650,680)	(969,444)
Interest expense for subordinated loans from immediate holding company (Note a)	(109,309,076)	(19,750,266)
Interest expense for other intercompany loans	(343,710,873)	(323,389,627)
Management fee income received from discontinued operations	<u>774,689,601</u>	<u>209,682,917</u>

The Group also had the following outstanding balances with related parties:

	2021	2020
Amount due to ultimate holding company (Note b)	\$ (9,859,430)	\$ (1,450,251,974)
Amount due from/(to) immediate holding company		
- Current accounts (Note b)	8,835,598,040	(9,335,479,416)
- Interest payable relating to subordinated loans (Note a)	(19,260,709)	(19,751,301)
Subordinated loans due to immediate holding company (Note a)	(3,899,100,000)	(3,876,050,000)
Amounts due from fellow subsidiaries (Note b)	25,813,925,126	-
Amounts due to fellow subsidiaries (Note b)	<u>-</u>	<u>(129,893)</u>

Note:

- (a) The subordinated loans are ranked lower regarding their status of claims relative to other liabilities of the Company and are interest bearing at the annual rate of Three-Month LIBOR +2.6%. Repayment of the subordinated loans is subject to the prior consent of the Hong Kong Securities and Futures Commission.
- (b) Except for the current accounts due from/(to) immediate holding company which bears interest ranging from 1.92% to 2.54% per annum, all other balances are unsecured, interest free and have no fixed terms of repayment.

#### 40 Banking facilities

General banking facilities were obtained from banks to a total limit of \$2,279,820,000 (2020: \$3,525,630,000) upon the securities of listed shares and debt investments, or a letter of comfort issued by the ultimate holding company of the Company in favour of the banks.

The details of the loan payables were as follows:

	<i>The Group</i>	
	2021	2020
<b>Loan payables</b>		
Within 1 year or on demand	\$ 296,456,943	\$ 513,010,006

#### 41 Immediate and ultimate controlling party

At 31 December 2021, the directors consider the immediate parent and ultimate controlling party of the Company to be Huatai International Financial Holdings Company Limited and Huatai Securities Co., Ltd. respectively. The ultimate controlling party produced consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") which can be obtained from its principal place of business - No. 228 Middle Jiangdong Road, Nanjing, People's Republic of China and its place of listing – Shanghai Stock Exchange (stock code: 601688), Hong Kong Stock Exchange (stock code: 6886) and the London Stock Exchange (stock code: HTSC).



## 42 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17 *Insurance Contracts*, which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to HKAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to HKAS 37, <i>Onerous Contracts — Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1, <i>Classification of liabilities as current or non-current</i>	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of accounting policies</i>	1 January 2023
Amendments to HKAS 8, <i>Definition of accounting estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

**APPENDIX 5 —  
AUDITOR'S REPORT AND OUR FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2022**

*Our audited financial statements for the year ended 31 December 2022 are set out in this Appendix 5. References to page numbers on the following pages are to the page numbers of such audited financial statements.*

HUATAI FINANCIAL HOLDINGS  
(HONG KONG) LIMITED  
華泰金融控股(香港)有限公司

CONSOLIDATED FINANCIAL STATEMENTS  
綜合財務報表

FOR THE YEAR ENDED 31 DECEMBER 2022  
截至 2022 年 12 月 31 日止年度

HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

華泰金融控股(香港)有限公司

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

綜合財務報表

截至 2022 年 12 月 31 日止年度

<u>CONTENTS</u>	<u>PAGE(S)</u>
CORPORATE INFORMATION 公司資料	1
INDEPENDENT AUDITOR'S REPORT 獨立核數師報告	2 - 7
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 綜合損益及其他全面收益表	8 & 9
CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表	10 - 12
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 綜合權益變動表	13
CONSOLIDATED STATEMENT OF CASH FLOWS 綜合現金流量表	14 - 16
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註	17 - 179



**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**CORPORATE INFORMATION**

**公司資料**

**Board of Directors**

ZHOU Yi

WANG Lei

QIAO Wei

**董事會**

周易

王磊

喬煒

**Registered Office**

62/F, The Centre

99 Queen's Road Central

Hong Kong

**註冊辦事處**

香港

皇后大道中 99 號

中環中心 62 樓

**Principal Place of Business**

62/F, The Centre

99 Queen's Road Central

Hong Kong

**主要營業地點**

香港

皇后大道中 99 號

中環中心 62 樓

**External Auditor**

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

**外部核數師**

德勤•關黃陳方會計師行

執業會計師

香港

**Place of Incorporation**

Hong Kong

**註冊成立地點**

香港

## INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

TO THE DIRECTORS OF  
HUATAI FINANCIAL HOLDINGS  
(HONG KONG) LIMITED  
*(Incorporated in Hong Kong with limited liability)*

致華泰金融控股(香港)有限公司董事  
(於香港註冊成立的有限公司)

### **Opinion**

We have audited the consolidated financial statements of Huatai Financial Holdings (Hong Kong) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 8 to 179, which comprise the consolidated statement of financial position as at 31 December 2022, and 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### **意見**

本核數師(以下簡稱「我們」)已審計列載於 8 至 179 頁的華泰金融控股(香港)有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表，此財務報表包括於 2022 年 12 月 31 日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附注，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了貴集團於 2022 年 12 月 31 日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量。

## INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

TO THE DIRECTORS OF  
HUATAI FINANCIAL HOLDINGS  
(HONG KONG) LIMITED

- continued

*(Incorporated in Hong Kong with limited liability)*

致華泰金融控股(香港)有限公司董事- 續  
(於香港註冊成立的有限公司)

### **Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), 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.

### **意見的基礎**

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

### **Other Matter**

The consolidated financial statements of the Group for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 14 April 2023.

### **其他事項**

貴集團截至 2021 年 12 月 31 日止年度的綜合財務報表由另一名核數師審計，該核數師於 2022 年 4 月 14 日就該等報表發表了無保留意見。

### **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 HKFRSs issued by the HKICPA, 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.

### **董事就綜合財務報表須承擔的責任**

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

## INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

TO THE DIRECTORS OF  
HUATAI FINANCIAL HOLDINGS  
(HONG KONG) LIMITED

- continued

*(Incorporated in Hong Kong with limited liability)*

### **Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements**

- continued

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 HKSA's 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.

致華泰金融控股(香港)有限公司董事- 續  
(於香港註冊成立的有限公司)

### **董事及治理層就綜合財務報表須承擔的責任 - 續**

在擬備綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或終止經營，或別無其他實際的替代方案。

治理層須負責監督貴集團的財務報告過程。

### **核數師就綜合財務報表須承擔的責任**

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並按照我們商定的業務約定條款僅向全體董事出具包括我們意見的核數師報告。除此以外，我們的報告不可用作其他用途。本行並不就本行報告之內容對任何其他人士承擔任何責任或接受任何義務。合理保證是高水準的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

## INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

TO THE DIRECTORS OF  
HUATAI FINANCIAL HOLDINGS  
(HONG KONG) LIMITED

- continued

*(Incorporated in Hong Kong with limited liability)*

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

- continued

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.

致華泰金融控股(香港)有限公司董事- 續  
(於香港註冊成立的有限公司)

### **核數師就審計綜合財務報表承擔的責任** - 續

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程式以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程式，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。



## INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

TO THE DIRECTORS OF  
HUATAI FINANCIAL HOLDINGS  
(HONG KONG) LIMITED

- continued

*(Incorporated in Hong Kong with limited liability)*

致華泰金融控股(香港)有限公司董事- 續  
(於香港註冊成立的有限公司)

### **Auditor's responsibilities for the audit of the consolidated financial statements - continued**

### **核數師就綜合財務報表須承擔的責任- 續**

- 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.
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 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.
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

TO THE DIRECTORS OF  
HUATAI FINANCIAL HOLDINGS  
(HONG KONG) LIMITED

- continued

*(Incorporated in Hong Kong with limited liability)*

致華泰金融控股(香港)有限公司董事- 續  
(於香港註冊成立的有限公司)

**Auditor's responsibilities for the audit of the consolidated financial statements - continued**

**核數師就綜合財務報表須承擔的責任- 續**

- 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.

- 就貴集團內實體或業務活動的財務資訊獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。就貴集團內實體或業務活動的財務資訊獲取充足、適當的審計憑證，以對綜合財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

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.

除其他事項外，我們與董事溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。



**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong  
20 April 2023

德勤•關黃陳方會計師行  
執業會計師  
香港  
2023 年 4 月 20 日

**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

綜合損益及其他全面收益表

截至 2022 年 12 月 31 日止年度

		<u>NOTES</u> 附註	<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
<b>Continuing operations</b>	<b>持續營運</b>			
Revenue	收入	6	1,590,984,244	2,314,713,860
Other income	其他收入	7	2,572,936,155	964,052,191
			4,163,920,399	3,278,766,051
Staff costs	員工成本	8	(1,411,104,609)	(1,617,969,925)
Finance costs	融資成本	9	(1,495,951,092)	(742,760,967)
Depreciation	折舊	11	(125,401,818)	(112,756,568)
Amortisation	攤銷	11	(4,950,606)	(2,785,682)
(Provision)/reversal of impairment loss	減值虧損(計提)/撥回	10	(47,091,321)	18,623,886
Other operating expenses	其他經營費用	10	(687,215,505)	(565,866,430)
Profit before taxation	稅前溢利	11	392,205,448	255,250,365
Income tax (expense)/credit	稅項 (開支)/抵免	12(a)	(32,413,548)	1,434,418
Profit for the year from continuing operations	本年度持續營運溢利		359,791,900	256,684,783
<b>Discontinued operations</b>	<b>已終止營運</b>			
Profit from discontinued operations, net of tax	來自己終止營運的稅後溢利	5	-	901,968,499
Profit for the year	本年度溢利		359,791,900	1,158,653,282
<b>Attributable to:</b>	<b>歸屬於:</b>			
Equity shareholders of the Company	本公司權益持有人			
- from continuing operations	- 來自持續營運		359,791,900	256,684,783
- from discontinued operations	- 來自己終止營運		-	901,968,499
			359,791,900	1,158,653,282

HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

華泰金融控股(香港)有限公司

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME - continued

FOR THE YEAR ENDED 31 DECEMBER 2022

綜合損益及其他全面收益表 - 續

截至 2022 年 12 月 31 日止年度

		NOTE 附註	2022 HK\$ 港元	2021 HK\$ 港元
<b>Profit for the year</b>	<b>本年度溢利</b>		<b>359,791,900</b>	<b>1,158,653,282</b>
<b>Other comprehensive income (expenses)</b>	<b>其他全面收入 (開支)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>	<i>其後可能重新分類為損益的項目:</i>			
- Exchange differences on translation of financial statements of overseas subsidiaries	- 海外附屬公司財務報表的外幣換算差額		2,449,418	26,069,139
- Cash flow hedge: net movement in the hedging reserve	- 現金流量對沖: 對沖儲備變動淨額		48,172,872	24,405,178
- Net movement in financial assets at fair value through other comprehensive income	- 按公平值經其他全面收益入賬的金融資產變動淨額		(176,881)	(85,407,123)
<i>Items that will not be reclassified subsequently to profit or loss:</i>	<i>其後將不會重新分類為損益的項目:</i>			
- Net movement in equity investments at fair value through other comprehensive income	- 按公平值經其他全面收益入賬的股權投資公平值變動淨額		-	(14,571,911)
- Revaluation of self-occupied land and buildings	- 自有土地和建築物重估	13	(2,955,000)	1,620,000
<b>Other comprehensive income (expenses) for the year</b>	<b>年度其他全面收入 (開支)</b>		<b>47,490,409</b>	<b>(47,884,717)</b>
<b>Total comprehensive income for the year</b>	<b>股東應佔年度全面收益總額</b>		<b>407,282,309</b>	<b>1,110,768,565</b>
<b>Total comprehensive income attributable to equity shareholder of the Company:</b>	<b>歸屬於本公司權益持有人全面收益總額:</b>			
- from continuing operations	- 來自持續營運		407,282,309	284,373,922
- from discontinued operations	- 來自已終止營運		-	826,394,643
			<b>407,282,309</b>	<b>1,110,768,565</b>

**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AT 31 DECEMBER 2022**

綜合財務狀況表

於 2022 年 12 月 31 日

		<u>NOTES</u> 附註	<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
<b>Non-current assets</b>	<b>非流動資產</b>			
Fixed assets	固定資產			
- Self-occupied land and buildings	- 自有土地和建築物	13	13,225,000	16,180,000
- Other property, plant and equipment	- 物業、廠房和設備	13	86,027,396	106,852,690
- Right-of-use assets	- 使用權資產	13, 15	118,040,978	140,068,895
Intangible assets	無形資產	30	33,901,744	2,576,970
Interest in joint venture	合營企業的權益	17	830,055,644	1,006,958,796
Financial assets at fair value through other comprehensive income	按公平值經其他全面收益入賬的金融資產	22	150,684,188	-
Deferred tax assets	遞延稅項資產	20(b)	6,651,554	1,526,143
Deposits, prepayments and other receivables	按金、預付款項及其他應收款	23	8,390,028	8,390,028
Other assets	其他資產	14	142,923,914	77,772,213
			<u>1,389,900,446</u>	<u>1,360,325,735</u>
<b>Current assets</b>	<b>流動資產</b>			
Accounts receivable	應收賬款	21	4,653,304,199	4,256,383,632
Financial assets at fair value through profit or loss	按公平值經損益入賬的金融資產	18	11,579,739,258	20,346,730,358
Financial assets held under resale agreements	買入返售金融資產款	31	52,163,754	-
Deposits, prepayments and other receivables	按金、預付款項及其他應收款	23	98,270,362	93,856,688
Amount due from immediate holding company	應收直接控股公司款項	36	40,370,326,175	8,816,337,331
Amounts due from fellow subsidiaries	應收同系附屬公司款項	36	33,524,986,987	25,813,925,126
Cash and deposits	現金和存款	24(a)	4,195,388,682	4,711,592,483
Bank balances held on behalf of customers	代客戶持有的銀行餘額	24(a)	3,056,637,129	5,191,577,396
			<u>97,530,816,546</u>	<u>69,230,403,014</u>



**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued**

AT 31 DECEMBER 2022

綜合財務狀況表 - 續

於 2022 年 12 月 31 日

		<u>NOTES</u> 附註	<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
<b>Current liabilities</b>	<b>流動負債</b>			
Financial liabilities at fair value through profit or loss	按公平值經損益入賬的金融負債	18	36,281,963,765	27,354,979,415
Financial assets sold under repurchase agreements	賣出回購金融資產款	32	40,165,394	-
Accounts payable	應付賬款	25	4,179,309,484	5,543,667,193
Amount due to a fellow subsidiary	應付一家同系附屬公司款項	36	501,562	-
Amount due to ultimate holding company	應付最終控股公司款項	36	9,357,360	9,859,430
Debt securities issued	已發行債務證券	28	8,489,843,192	6,007,439,899
Loan payables	應付貸款	37	593,793,291	296,456,943
Lease liabilities	租賃負債	26	33,087,648	66,969,752
Other payables and accruals	其他應付款及應計費用	27	2,938,064,260	1,848,682,962
Tax payable	應付稅項	20(a)	24,326,000	-
			<u>52,590,411,956</u>	<u>41,128,055,594</u>
<b>Net current assets</b>	<b>流動資產淨值</b>		<u>44,940,404,590</u>	<u>28,102,347,420</u>
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Subordinated loans from immediate holding company	來自直接控股公司的後償貸款	36	8,577,580,000	3,899,100,000
Debt securities issued	已發行債務證券	28	25,319,047,320	14,053,617,335
Lease liabilities	租賃負債	26	96,273,100	91,783,857
Deferred tax liabilities	遞延稅項負債	20(b)	13,300,000	-
Other payables and accruals	其他應付款及應計費用	27	487,972,167	-
			<u>34,494,172,587</u>	<u>18,044,501,192</u>
<b>Net assets</b>	<b>資產淨值</b>		<u><u>11,836,132,449</u></u>	<u><u>11,418,171,963</u></u>

HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

華泰金融控股(香港)有限公司

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

AT 31 DECEMBER 2022

綜合財務狀況表 - 續

於 2022 年 12 月 31 日

		<u>NOTE</u> 附註	<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
<b>Capital and reserves</b>	<b>資本和儲備</b>			
Share capital	股本	29	8,800,000,000	8,800,000,000
Reserves	儲備		3,036,132,449	2,618,171,963
<b>Equity attributable to owners of the Company</b>	<b>本公司股本持有人應佔股權</b>		11,836,132,449	11,418,171,963

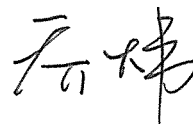
The consolidated financial statements on pages 8 to 179 were approved and authorised for issue by the Board of Directors on 20 April 2023 and were signed on their behalf by:

第 8 至 179 頁的綜合財務報表已於 2023 年 4 月 20 日獲董事會批准及授權刊發，並由以下董事代為簽署：



WANG Lei  
DIRECTOR

王磊  
董事



QIAO Wei  
DIRECTOR

喬煒  
董事

HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED  
華泰金融控股(香港)有限公司

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

綜合權益變動表

截至 2022 年 12 月 31 日止年度

	As at 1 January 2022	於 2022 年 1 月 1 日	Issued capital 已發行股本 HK\$ 港元	Share based payment reserve 以股份為基礎的支付儲備 HK\$ 港元	Capital reserve 資本儲備 HK\$ 港元	Properties revaluation reserve 物業重估儲備 HK\$ 港元	Exchange reserve 匯兌儲備 HK\$ 港元	Fair value reserve 公平價值儲備 HK\$ 港元	Hedging reserve 對沖儲備 HK\$ 港元	Retained profits 保留溢利 HK\$ 港元	Total equity 權益總額 HK\$ 港元
<b>Changes in equity for 2022:</b> Equity-settled share-based transaction Profit for the year Other comprehensive income		<b>2022 年權益變動:</b> 以股份為基礎作支付之交易 本年度溢利 其他全面收入	- - -	10,678,177 - -	- - -	- - (2,955,000)	- - 2,449,418	- - (176,881)	- - 48,172,872	- 359,791,900 -	11,418,171,963 10,678,177 359,791,900 47,490,409
As at 31 December 2022		於 2022 年 12 月 31 日	8,800,000,000	19,372,287	-	8,382,900	27,883,879	(176,881)	48,172,872	2,932,497,392	11,836,132,449
<b>Changes in equity for 2021:</b> Equity-settled share-based transaction Disposal of interest in subsidiaries Profit for the year Other comprehensive income		<b>2021 年權益變動:</b> 以股份為基礎作支付之交易 出售於附屬公司的權益 本年度溢利 其他全面收入	- - -	8,694,110 - -	(724,465) - -	- - 1,620,000	35,022 - 26,069,139	(55,488,194) - (99,979,034)	16,413,272 - 24,405,178	- 1,158,653,282 -	8,694,110 (39,764,365) 1,158,653,282 (47,884,717)
As at 31 December 2021		於 2021 年 12 月 31 日	8,800,000,000	8,694,110	(724,465)	1,620,000	26,104,161	(155,467,228)	40,818,450	1,158,653,282	1,079,698,310
As at 1 January 2021		於 2021 年 1 月 1 日	8,800,000,000	-	724,465	9,717,900	(669,700)	155,467,228	(40,818,450)	1,414,052,210	10,338,473,653
As at 31 December 2021		於 2021 年 12 月 31 日	8,800,000,000	8,694,110	(724,465)	1,620,000	26,104,161	(155,467,228)	40,818,450	1,158,653,282	1,079,698,310
As at 1 January 2021		於 2021 年 1 月 1 日	8,800,000,000	-	724,465	9,717,900	(669,700)	155,467,228	(40,818,450)	1,414,052,210	10,338,473,653

**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

綜合現金流量表

截至 2022 年 12 月 31 日止年度

		NOTES 附註	2022 HK\$ 港元	2021 HK\$ 港元
<b>Operating activities</b>	<b>經營活動</b>			
Profit before taxation	稅前溢利		392,205,448	1,278,653,065
Adjustments for:	調整項目:			
Interest income	利息收入		(1,381,108,885)	(605,906,612)
Depreciation	折舊		125,401,818	112,756,568
Amortisation	攤銷		4,950,606	2,785,682
Finance costs	融資成本		1,026,935,039	507,673,255
Share-based payment expenses	以股份為基礎的支付		10,765,846	8,602,385
Provision for impairment loss	減值虧損計提		47,091,321	86,888,168
Loss on disposal of fixed assets and intangible assets	固定資產及無形資產的 棄置虧損		-	7,885,486
Fair value changes in investment in joint venture	合營企業投資的公平值 變動		176,903,152	54,474,037
Share of gain of associates	應佔聯營公司收益		-	(1,566,560)
Fair value changes in loans to associates and joint ventures	聯營企業和合營企業 貸款的公平值變動		-	(27,385,793)
Gain on disposal of subsidiaries	出售附屬公司收益		-	(174,478,748)
			403,144,345	1,250,380,933
(Increase)/decrease in accounts receivable	應收賬款(增加)/減少		(443,901,877)	472,997,823
Decrease in deposits, prepayments and other receivables	按金、預付款項及 其他應收款減少		(4,413,674)	(1,587,556,047)
Decrease/(increase) in financial assets at fair value through profit or loss	按公平值經損益入賬的 金融資產減少/(增加)		8,766,991,100	(51,956,636,993)
Decrease in financial assets measured at amortised cost	按攤銷成本計量的金融 資產減少		-	65,558,853
(Increase)/decrease in financial assets at fair value through other comprehensive income	按公平值經其他全面收益 入賬的金融資產 (增加)/減少		(145,691,487)	1,968,962,126
Increase in other assets	其他資產增加		(65,151,701)	(22,135,518)
Net movement in amount due from/to ultimate holding company	應收/應付最終控股公司 款項變動淨額		(502,070)	2,978,410,119
Net movement in amount due from/to immediate holding company	應收/應付直接控股公司 款項變動淨額		(30,421,357,637)	(10,231,618,975)

**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**CONSOLIDATED STATEMENT OF CASH FLOWS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

綜合現金流量表 - 續

截至 2022 年 12 月 31 日止年度

		NOTES 附註	2022 HK\$ 港元	2021 HK\$ 港元
Net movement in amounts due from/to fellow subsidiaries	應收/應付同系附屬公司款項變動淨額		(7,710,560,299)	4,688,428
Decrease in bank balances held on behalf of customers	代客戶持有的銀行餘額減少		2,134,940,267	244,233,119
(Decrease)/increase in accounts payable	應付賬款(減少)/增加		(1,364,357,709)	11,014,784,604
Increase in other payables and accruals	其他應付款及應計費用增加		1,560,388,522	12,913,824,532
Increase in financial liabilities at fair value through profit or loss	按公平值經損益入賬的金融負債增加		6,716,007,400	8,310,508,033
Increase in financial assets held under resale agreements	買入返售金融資產款增加		(52,163,754)	(2,790,189,304)
Increase in financial assets sold under repurchase agreements	賣出回購金融資產款增加		40,165,394	12,390,836,956
Cash used in operations	經營活動所用的現金		(20,586,463,180)	(14,972,951,311)
Interest received	已收利息		164,098,547	326,196,129
<b>Net cash used in operating activities</b>	<b>經營活動所用的現金淨額</b>		<b>(20,422,364,633)</b>	<b>(14,646,755,182)</b>
<b>Investing activities</b>	<b>投資活動</b>			
Purchases of fixed assets	購入固定資產		(28,309,323)	(98,770,096)
Purchases of intangible assets	購入無形資產		(36,275,380)	(2,711,235)
Proceeds from disposal of associates and joint ventures	出售聯營公司和合營企業的所得款項		-	4,656,684
Proceeds from repayment of loans to associates and joint ventures	收回向聯營公司和合營企業貸款所得款項		-	1,580,715,856
Proceeds from disposal of subsidiaries, net of cash disposed	扣除售出現金後出售附屬公司所得款項		-	101,731,518
<b>Net cash (used in)/generated from investing activities</b>	<b>投資活動(所用)/產生的現金淨額</b>		<b>(64,584,703)</b>	<b>1,585,622,727</b>



**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**CONSOLIDATED STATEMENT OF CASH FLOWS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

綜合現金流量表 - 續

截至 2022 年 12 月 31 日止年度

		NOTES 附註	2022 HK\$ 港元	2021 HK\$ 港元
<b>Financing activities</b>	<b>融資活動</b>			
Proceeds from bank loans	新增銀行貸款所得款項	24(b)	38,457,753,125	245,601,000,000
Repayment of bank loans	償還銀行貸款	24(b)	(38,161,211,650)	(245,821,155,866)
Proceeds from issuance of debt securities	發行債務證券所得款項	24(b)	33,240,041,514	14,937,146,839
Redemption of debt securities issued	贖回已發行債務證券	24(b)	(17,417,174,675)	(2,335,562,354)
Subordinated loans from immediate holding company	來自直接控股公司的 後償貸款	24(b)	4,678,680,000	-
Capital element of lease payments	租賃負債本金部份	24(b)	(66,667,202)	(60,292,743)
Finance costs paid	已付融資成本	24(b)	(811,147,164)	(470,027,262)
<b>Net cash generated from financing activities</b>	<b>融資活動產生 的現金淨額</b>		<u>19,920,273,948</u>	<u>11,851,108,614</u>
<b>Decrease in cash and cash equivalents</b>	<b>現金和現金等價物減少</b>		(566,675,388)	(1,210,023,841)
<b>Cash and cash equivalents at 1 January</b>	<b>於 1 月 1 日的現金和 現金等價物</b>		4,711,592,483	5,832,784,038
<b>Effect in foreign exchange rate changes</b>	<b>外幣匯率變動的影響</b>		<u>50,471,587</u>	<u>88,832,286</u>
<b>Cash and cash equivalents at 31 December</b>	<b>於 12 月 31 日的現金和 現金等價物</b>	24(a)	<u><u>4,195,388,682</u></u>	<u><u>4,711,592,483</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

綜合財務報表附註

截至 2022 年 12 月 31 日止年度

---

1. GENERAL INFORMATION

Huatai Financial Holdings (Hong Kong) Limited (the "Company") is a public company and was incorporated in Hong Kong on 23 November 2006 with limited liability. The registered office address of the Company is located at 62/F, The Center, 99 Queen's Road Central, Hong Kong.

The principal activities of the Company are investment holding, dealing in securities and futures contracts, provision of margin financing, advising on securities, corporate finance and asset management services.

The Company is a licensed corporation under Securities and Futures Ordinance ("SFO") which is licensed to perform the following regulated activities: dealing in securities (Type 1), dealing in futures contracts (Type 2), advising on securities (Type 4), advising on corporate finance (Type 6) and asset management (Type 9). On 29 April 2021, the Company was granted an insurance broker company license from Insurance Authority to carry on regulated activities in general and long-term business (including linked long-term business with a validity period of 3 years).

In addition, the Company is an Exchange Participant and a SPAC Exchange Participant of The Stock Exchange of Hong Kong Limited ("SEHK"), a Direct Clearing Participant of the Hong Kong Securities Clearing Company Limited ("HKSCC"), a Clearing Participant of the HKFE Clearing Corporation Limited ("HKCC"), a Futures Commission Merchant of the Hong Kong Futures Exchanges Limited ("HKFE"), a market maker on the International Order Book under London Stock Exchange, a non-trading member of Turquoise Global Holdings Limited and a member participant of Macau Exchange.

1. 一般資料

華泰金融控股(香港)有限公司(「本公司」)是一家於 2006 年 11 月 23 日在香港註冊成立的公眾公司。本公司的註冊辦事處地址為香港中環皇后大道中 99 號中環中心 62 樓。

本公司的主營業務為投資控股、買賣證券及期貨合約、提供保證金融資、就證券提供諮詢、企業融資及資產管理服務。

本公司是香港《證券及期貨條例》下的持牌法團，獲發以下牌照進行以下受規管活動：證券交易(第 1 類)、期貨合約交易(第 2 類)、就證券提供意見(第 4 類)、就機構融資提供意見(第 6 類)及提供資產管理(第 9 類)。於 2021 年 4 月 29 日，本公司獲得由保險業監管局頒發的保險經紀公司牌照，可從事一般及長期業務的受監管活動(包括投資相連長期業務，有效期為三年)。

此外，本公司為香港聯合交易所有限公司(「香港聯交所」)的交易所參與者和 SPAC 交易所參與者、香港中央結算有限公司(「香港結算公司」)的直接結算參與者、香港期貨結算有限公司(「期貨結算公司」)的結算參與者、香港期貨交易所有限公司(「期交所」)的期貨交易商、倫敦證券交易所 International Order Book 列冊的造市商、Turquoise Global Holdings Limited 的非交易成員及澳門證券交易所的參與者。

**1. GENERAL INFORMATION - continued**

On 13 September 2022, the Company obtained the Option Trading Exchange Participantship from SEHK and was admitted as a Direct Clearing Participant of the SEHK Options Clearing House Limited ("SEOCH"). Subsequently on 14 February 2023, the Company obtained the Options Market Maker Permit from SEHK.

During most of the year ended 31 December 2021, the Company's key subsidiary was Huatai Capital Investment Limited ("HCI"), was engaged in proprietary trading business with investments in equities, debt instruments and derivatives. On 30 December 2021, all shares of HCI were directly transferred to Huatai International Financial Holdings Company Limited, the immediate holding company of the Company, at consideration of HK\$878,662,930. The relevant disclosures on such disposal and related discontinued operations are detailed in note 5.

The Company is a wholly-owned subsidiary of Huatai International Financial Holdings Company Limited, a company incorporated in the Hong Kong. In the opinion of the directors, the Company's ultimate holding company is Huatai Securities Co., Ltd., a company incorporated in the People's Republic of China and is listed on Shanghai Stock Exchange (Stock code: 601688) and Hong Kong Stock Exchange (Stock code: 6886) and the global depository receipts ("GDRs") of which are listed on the London Stock Exchange (Symbol: HTSC).

The consolidated financial statements are presented in Hong Kong dollars ("HK\$") which is the same as the functional currency of the Company, unless otherwise stated, and were approved for issue by the Board on 20 April 2023.

In the event of any inconsistency between the English and Chinese version of these financial statements, the English version shall prevail.

**1. 一般資料 - 續**

於 2022 年 9 月 13 日，本公司獲得香港聯交所的期權交易所參與者資格，並獲接納為香港聯交所期權結算所有限公司（「聯交所期權結算所」）的直接結算參與者。隨後於 2023 年 2 月 14 日，本公司從香港聯交所獲得期權莊家執照。

在截至 2021 年 12 月 31 日止年度的大部分時間內，本公司的主要子公司華泰資本投資有限公司（「華泰資本投資」）從事自營交易業務，投資於股票、債務工具和衍生品。於 2021 年 12 月 30 日，華泰資本投資的全部股份被直接轉讓給本公司直接控股公司華泰國際金融控股有限公司，轉讓價為 878,662,930 港元。該等出售及相關已終止營運的相關披露詳見附註 5。

本公司是華泰國際金融控股有限公司的全資附屬公司。華泰國際金融控股有限公司是一家於香港成立的有限公司。本公司董事認為，本公司的最終控股公司為華泰證券股份有限公司。華泰證券股份有限公司是一家於中華人民共和國註冊成立的有限公司，並在上海證券交易所和香港證券交易所上市，股票代碼分別為 601688（「上交所」）和 6886（「港交所」）；另公司的全球存托憑證在倫敦證券交易所上市（代碼：HTSC）。

除另有指明者外，綜合財務報表以港元（「港元」，本公司功能貨幣）呈列。該等綜合財務報表已於 2023 年 4 月 20 日獲董事會批准刊發。

如中、英文本有歧義，概以英文本為準。

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group's consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds Before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. 採用香港財務報告準則修訂本

本年度強制生效的香港財務報告準則修訂本

於本年度，本集團已首次採用以下由香港會計師公會頒佈由 2022 年 1 月 1 日或其後的年度期間強制生效的相關香港財務報告準則的修訂本，以編製本集團綜合財務報表：

香港財務報告準則第 3 號 (修訂本)	概念框架的引用
香港財務報告準則第 16 號 (修訂本)	2021 年 6 月 30 日後的新冠肺炎相關的租金寬減
香港會計準則第 16 號 (修訂本)	物業、廠房及設備 - 擬定用途前之所得款項
香港會計準則第 37 號 (修訂本)	虧損合約 - 履行合約之成本
香港財務報告準則(修訂本)	香港財務報告準則 2018 年至 2020 年之年度改進

於本年度應用香港財務報告準則修訂本並無對本集團本年度或過往年度的財務狀況及表現及／或綜合財務報表所載的披露資料造成任何重大影響。

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and amendments to HKFRSs in issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classifications of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretations 5 (2020) <sup>1</sup>
Amendments to HKAS 1	Non-current liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>

2. 採用香港財務報告準則修訂本 - 續

已頒佈但未生效的新訂香港財務報告準則及其修訂本

本集團並無提早採用下列已頒佈但未生效的新訂香港財務報告準則及其修訂本：

香港財務報告準則第 17 號 (包括 2020 年 10 月和 2022 年 2 月香港財務報告準則第 17 號修訂本)	保險合同 <sup>1</sup>
香港會計準則第 10 號及香港會計準則第 28 號 (修訂本)	投資者與其聯營公司或合營企業之間出售或注入資產 <sup>2</sup>
香港財務報告準則第 16 號 (修訂本)	售後租回下的租賃負債 <sup>3</sup>
香港會計準則第 1 號 (修訂本)	將負債分類為流動或非流動及香港詮釋第 5 號相關修訂本(2020 年) <sup>1</sup>
香港會計準則第 1 號 (修訂本)	含約束的非流動負債 <sup>3</sup>
香港會計準則第 1 號及香港財務報告準則常務說明第 2 號 (修訂本)	會計政策披露 <sup>1</sup>



2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and amendments to HKFRSs in issued but not yet effective - continued

Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising From a Single Transaction <sup>1</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.
- <sup>2</sup> Effective for annual periods beginning on or after a date to be determined.
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. 採用香港財務報告準則修訂本 - 續

已頒佈但未生效的新訂香港財務報告準則及其修訂本 - 續

香港會計準則第 8 號 (修訂本)	會計估計定義 <sup>1</sup>
香港會計準則第 12 號 (修訂本)	來自單一交易的資產及負債相關遞延稅項 <sup>1</sup>

- <sup>1</sup> 於 2023 年 1 月 1 日或之後開始之年度期間生效。
- <sup>2</sup> 於尚待釐定的日期或其後開始之年度期間生效。
- <sup>3</sup> 於 2024 年 1 月 1 日或之後開始之年度期間生效。

除下文所述的新訂香港財務報告準則及其修訂本外，本公司董事預期應用所有其他新訂香港財務報告準則及其修訂本於可見將來對綜合財務報表並無重大影響。

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and amendments to HKFRSs in issued but not yet effective - continued

The following are those new and amendments to HKFRSs that are expected to be relevant to the Group:

**Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)**

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
  - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

2. 採用香港財務報告準則修訂本 - 續

已頒佈但未生效的新訂香港財務報告準則及其修訂本 - 續

以下為預期與本集團有關的香港財務報告準則的新增及修訂：

**香港會計準則第 1 號修訂本「將負債分類為流動或非流動以及香港詮釋第 5 號 (2020 年)之有關修訂」**

該等修訂本為評估將結算期限延遲至報告日期後最少十二個月之權利提供清楚說明及額外指引，以將負債分類為流動或非流動，當中：

- 訂明負債應基於報告期末存在之權利而分類為流動或非流動。具體而言，該等修訂本清楚說明：
  - (i) 分類不應受管理層有意或預期在 12 個月內結算負債所影響；及
  - (ii) 如該權利設有遵守契約的條件，即使貸款人在較遲時間才檢驗是否有遵守契約，但若在報告期末仍符合該條件，則該權利仍然有效；及

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and amendments to HKFRSs in issued but not yet effective - continued

**Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)** - continued

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2022, including loans payable and debt securities in issue, and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group's liabilities.

2. 採用香港財務報告準則修訂本 - 續

已頒佈但未生效的新訂香港財務報告準則及其修訂本 - 續

**香港會計準則第 1 號修訂本「將負債分類為流動或非流動以及香港詮釋第 5 號 (2020 年)之有關修訂」** - 續

- 清楚說明如果一項負債設有條款可讓對手方選擇轉讓實體本身之權益工具進行結算，在只有當實體採用香港會計準則第 32 號「金融工具：呈列」將選擇權個別確認為權益工具時，該等條款才不會對其分類為流動或非流動造成影響。

此外，因應香港會計準則第 1 號修訂本，香港詮釋第 5 號亦已經修改，以與相關措詞保持一致，而就結論而言並無變動。

根據本集團於 2022 年 12 月 31 日的尚未償還負債(包括應付貸款及已發行債券)以及本集團與相關貸款人之間訂立的協議所載的條款及條件，採用該等修訂本並不會導致本集團的負債重新分類。

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and amendments to HKFRSs in issued but not yet effective - continued

**Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies**

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

2. 採用香港財務報告準則修訂本 - 續

已頒佈但未生效的新訂香港財務報告準則及其修訂本 - 續

**香港會計準則第 1 號及香港財務報告準則常務說明第 2 號(修訂本)會計政策披露**

香港會計準則第 1 號(修訂本)以「重大會計政策信息」取代所有「主要會計政策」一詞。如果會計政策信息與實體財務報表中包含的其他信息一起考慮時，可以合理預期會影響一般目的財務報表主要使用者根據這些財務報表所作出的決策，則相關會計政策資料被視為重大。

該修訂本還闡明，由於關聯交易、其他事件或條件的性質，即使金額不重要，會計政策信息也可能被視為重大。然而，並非所有與重大交易、其他事件或條件有關的會計政策信息本身都是重大的。如果一個實體選擇披露非重大的會計政策信息，這些信息不得掩蓋重大的會計政策信息。

香港財務報告準則常務說明第 2 號「作出重要性判斷」(「常務說明」)亦已修訂，以說明實體如何使用「四步重要性程序」應用於會計政策披露，並判斷有關會計政策的信息對其財務報表是否重大。該常務說明亦添加了指導和示例。

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and amendments to HKFRSs in issued but not yet effective - continued

**Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies** - continued

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies.

**Amendments to HKAS 8 Definition of Accounting Estimates**

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty - that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

2. 採用香港財務報告準則修訂本 - 續

已頒佈但未生效的新訂香港財務報告準則及其修訂本 - 續

**香港會計準則第 1 號及香港財務報告準則常務說明第 2 號(修訂本)會計政策披露** - 續

應用該修訂本預計不會對本集團的財務狀況或業績產生重大影響，但可能會影響本集團主要會計政策的披露。

**香港會計準則第 8 號(修訂本)會計估計定義**

該修訂將會計估計定義為「財務報表中存在計量不確定性的貨幣金額」。會計政策可能要求對財務報表中的項目以涉及計量不確定性的方式進行計量-也就是說，會計政策可能要求對此類項目以無法直接觀察且必須估計的貨幣金額計量。在該等情況下，實體制定會計估計以實現會計政策中所定下的目標。制定會計估計涉及使用基於最新且可用可靠信息的判斷或假設。

此外，香港會計準則第 8 號保留會計估計變動的概念，並作出額外澄清。

應用預計該修訂本不會對本集團的綜合財務報表產生重大影響。



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Group is set out below.

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Self-occupied land and buildings;
- investments in debt and equity instruments at fair value through profit or loss or at fair value through other comprehensive income;
- derivative financial instruments.

3. 綜合財務報表的編製基準及主要會計政策

綜合財務報表的編製基準

本綜合財務報表是按照該等財務報表所載的會計政策而該等政策符合香港會計師公會頒布的所有適用的《香港財務報告準則》(此統稱包含所有適用的個別《香港財務報告準則》、《香港會計準則》和詮釋)及香港公認會計原則而編製。以下是本集團採用的主要會計政策概要。

截至 2022 年 12 月 31 日止年度的綜合財務報表涵蓋本公司和各附屬公司(統稱「本集團」)。

除以下資產與負債是按公平值入賬(見下文所載的會計政策)外，編製本財務報表時是以歷史成本作為計量基準：

- 自有土地和建築物；
- 以公平值入賬且其變動計入當期損益或其他全面收益的債務和權益投資；
- 衍生金融工具。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of preparation of consolidated financial statements - continued

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" section.

3. 綜合財務報表的編製基準及主要會計政策 - 續

綜合財務報表的編製基準 - 續

管理層需在編製符合香港財務報告準則的財務報表時作出會對會計政策的應用，以及資產、負債、收入和支出的報告數額構成影響的判斷、估計和假設。這些估計和相關假設是根據以往經驗和管理層因應當時情況認為合理的多項其他因素作出的，其結果構成了管理層在無法依循其他途徑即時得知資產與負債的賬面值時所作出判斷的基礎。實際結果可能有別於估計數額。

管理層會不時審閱各項估計和相關假設。如果會計估計的修訂只是影響某一期間，其影響便會在該期間內確認；如果修訂對當前和未來期間均有影響，則在作出修訂的期間和未來期間確認。

有關管理層在應用香港財務報告準則時所作出對本綜合財務報表有重大影響的判斷，以及主要的估計數額不確定因素的討論內容，載列於「重要會計判斷及估計不明朗因素之重要來源」部分。

3. BASIS OF PREPARATIONS OF  
CONSOLIDATED FINANCIAL  
STATEMENTS AND SIGNIFICANT  
ACCOUNTING POLICIES - continued

Basis of preparation of consolidated financial  
statements - continued

Certain comparatives figures have been reclassified or restated to conform with current year presentation.

Huatai Financial Holdings (Hong Kong) Limited, as a wholly owned subsidiary of Huatai Securities Co., Ltd has applied section 379 and section 380 of the Hong Kong Companies Ordinance ("HKCO") and paragraph 4 of HKFRS 10 "Consolidated Financial Statements" to prepare company level financial statements as the Company's statutory financial statements. Those financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the HKCO.

3. 綜合財務報表的編製基準及主要會計政策  
- 續

綜合財務報表的編製基準 - 續

若干比較數字已經重新分類或重列以與本年度的呈報方式一致。

作為華泰證券股份有限公司的全資附屬公司，華泰金融控股(香港)有限公司已根據香港公司條例(「公司條例」)第379條及第380條及香港財務報告準則第10號「綜合財務報表」第4段製備公司層面的財務報表作為本公司的法定財務報表。本公司財務報表已按照香港會計師公會頒布的所有香港財務報告準則、香港公認會計原則和香港公司條例的要求編製。

**3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued**

Basis of preparation of consolidated financial statements - continued

The consolidated financial statements for the year ended 31 December 2022 have been prepared for the purpose of providing additional information to the management on the financial position and financial performance of the Company and its subsidiaries on a consolidated basis. Consequently, these consolidated financial information and the comparatives do not constitute the Company's statutory financial statements for either of the years ended 31 December 2022 or 2021. Information relating to the Company's statutory financial statements required to be disclosed in accordance with section 436 of the HKCO is as follows:

The Company's auditor has yet to report on the Company's financial statements for the year ended 31 December 2022 whilst had reported the Company's financial statements for the year ended 31 December 2021. The auditor's report for the year ended 31 December 2021 was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the HKCO.

**3. 綜合財務報表的編製基準及主要會計政策 - 續**

綜合財務報表的編製基準 - 續

編制截至 2022 年 12 月 31 日止年度的綜合財務報表的目的是在綜合基礎上向管理層提供有關本公司及其子公司的財務狀況和財務業績的額外信息。因此，該等綜合財務資料及比較數字並不構成本公司截至 2022 年或 2021 年 12 月 31 日止年度之任何法定財務報表。有關本公司法定財務報表的資料須根據公司條例第 436 條披露如下：

本公司的核數師仍未報告截止 2022 年 12 月 31 日止年度的財務報表，但已報告截止 2021 年 12 月 31 日止年度的財務報表。截止 2021 年 12 月 31 日止年度的財務報表的核數師的報告為無保留意見；並沒有以強調的方式提請注意的事項；以及沒有根據公司條例第 406(2)，407(2) 或 (3) 條作出的陳述。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases" ("HKFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 "Impairment of Assets".

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

For financial instruments which are transacted at fair value and a valuation technique that uses unobservable inputs to measure their fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

3. 綜合財務報表的編製基準及主要會計政策 - 續

公平值

公平值乃於計量日期市場參與者於有秩序交易中出售資產可收取或轉讓負債須支付的價格，而不論該價格是否直接可觀察或可使用其他估值技術估計。若市場參與者於計量日期對資產或負債定價時會考慮該資產或負債的特點，則本集團於估計資產或負債的公平值時會考慮該等特點。該等綜合財務報表中作計量及/或披露用途的公平值乃按此基準釐定，惟屬於香港財務報告準則第2號「以股份為基礎付款」範圍內的以股份為基礎作支付的交易、根據香港財務報告準則第16號租賃（「香港財務報告準則第16號」）入賬的租賃交易，以及與公平值有部分相似地方但並非公平值的計量，譬如香港會計準則第36號「資產減值」的使用價值除外。

非金融資產的公平值計量須計及市場參與者能自最大程度使用該資產達致最佳用途，或將該資產出售予將最大程度使用該資產達致最佳用途的其他市場參與者，所產生的經濟效益。

就按公平值交易之金融工具而言，凡於其後期間應用以不可觀察輸入數據計量公平值之估值方法，估值方法應予校正，以致於初步確認時估值方法之結果相等於交易價格。



3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Fair value - continued

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Subsidiaries, associates and joint ventures

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.

3. 綜合財務報表的編製基準及主要會計政策 - 續

公平值 - 續

此外，就財務報告而言，公平值計量根據公平值計量的輸入數據可觀察程度及公平值計量的輸入數據對其整體的重要性分類為第1級、第2級或第3級，詳情如下：

- 第1級輸入數據乃實體於計量日期可以取得的相同資產或負債於活躍市場之報價(未經調整)；
- 第2級輸入數據乃就資產或負債直接或間接地可觀察之輸入數據(第1級內包括的報價除外)；及
- 第3級輸入數據乃資產或負債的不可觀察輸入數據。

附屬公司、聯營公司及合營企業

附屬公司是指受本集團控制的實體。當本集團因參與實體業務而承擔可變動回報的風險或因此享有可變動回報，且有能力透過向實體施加權力而影響該等回報時，則本集團控制該實體。在評估本集團是否擁有上述權力時，僅考慮(本集團和其他方所持有的)實質權利。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Subsidiaries, associates and joint ventures  
- continued

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether it is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

3. 綜合財務報表的編製基準及主要會計政策  
- 續

附屬公司、聯營公司及合營企業 - 續

倘本集團為基金的投資者，且本集團亦擔任該基金的經理時，本集團將確定其是主事人或代理人，以評估本集團是否控制相關基金。

代理為主要代表一名或多名另一方(主事人)及為其利益行事的一方，因此當其行使決策權時，對投資對象並無控制權。於釐定其是否基金的代理時，本集團將評估：

- 對投資對象行使決策權的範圍；
- 其他方持有的權利；
- 根據薪酬協議其有權獲發的酬金；及
- 決策者面對來自其於投資對象所持有其他權益享有的可變動回報。

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Subsidiaries, associates and joint ventures - continued

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 profits 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 impairment evidence.

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, or where applicable, the cost of initial recognition of an investment in associate or a joint venture.

An associate is an entity in which the Group or the 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 the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

3. 綜合財務報表的編製基準及主要會計政策 - 續

附屬公司、聯營公司及合營企業 - 續

於附屬公司的投資由控制開始當日至控制終止當日在綜合財務報表中合併計算。集團內部往來的結餘、交易和現金流量，以及集團內部交易所產生的任何未變現溢利，會在編製綜合財務報表時全數抵銷。集團內部交易所引致未變現虧損的抵銷方法與未變現收益相同，但抵銷額只限於沒有證據顯示已出現減值的部分。

當本集團喪失於附屬公司的控制權時，按出售有關附屬公司的全部權益列賬，由此產生的收益或虧損在損益中確認。在喪失控制權日期所保留有關附屬公司的權益，按公平值確認，此筆金額視作為初始確認金融資產時確認之公平值或列作(如適用)初步確認之於聯營公司或合營企業之投資成本。

聯營公司是指本集團或本公司對其有重大影響，包括參與其財務和經營決策，但沒有控制或共同控制其管理層的實體。

合營企業是一項安排，據此本集團或本公司與其他方協定分享對此項安排的控制權，並有權享有此項安排的資產淨值。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Subsidiaries, associates and joint ventures  
- continued

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is qualified to apply exemption from equity method when the investment in an associate or a joint venture is held by, or is held indirectly through, a group entity that is venture capital organisation or similar entity, those investments in associates and joint ventures may be measured at fair value through profit or loss in accordance with HKFRS 9 Financial Instruments ("HKFRS 9").

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 values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. 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 below on impairment on non-financial assets). Any acquisition-date fair values of the investee's identifiable net assets over the cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses are recognised in profit or loss, and post-tax other comprehensive income for the year are recognised in other comprehensive income.

3. 綜合財務報表的編製基準及主要會計政策 - 續

附屬公司、聯營公司及合營企業 - 續

於聯營公司或合營企業的投資是按權益法記入綜合財務報表，除非於聯營公司或合營企業的投資是由創投組織(或類似實體)的集團實體持有(或間接持有)，該等於聯營公司或合營企業的投資則可按照香港財務報告準則第9號「金融工具」以公平值計量且其變動計入當期損益。

按照權益法，有關投資以成本初始入賬，並就本集團於收購日所佔被投資公司可辨別資產淨值的公平值超過投資成本的數額(如有)作出調整。投資成本包括其購買價格、收購投資應佔的其他直接成本，以及任何對組成本集團的權益投資的聯營公司或合營企業的直接投資。然後就本集團所佔被投資公司資產淨值的收購後變動以及與這些投資有關的任何減值虧損作出調整(見下文有關非金融資產減值)。於收購日被投資公司可辨別資產淨值的公平值超過成本的任何數額，本集團年內所佔被投資公司的收購後稅後業績和任何減值虧損在損益中確認，而本集團所佔被投資公司的收購後稅後其他全面收益項目則在其他全面收入中確認。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Subsidiaries, 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.

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, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

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.

3. 綜合財務報表的編製基準及主要會計政策 - 續

附屬公司、聯營公司及合營企業 - 續

當本集團對聯營公司或合營企業承擔的虧損額超過其所佔權益時，本集團所佔權益便會減少至零，並且不再確認額外虧損；但如本集團須履行法定或推定義務，或代被投資公司作出付款則除外。

本集團與聯營公司和合營企業之間交易所產生的未變現損益，均按本集團於被投資公司所佔的權益比率抵銷；但如有未實現虧損證明已轉讓資產出現減值，則會即時在損益中確認。

如果於聯營公司的投資變為於合營企業的投資或於合營企業的投資變為於聯營公司的投資，則毋須重新計量保留權益。反之，有關投資繼續以權益法核算。

在所有其他情況下，當本集團不再對聯營公司有重大影響力或對合營企業實施共同控制時，應作為出售有關被投資公司的全部權益列賬，由此產生的收益或虧損在損益中確認。在喪失重大影響力或共同控制權後所保留有關前被投資公司的權益應按公平值確認。此筆金額應以其公平值在初始確認為金融資產。



3. BASIS OF PREPARATION OF  
CONSOLIDATED FINANCIAL  
STATEMENTS AND SIGNIFICANT  
ACCOUNTING POLICIES - continued

Financial assets and liabilities

(i) Recognition and initial measurement

The Group initially recognises loan payables, debt instruments issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument. Regular way purchases or sale are purchases or sale of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債

(i) 確認及初始計量

本集團於貸款、發行債券及後償負債產生之日初始確認。所有其他金融工具 (包括以一般性買賣金融資產) 於交易日期確認，本集團於該日成為該工具合約條款的一方。一般性買賣指需要按市場規定或慣例所定時限內交付資產之金融資產買賣。

金融資產或金融負債初始以公平值 (若非以公平值經損益入賬項目)，加或減其收購或發行直接應佔交易成本計量。

3. BASIS OF PREPARATIONS OF  
CONSOLIDATED FINANCIAL  
STATEMENTS AND SIGNIFICANT  
ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(ii) Classification and subsequent  
measurement

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income ("FVTOCI") or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(ii) 分類及其後計量

初始確認時，金融資產分類為：以攤銷成本入賬、按公平值經其他全面收益入賬或按公平值經損益入賬。

倘金融資產符合以下兩項條件及不指定按公平值經損益入賬，需以攤銷成本入賬：

- 持有資產的業務模型，目的為持有資產以收取合約現金流量；及
- 金融資產的合約條款於特定日期產生的現金流量純粹為支付本金及未償還本金餘額之利息。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(ii) Classification and subsequent measurement - continued

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at FVTPL, except that on initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(ii) 分類及其後計量 - 續

僅當債務工具符合以下兩項條件而並不指定以按公平值經損益入賬，其以按公平值經其他全面收益入賬：

- 持有資產的業務模式，其目的是透過收取合約現金流量及出售金融資產達至；及
- 金融資產的合約條款於特定日期產生的現金流量純粹為支付本金及未償還本金餘額之利息。

所有其他金融資產均以按公平值經損益入賬，惟於初始確認並非持作交易用途的權益投資時，本集團可以不能撤回地選擇於其他全面收益呈列其後公平值變動。此選擇為按個別投資的基準作出。

3. BASIS OF PREPARATIONS OF  
CONSOLIDATED FINANCIAL  
STATEMENTS AND SIGNIFICANT  
ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(ii) Classification and subsequent  
measurement - continued

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit making; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(ii) 分類及其後計量 - 續

倘屬以下情況，金融資產為持作交易用途：

- 其購入主要目的為在短期內出售；或
- 在初始確認時，本集團已識別其為與其他共同管理的金融工具組合的一部分，且該組合近期有實際短期獲利的情況；或
- 其為並非指定及有效作對沖的衍生工具。

此外，初始確認時，本集團可以不能撤回地指定符合按攤銷成本入賬或按公平值經其他全面收益入賬要求之金融資產以按公平值經損益入賬，倘如此能消除或顯著減少會計錯配。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(ii) Classification and subsequent measurement - continued

*Business model assessment*

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(ii) 分類及其後計量 - 續

*業務模式評估*

本集團會在組合層面對持有的資產評估業務模式之目標，因為這最能反映業務管理的方法及向管理層提供資訊的方式。考慮的資訊包括：

- 組合的既定政策和目標以及該等政策的實際操作。尤其是，管理層策略是否聚焦於賺取合約利息收入、維持特定的利率組合、將金融資產的期限與為該等資產提供資金之負債的欠期相配或透過出售該等資產變現現金流量；
- 組合的表現如何評估及呈報予本集團的管理層；
- 影響業務模式 (及該業務模型下持有的金融資產) 表現的風險以及如何管理該等風險；



3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(ii) Classification and subsequent measurement - continued

*Business model assessment - continued*

- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(ii) 分類及其後計量 - 續

*業務模式評估 - 續*

- 業務管理人員如何獲得報酬—例如報酬是否根據所管理資產的公平值或所收取的合約現金流量決定；及
- 過往期間的出售頻率、數量及出售時點，出售原因以及未來銷售活動的預期。然而，有關出售活動的資料不會單獨考慮，而是作為整體評估本集團管理金融資產方面達成既定目標及變現現金流量表現的一部分。

持作交易用途或管理及其表現按公平值基準評估的金融資產乃按公平值經損益入賬，因為持有該得資產不為收取合約現金流量，亦不為同時收取合約現金流量及出售金融資產。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(ii) Classification and subsequent measurement - continued

*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 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 the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(ii) 分類及其後計量 - 續

*評估合約現金流量是否僅為支付本金及利息*

就評估的目的而言，「本金」的定義是金融資產在初始確認時的公平值。「利息」的定義是貨幣的時間價值以及與特定時段內未償還本金額有關的信用風險以及其他基本貸款風險及成本(如流動性風險及行政成本)以及利潤率的代價。在評估合約現金流量是否僅為支付本金及利息時，本集團考慮工具的合約條款。這包括評估金融資產是否包含可能改變合約現金流量時點或金額的合約條款，致使其不符合該項條件。在評估時，本集團考慮：

- 將會改變現金流量金額及時點的或有事件；
- 槓桿特徵；
- 提前還款及延期條款；

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(ii) Classification and subsequent measurement - continued

*Assessment whether contractual cash flows are solely payments of principal and interest - continued*

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. periodical reset of interest rates.

*Amortised cost and interest income*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(ii) 分類及其後計量 - 續

*評估合約現金流量是否僅為支付本金及利息 - 續*

- 限制本集團申索指定資產 (如無追索權資產安排) 現金流量的條款; 及
- 修改對金錢時間價值考慮的特徵, 如定期重設利率。

*攤銷成本及利息收入*

實際利率法為計算金融資產或金融負債攤銷成本及於相關期間內分配利息收入及利息支出的方法。實際利率為於金融資產或金融負債預期年期或(如適用)更短期間內將估計日後現金收款及付款(包括所有構成實際利率組成部分的已付或已收費用、交易成本及其他溢價或折讓)精確折現至於初始確認時的賬面淨額的利率。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(ii) Classification and subsequent measurement - continued

*Amortised cost and interest income - continued*

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets measured subsequently at amortised cost and debt instruments measured at FVTOCI, except for financial assets that have subsequently become credit-impaired (see below on credit impairment of financial assets). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period (with the amortised cost being the gross carrying amount less the impairment allowance). If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(ii) 分類及其後計量 - 續

*攤銷成本及利息收入 - 續*

利息收入乃將實際利率用於其後按攤銷成本計量的金融資產及按公平值經其他全面收益入賬的債務工具的賬面總值計算，惟其後信貸減值的金融資產除外(見下文有關金融資產減值)。就其後已變為信貸減值的金融資產而言，利息收入透過將實際利率法應用於自下個報告期起計的金融資產攤銷成本(攤銷成本指總賬面值減去減值撥備)確認。倘信貸減值金融工具的信貸風險降低令金融資產不再維持信貸減值，則利息收入在斷定資產不再維持信貸減值後，透過實際利率法應用於自報告期開始起計的金融資產總賬面值確認。

3. BASIS OF PREPARATIONS OF  
CONSOLIDATED FINANCIAL  
STATEMENTS AND SIGNIFICANT  
ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(ii) Classification and subsequent  
measurement - continued

*Debt instruments as at FVTOCI*

Subsequent changes in the carrying amounts for debt instruments classified as FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange differences are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of fair value reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

3. 綜合財務報表的編製基準及主要會計政  
策 - 續

金融資產及金融負債 - 續

(ii) 分類及其後計量 - 續

*按公平值經其他全面收益入賬的債  
務工具*

分類為按公平值經其他全面收益入賬之債務工具的賬面值因使用實際利率法計算的利息收入產生的其後變動以及匯兌差額於損益確認。該等債務工具賬面值的所有其他變動於其他全面收益中確認且於公平值儲備項下累積。減值撥備於損益確認，並對其他全面收益作相應調整，而並無減少該等債務工具的賬面值。當終止確認該等債務工具時，先前於其他全面收益確認的累計損益重新分類至損益。



3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(ii) Classification and subsequent measurement - continued

*Equity instruments designated as at FVTOCI*

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in fair value reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "revenue" line item in profit or loss.

*Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or at FVTOCI are measured at FVTPL.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(ii) 分類及其後計量 - 續

*按公平值經其他全面收益入賬的權益工具*

按公平值經其他全面收益入賬的權益工具投資其後會按公平值計量，而公平值變動所產生之收益及虧損則於其他全面收益中確認，並於公平值儲備中累計，但不會進行減值評估。在處置權益投資時，累計之損益將不會重新分類至損益，而是會轉至保留溢利。

除非股息收入清楚表示為投資成本的收回部分，否則當本集團確定有權收取來自權益工具投資的股息時，須於損益內確認。股息計入損益中「收入」項下。

*按公平值經損益入賬的金融資產*

不符合使用攤銷成本或按公平值經其他全面收益入賬的金融資產，會採用均以按公平值經損益入賬的方法計量。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(ii) Classification and subsequent measurement - continued

*Financial assets at FVTPL - continued*

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss include any dividend and interest income on the financial assets.

*Financial liabilities*

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) those designated as at FVTPL.

Conditions for classifying financial liabilities as held for trading are largely similar as the conditions for classifying financial assets as held for trading.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(ii) 分類及其後計量 - 續

*按公平值經損益表入賬的金融資產 - 續*

按公平值經損益入賬的金融資產，在各報告期末會使用公平值計量，如有公平值收益或虧損，則會在損益中確認。於損益確認的收益或虧損淨額包括就金融資產所收取的任何股息及利息收入。

*金融負債*

本集團把其金融負債 (除金融擔保及貸款承諾外) 分類為按攤銷成本入賬或按公平值經損益入賬。

金融負債在(i) 持作買賣或(ii) 指定為按公平值計入損益時被列為按公平值經損益入賬的金融負債。

將金融負債分類為持作買賣之條件大致上與將金融資產分類為持作買賣之條件類似。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(ii) Classification and subsequent measurement - continued

*Financial liabilities - continued*

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(ii) 分類及其後計量 - 續

*金融負債 - 續*

倘屬以下情況，持作買賣金融負債以外的金融負債可於初始確認時指定為按公平值經損益入賬：

- 該等指定消除或顯著減少原應出現之計量或確認不一致性；或
- 金融負債構成金融資產或金融負債組別或兩者之一部分，以公平值基準作出管理及評估，並根據本集團已制定之風險管理或投資策略以及有關組合按該基準向內部提供資料；或
- 其包含一項或多項嵌入衍生工具組成合約一部分，且香港財務報告準則第9號准許整份合約可指定以公平值經損益表入賬。

按公平值經損益入賬的金融負債乃按公平值計量，而重新計量產生的任何收益或虧損於損益確認。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(ii) Classification and subsequent measurement - continued

*Financial liabilities - continued*

Financial liabilities including loan payables, debt securities issued, financial assets sold under repurchase agreements, accounts payables, amount due to holding companies and fellow subsidiaries and other payables are subsequently measured at amortised cost, using the effective interest method. Definition of effective interest is detailed above and interest expense on financial liabilities is charged on an effective interest basis to profit or loss.

*Non-controlling interests in consolidated investment funds*

A financial instrument that gives the holder the right to put it back to the issuer for cash or another financial asset (a 'puttable instrument') is a financial liability. The financial instrument is a financial liability even when the amount of cash or other financial assets is determined on the basis that has the potential to increase or decrease. The existence of an option for the holder to put the instrument back to the issuer for cash or another financial asset means that the puttable instrument meets the definition of a financial liability.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(ii) 分類及其後計量 - 續

*金融負債 - 續*

金融負債(包括應付貸款、已發行債務證券、賣出回購金融資產款、應付賬款、應付控股公司及同系附屬款項以及其他應付款)其後採用實際利息法按攤銷成本計量。上文詳述了實際利率的定義，金融負債的利息支出按實際利率基準於損益中扣除。

*於合併投資基金的非控股權益持有人*

當金融工具的持有人有權將該金融工具交回發行人以換取現金或其他金融資產(「可認沽工具」)，該金融工具被視為一項金融負債，即使可換取的現金或其他金融資產的金額有可能增加或減少。該選擇權的存在使持有人有權將該可認沽工具交回發行人以換取現金或其他金融資產，意味著可認沽工具符合金融負債的定義。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(ii) Classification and subsequent measurement - continued

*Non-controlling interests in consolidated investment funds - continued*

Net assets attributable to holders of non-controlling interests in consolidated investment funds are determined based on the attributable shares or units of the residual assets of the consolidated investment fund after deducting the consolidated investment fund's other liabilities. The holders have the right to put their attributable shares to the fund for cash with no cause.

As at year end, such financial liability of net assets attributable to holders of non-controlling interests in consolidated investment funds is presented as "financial liabilities at fair value through profit or loss - non-controlling interest" in the consolidated statement of financial position.

In the case of acquisition or disposals of such non-controlling interests in consolidated investment funds, any difference between the acquisition cost or sale price of these non-controlling interests and the carrying value of these non-controlling interests is recognised in profit or loss.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(ii) 分類及其後計量 - 續

*於合併投資基金的非控股權益持有人 - 續*

非控股權益持有人於合併投資基金的應佔資產淨值乃基於應佔該合併投資基金的餘下資產份額或單位(於扣減該合併投資基金的其他負債後)釐定。持有人有權在毋須理由的情況下將其應佔基金股份沽出以換取現金。

於年末，非控股權益持有人應佔合併投資基金的資產淨值之金融負債於綜合財務狀況表列作「按公平值計入損益的金融負債 - 非控股權益」。

倘收購或出售該等於合併投資基金的非控股權益，該等非控股權益的收購成本或出售價格與該等非控股權益賬面值之間的任何差額將於損益中確認。



3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(iii) Derecognition

*Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) a cumulative gain or loss that had been recognised in OCI in respect of debt instrument is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity instruments designated as at FVTOCI is not recognised in profit or loss on derecognition of such instruments. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(iii) 終止確認

*金融資產*

當來自金融資產的現金流量的合約權利屆滿，或本集團轉移其於交易中收取合約現金流量的權利，當中已轉移金融資產擁有權的絕大部分風險及回報，或本集團既不轉移亦不保留擁有權的絕大部分風險及回報且並不保留該金融資產的控制權時，則本集團終止確認該金融資產。

一旦終止確認金融資產，資產的賬面值(或分配至終止確認部分資產的賬面值)與(i)收到的代價(包括已取得的任何新資產減承擔的任何新負債)與(ii)已在其他全面收入中確認債務工具的累積損益之和的差額於損益內確認。

任何就權益工具在其他全面收入中確認的累積損益(指定按公平值經其他全面收益入賬)於該等工具終止確認時不在損益中確認。已轉移金融資產若符合終止確認資格，且為本集團所創造或保留任何權益均需確認為單獨的資產或負債。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(iii) Derecognition - continued

*Financial assets - continued*

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(iii) 終止確認 - 續

*金融資產 - 續*

本集團訂立交易事項，據此轉移於綜合財務狀況表中確認的資產，惟保留已轉移資產的所有或絕大部分風險及回報。在此等情況下，不終止確認已轉移資產。該等交易事項包括借出證券及回購交易。

當資產售予第三方而同時對已轉讓資產擁有總回報掉期，則該交易與回購交易相似以有抵押融資交易入賬，因為本集團保留該等資產擁有權的所有或絕大部分風險及回報。

就金融資產擁有權的絕大部分風險及回報並無保留或轉讓的交易及本集團保留該資產的控制權而言，本集團繼續確認該資產，以其持續參與程度為限，而參與程度將根據承受已轉讓資產價值變動的程度釐定。

3. BASIS OF PREPARATIONS OF  
CONSOLIDATED FINANCIAL  
STATEMENTS AND SIGNIFICANT  
ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(iii) Derecognition - continued

*Financial assets - continued*

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

*Financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. 綜合財務報表的編製基準及主要會計政  
策 - 續

金融資產及金融負債 - 續

(iii) 終止確認 - 續

*金融資產 - 續*

在若干交易中，本集團保留對已轉移金融資產提供有償服務的義務。已轉移資產於滿足終止確認準則時終止確認。倘服務費高於履行服務的適合水平(資產)或低於履行服務的適合水平(負債)，則針對服務合約確認相關資產或負債。

*金融負債*

本集團僅於本集團之責任被解除、註銷或屆滿時終止確認金融負債。已終止確認之金融負債賬面值與已付及應付代價之差額於損益確認。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(iv) Modifications of financial assets and financial liabilities

*Financial assets*

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(iv) 金融資產及金融負債的修訂

*金融資產*

倘金融資產的條款被修訂，本集團將評估該經修訂資產的現金流量是否出現重大差異。本集團會考慮所有相關事實及情況(包括定性因素)。倘定性評估並無定論，則倘根據新條款的現金流(包括任何已付費用扣除任何已收費用)，並使用原實際利率貼現的貼現現值與原金融資產剩餘現金流的貼現現值經扣減已撇銷的賬面總值後相差至少 10%，則本集團認為該等條款有重大差異。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(iv) Modifications of financial assets and financial liabilities - continued

*Financial assets* - continued

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(iv) 金融資產及金融負債的修訂 - 續

*金融資產* - 續

倘現金流量出現重大差異，則原金融資產現金流量的合約權利將被視為屆滿。在此情況下，原金融資產將終止確認(見 (iii))，並按公平值確認新金融資產。

倘以攤銷成本入賬的經修訂資產的現金流量並無重大差異，則該修訂不會導致該金融資產終止確認。在此情況下，本集團將重新計算該金融資產的總賬面值，並於損益內確認調整總賬面值後的金額為經修訂損益。倘進行修訂是由於借款人出現財務困難，則損益與減值損失一起呈列。否則，其將呈列為利息收入。



3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets and liabilities - continued

(iv) Modifications of financial assets and financial liabilities - continued

*Financial liabilities*

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. The related assessment on whether a modification is substantial is similar to that of financial asset. If modification is substantial, the original financial liability is derecognised and a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under HKFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

3. 綜合財務報表的編製基準及主要會計政策 - 續

金融資產及金融負債 - 續

(iv) 金融資產及金融負債的修訂 - 續

*金融負債*

對金融負債的條款修改是否出現重大差異的相關評估與金融資產的相關評估類似。如經評估後認為經修改負債的現金流量出現重大差異，則本集團將終止確認該金融負債。在此情況下，經修改條款下的新金融負債以公平值確認。原金融負債與經修改條款下的新金融負債的賬面值差額於損益確認。

(v) 抵銷

當及僅當本集團現時存在一項可依法強制執行的權利可抵銷金融資產及金融負債，且其有意以淨額基準結算或同時變現資產及清償負債，則兩者可予抵銷，而其淨額於綜合財務狀況表呈列。

收入及支出僅在香港財務報告準則允許的情況下或就一組類似交易 (例如本集團的交易活動) 所產生的損益按淨額基準呈列。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Derivative financial instruments

Derivative financial instruments are recognised initially 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, in which case the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income.

Hedging

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and variable rate borrowings (cash flow hedges).

*Cash flow hedges*

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

3. 綜合財務報表的編製基準及主要會計政策 - 續

衍生金融工具

衍生金融工具初始按公平值確認。於各報告期末，公平值會重新計量。重估公平值的損益會即時在損益中確認，除非衍生工具符合現金流量對沖會計的標準，在這種情況下，對沖工具損益中被認定為有效對沖的部分計入其他全面收入。

對沖

本集團將某些衍生工具指定為對沖工具，以對沖因外幣匯率及浮息借款變動所產生的、與極可能發生的預期交易相關的現金流量變動 (現金流量對沖)。

*現金流量對沖*

當衍生金融工具被指定為於現金流量對沖的對沖工具時，該衍生金融工具任何收益或虧損的有效部分會在其他全面收入中確認，並在權益中對沖儲備中分開累計。任何損益的失效部分會即時在損益中確認。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Hedging - continued

*Cash flow hedges* - continued

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gain or loss accumulated in the hedging reserve is removed from equity and included directly in the initial cost or other carrying amount of the non-financial asset or the non-financial liability.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

If a hedging relationship no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs upon which it is removed or reclassified from equity in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

3. 綜合財務報表的編製基準及主要會計政策 - 續

對沖 - 續

*現金流量對沖* - 續

如果預期交易的對沖其後引致非金融資產或非金融負債的確認，累積計入對沖儲備的相關收益或虧損便會從權益中移除，並直接計入非金融資產或負債的初始成本或其他賬面金額內。

對於所有其他的對沖預期交易，累積計入對沖儲備的金額將在被對沖的現金流量影響損益 (例如當預期銷售發生或利息支出確認時) 的同一期間從權益重新分類至損益。

當對沖關係不再滿足運用對沖會計的標準 (包括當對沖工具被出售、到期、終止或已行使時)，應在當天開始終止運用對沖會計。當對沖會計終止，但預計仍會發生被對沖的預期交易，累積計入對沖儲備的金額應保留在權益中直至交易發生，並在交易發生時，依據上述會計政策將此金額確認為「從權益移除或重分類」。如果被對沖的交易預計不再發生，則累積計入對沖儲備的金額將立即從權益重新分類至損益。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Fixed assets

The following properties held for own use are stated at their revalued amount, being their fair value at the date of the revaluation:

- Self-occupied land and buildings

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the end of reporting period.

Changes arising on the revaluation of properties held for own use are generally dealt with in other comprehensive income and are accumulated separately in equity in the property revaluation reserve. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

3. 綜合財務報表的編製基準及主要會計政策 - 續

固定資產

以下為以重估數額 (即它們在重估日的公平值)入賬的持作自用物業:

- 自有土地和建築物

重估工作會充分和定期地進行, 以確保這些資產的賬面值與採用於報告期末的公平值釐定的數額之間不會出現重大差異。

重估持作自用的物業所產生的變動一般會撥入其他全面收益, 並且在權益中以物業重估儲備分開累計, 但以下情況例外:

- 如果出現重估虧損, 而虧損額超過就該項資產在重估當日前計入儲備的數額, 便會於損益中扣除; 及
- 如果以往曾將同一項資產的重估虧損在損益中, 則在出現重估盈餘時計入, 便會以已計入損益的重估虧損為限的數額計入損益中。

報廢或處置物業、廠房和設備項目所產生的損益以處置所得款項淨額與項目賬面值之間的差額釐定, 並於報廢或處置日在損益中確認。任何相關的重估盈餘會由重估儲備轉入保留溢利及不會重新分類至損益。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Fixed assets - continued

*Other items of fixed assets*

Other items of fixed assets including right-of-use assets arising from leases of underlying fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Furniture, fixture, and equipment	Shorter of lease term or 2 - 3 years
Motor car	3 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

3. 綜合財務報表的編製基準及主要會計政策 - 續

固定資產 - 續

*其他固定資產項目*

包括租賃產生的使用權資產在內的其他固定資產項目以成本減去累計折舊和減值損失列示。

物業、廠房和設備項目的折舊是以直線法在以下預計可用期限內沖銷其成本或估值(已扣除估計殘值(如有))計算:

傢具、固定裝置、 及設備	租賃期限 或 2 至 3 年 較短一方
汽車	3 年

如果物業、廠房和設備項目的組成部分有不同的可用期限，有關項目的成本或估值會按照合理的基準分配至各個部分，而且每個部分會分開計提折舊。本集團會每年審閱資產的可用期限和殘值(如有)。



3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Intangible assets (other than goodwill)

*Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

*Internally-generated intangible assets - research and development expenditure*

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;

3. 綜合財務報表的編製基準及主要會計政策 - 續

無形資產(除商譽以外)

*個別收購的無形資產*

個別收購且具有限可使用年期的無形資產乃按成本減累計攤銷及任何累計減值虧損列賬。有限可使用年期之無形資產攤銷按直線法於其估計可使用年期確認。估計可使用年期及攤銷方法會於各報告期末檢討，而估計之任何變動影響於日後反映。個別收購具無限可使用年期的無形資產乃按成本減任何後續累計減值虧損列賬。

*內部產生無形資產 - 研發開支*

僅於以下各項獲達成時，方可確認因開發活動(或內部項目的開發階段)產生的內部產生無形資產：

- 完成無形資產至供使用或出售的技術可行性；
- 完成及運用或銷售無形資產的意向；
- 運用或銷售無形資產的能力；

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Intangible assets (other than goodwill)  
- continued

*Internally-generated intangible assets - research and development expenditure*  
- continued

- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent costs and qualifying development expenditure incurred after the completion of a system are included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with that item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs and other subsequent expenditure are charged to profit or loss when incurred.

3. 綜合財務報表的編製基準及主要會計政策 - 續

無形資產 (除商譽以外) - 續

*內部產生無形資產 - 研發開支 - 續*

- 無形資產於日後可能產生經濟利益的方式;
- 足夠的可用技術、財務及其他資源使無形資產能完成開發並運用或銷售; 及
- 可靠地計量無形資產於開發時應佔開支的能力。

就內部產生無形資產初步確認的金額為自無形資產首次符合上述確認標準當日起產生的開支總額。倘未能確認任何內部產生無形資產，則開發開支於其產生期間內在損益中確認。

完成系統發展後產生的後續費用及合資格發展開支，只有在有關項目於未來可能帶給本集團經濟效益，而項目的費用又能夠可靠計算時，方列作相關資產的賬面值或是確認為另一項資產。所有其他維修保養成本及其後產生的其他開支均於發生時於損益中扣除。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Intangible assets (other than goodwill)  
- continued

*Internally-generated intangible assets - research and development expenditure*  
- continued

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

*Amortisation*

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- Internally developed software      3 - 5 years

3. 綜合財務報表的編製基準及主要會計政策 - 續

無形資產(除商譽以外) - 續

*內部產生無形資產 - 研發開支 - 續*

於初步確認後，內部產生無形資產按與單獨收購的無形資產相同的基準，即以成本減累計攤銷及累計減值虧損(如有)呈報。

*攤銷*

有限定可用期的無形資產按其估計可用期於收益表內直線攤銷。以下有限定可用期的無形資產由可供使用日起按以下的估計可用期攤銷：

- 內部開發的計算機軟件 3 - 5 年

3. BASIS OF PREPARATIONS OF  
CONSOLIDATED FINANCIAL  
STATEMENTS AND SIGNIFICANT  
ACCOUNTING POLICIES - continued

Intangible assets (other than goodwill)  
- continued

*Amortisation* - continued

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

The following intangible asset is assessed to have indefinite useful life:

- Trading rights

3. 綜合財務報表的編製基準及主要會計政策 - 續

無形資產(除商譽以外) - 續

*攤銷* - 續

本集團不會攤銷可用期限未定的無形資產，並會每年審閱關於無形資產可用期限未定的任何結論，以釐定有關事項和情況是否繼續支持該資產可用期限未定的評估結論。如否的話，由未定轉為有既定可用期限的評估變動會自變動日期起，根據上文所載有既定期限的無形資產的攤銷政策入賬。

以下無形資產被評估為可用期限未定：

- 交易權

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and deposits, bank balances held on behalf of customers, accounts receivables and financial assets held under resale agreements, which are held for collection of contractual cash flows that represents solely payments of principal and interest); and
- debt instruments measured at FVOCI.

The Group considers that there shall be no loss allowance for ECL on loan commitment given the rights held by the Group in cancelling the commitment at its sole discretion.

Financial assets measured at fair value through profit or loss, derivative financial instruments and equity instrument measured at fair value through other comprehensive income are not subject to the ECL assessment.

3. 綜合財務報表的編製基準及主要會計政策 - 續

信用損失和資產減值

(i) 金融工具的信用損失

本集團就下列項目的預期信用損失確認損失準備：

- 按攤銷成本計量的金融資產(包括現金和存款、代客戶持有的銀行餘額、應收賬款及買入返售金融資產款，而持有該等資產而收取的合約現金流為僅為本金支付及利息)；及
- 按公平值經其他全面收益入賬的債務工具。

鑑於本集團擁有自行酌情取消承諾的權利，本集團認為不應就貸款承諾計提預期信用損失準備。

按公平值經損益入賬的金融資產、衍生金融工具及按公平值經其他全面收益入賬的權益工具均不適用預期信用損失評估。



3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Credit losses and impairment of assets  
- continued

(i) Credit losses from financial instruments - continued

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using current effective interest rate where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3. 綜合財務報表的編製基準及主要會計政策 - 續

信用損失和資產減值 - 續

(i) 金融工具的信用損失 - 續

*預期信用損失的計量*

預期信用損失是指以發生違約的風險概率為權重的金融工具信用損失的加權平均值。信用損失按照原實際利率折現，根據合同應收的所有合同現金流量與預期收取的所有現金流量之間的差額，即全部預期現金短缺的現值。

若折現的影響重大，預期現金短缺應使用當前實際利率進行折現。

在計量預期信用損失時，本集團需考慮的最長期限為集團面臨信用風險的最長合同期限。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Credit losses and impairment of assets  
- continued

(i) Credit losses from financial instruments - continued

*Measurement of ECLs* - continued

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 fee receivables 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.

3. 綜合財務報表的編製基準及主要會計政策 - 續

信用損失和資產減值 - 續

(i) 金融工具的信用損失 - 續

*預期信用損失的計量* - 續

在計量預期信用損失時，本集團考慮無須付出不必要的額外成本或努力即可獲得的合理且有依據的資訊。這包括有關過去事件、當前情況和未來經濟環境預測的資訊。

預期信用損失按以下任一基礎計量：

- 未來 12 個月內預期信用損失：因報告日後 12 個月內可能發生的金融工具違約事件而導致的預期損失；及
- 存續期預期信用損失：因整個存續期內可能發生的金融工具違約事件而導致的預期損失。

對於費用應收賬款，本集團始終按照相當於整個存續期內預期信用損失的金額計量其損失撥備。本集團基於歷史信用損失經驗、使用準備矩陣計算上述金融資產的預期信用損失，相關歷史經驗根據報告日借款人的特定因素、以及對當前狀況和未來經濟狀況預測的評估進行調整。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Credit losses and impairment of assets  
- continued

(i) Credit losses from financial instruments  
- 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.

*Significant increases in credit risk*

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition.

3. 綜合財務報表的編製基準及主要會計政策 - 續

信用損失和資產減值 - 續

(i) 金融工具的信用損失 - 續

*預期信用損失的計量 - 續*

對於其它金融工具而言，本集團按照相當於未來 12 個月內預期信用損失的金額且確認其損失準備，除非金融工具在初始確認後，其信用風險已顯著增加。在此情況下，本集團按照相當於整個存續期內預期信用損失的金額計量其損失準備。

*信用風險顯著增加*

本集團通過比較金融工具在報告日發生違約的風險與在初始確認日發生違約的風險，以評估金融工具的信用風險自初始確認後是否已顯著增加。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Credit losses and impairment of assets  
- continued

(i) Credit losses from financial instruments - continued

*Significant increases in credit risk*  
- continued

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast changes in the business, financial and economic conditions that have a significant adverse effect on the debtor's ability to meet its obligation to the Group;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations; and

3. 綜合財務報表的編製基準及主要會計政策 - 續

信用損失和資產減值 - 續

(i) 金融工具的信用損失 - 續

*信用風險顯著增加* - 續

在確定信用風險自初始確認後是否顯著增加時，本集團考慮的資訊包括：

- 已發生的或預期的金融工具的外部或內部信用評級 (如有) 的嚴重惡化；
- 信貸風險的外部市場指標嚴重轉差，例如，信貸息差、債務人的信貸違約掉期價格大幅增加；
- 現存的或預期的業務、財務和經濟狀況變化，並將對債務人對本集團的還款能力產生重大不利影響；
- 債務人的經營業績實際上或預計會嚴重惡化；
- 債務人面對的監管、經濟或技術環境在實際上或預期上會發生重大不利變動，使債務人的債務償還能力嚴重下降；及

3. BASIS OF PREPARATIONS OF  
CONSOLIDATED FINANCIAL  
STATEMENTS AND SIGNIFICANT  
ACCOUNTING POLICIES - continued

Credit losses and impairment of assets  
- continued

(i) Credit losses from financial instruments -  
continued

*Significant increases in credit risk*  
- continued

- when contractual payments are more than 30 days past due (except for accounts receivables from margin clients where a shorter period of "past due" has been applied by the directors in view of the nature of business operation and practice in managing the credit risk).

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. 綜合財務報表的編製基準及主要會計政策 - 續

信用損失和資產減值 - 續

(i) 金融工具的信用損失 - 續

*信用風險顯著增加 - 續*

- 如合約付款逾期超過 30 日(除保證金客戶應收賬款會有較短「逾期」外，因為董事認為這是孖展業務本身的性質，這亦是管控孖展業務信貸風險的慣常做法)。

本集團定期監控用以識別信貸風險有否大幅增加的標準之有效性，且適當地修訂標準來確保標準能在金額逾期前識別信貸風險顯著增加。



3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Credit losses and impairment of assets  
- continued

(i) Credit losses from financial instruments - continued

*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 (this may be an indicator when the instrument is more than 90 days past due (except for accounts receivable from margin clients where a shorter period of "past due" has been applied by the directors in view of the nature of business operation and practice in managing the credit risk), in full (without taking into account any collateral held by the Group).

*Credit-impaired asset and its basis of calculation of interest income*

Interest income recognised on financial assets is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is 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.

3. 綜合財務報表的編製基準及主要會計政策 - 續

信用損失和資產減值 - 續

(i) 金融工具的信用損失 - 續

*違約定義*

就內部信用風險管理而言，當內部開發或從外部來源獲得的信息表明債務人不太可能全額支付其債權人(包括如金融工具逾期超過 90 日(除保證金客戶應收賬款有較短「逾期」外，因為董事認為這是業務本身的性質，這亦是管控相關信貸風險的慣常做法))時，本集團認為違約事件發生(不考慮本集團持有的任何抵押品)。

*信用減值資產及其利息收入計算基礎*

金融資產利息收入是根據金融資產的總賬面值總額計算，除非該金融資產已發生信用減值。在此情況下，利息收入根據其攤銷成本(即賬目價值總額減去損失準備)計算。

本集團在報告日評估金融資產是否已發生信用減值。當對金融資產預期未來現金流量發生具有不利影響的一項或多項事件，該金融資產為已發生信用減值的金融資產。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Credit losses and impairment of assets  
- continued

(i) Credit losses from financial instruments - continued

*Credit-impaired asset and its basis of calculation of interest income*  
- continued

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- substantial shortfall of the loan balance versus the collateral held by the Group while there is no concrete repayment plan to reduce the shortfall;

3. 綜合財務報表的編製基準及主要會計政策 - 續

信用損失和資產減值 - 續

(i) 金融工具的信用損失 - 續

*利息收入計算基礎* - 續

金融資產已發生信用減值的證據包括下列可觀察資訊：

- 債務人發生重大財務困難；
- 債務人違反合同，如償付利息或本金違約或逾期等；
- 債務人很可能破產或進行其他財務重組；
- 貸款結餘與本集團持有的抵押品價值之間存在重大差額，且並無降低差額的實質還款計劃；

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Credit losses and impairment of assets  
- continued

(i) Credit losses from financial instruments - continued

*Credit-impaired asset and its basis of calculation of interest income*  
- continued

- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties of the issuer.

*Key parameters for expected credit losses*

Depending on whether the credit risk is significantly increased or credit-impaired, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month or lifetime expected credit losses. The key parameters for measuring expected credit losses for financial assets other than fee receivable, include the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). The Group considers the quantitative analysis of historical data (such as the credit rating of counter parties, ways of guarantee, the category of collateral, and ways of repayment, etc.) and forward-looking information, to establish a model of PD, LGD, and EAD.

3. 綜合財務報表的編製基準及主要會計政策 - 續

信用損失和資產減值 - 續

(i) 金融工具的信用損失 - 續

*利息收入計算基礎* - 續

- 貸款人因有關借款人關於經濟或合約理由上的財務困難批出在正常情況下不會考慮的讓步；
- 債務人財務困難導致該證券的活躍市場消失。

*預期信用損失計量的參數*

根據信用風險是否發生顯著增加以及是否已發生信用減值，本集團對不同的資產分別以 12 個月或整個存續期的預期信用損失計量減值準備。對於費用應收賬款以外的金融資產的預期信用損失計量的關鍵參數包括違約概率、違約損失率和違約風險敞口。本集團考慮歷史統計數據 (如交易對手評級、擔保方式及抵質押物類別、還款方式等) 的定量分析及前瞻性信息，建立違約概率、違約損失率及違約風險敞口模型。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Credit losses and impairment of assets  
- continued

(i) Credit losses from financial instruments - continued

*Methods that is used in the calculation of expected credit losses*

The Group considers PD/LGD impact on measuring expected credit losses:

- PD is an estimate of the likelihood that a borrower will be unable to meet its debt obligations over the future 12 months or the whole remaining lifetime. The Group estimates PD based on the historical default data, internal and external credit ratings and forward-looking information, etc.
- LGD is the estimated share of the exposure at default that is lost when a borrower defaults. LGD varies depending on the category of counterparties, ways and priority of recourse, and the category of collateral. LGD is the percentage of loss when default occurs;
- EAD is an estimation of the extent to which the Group may be exposed to a counterparty in the event of the counterparty's default in the future 12 months or the whole remaining lifetime;

3. 綜合財務報表的編製基準及主要會計政策 - 續

信用損失和資產減值 - 續

(i) 金融工具的信用損失 - 續

*預期信用損失計提方法*

本集團採用違約概率(PD)/違約損失率(LGD)方法進行減值計量：

- 違約概率 (PD) 是指債務人在未來 12 個月或在整個剩餘存續期，無法履行其償付義務的可能性。本集團基於歷史違約數據、內部及外部評級信息、前瞻性信息等因素估計違約概率；
- 違約損失率 (LGD) 是指本集團在當借款人違約時對違約風險敞口中的損失程度作出的預期。根據交易對手類型、追索方式和優先級等，以及擔保品的不同，違約損失率也有所不同。違約損失率以違約發生時風險敞口損失的百分比表示；
- 違約風險敞口 (EAD) 是指在未來 12 個月或在整個剩餘存續期中，在違約發生時，本集團應被償付的金額；

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Credit losses and impairment of assets  
- continued

(i) Credit losses from financial instruments - continued

*Methods that is used in the calculation of expected credit losses - continued*

- Forward-looking information, both the assessment of a significant increase in credit risk and calculation of expected credit losses include forward-looking information. The Group identifies the key economic factors affecting credit risk and the expected credit losses of different kinds of business based on historical data analysis. The Group forecasts economic factors periodically and applies expert judgments to determine the impact of forward-looking information on PD, etc.

For margin loan, the Group make monthly assessment on the borrower's credit risk based on available information including collateral maintenance ratio, concentration ratio and overdue status.

3. 綜合財務報表的編製基準及主要會計政策 - 續

信用損失和資產減值 - 續

(i) 金融工具的信用損失 - 續

*預期信用損失計提方法 - 續*

- 前瞻性信息，信用風險顯著增加的評估及預期信用損失的計算均涉及前瞻性信息。本集團通過進行歷史數據分析，識別出影響各業務類型信用風險及預期信用損失的關鍵經濟指標，定期根據經濟指標預測以及專家評估，確定前瞻性信息對違約概率等參數的影響。

對於應收保證金客戶的保證金貸款，本集團根據抵押品維持率、集中度和逾期情況等可獲得的信息對借款人的信用風險進行月度評估。



3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Credit losses and impairment of assets  
- continued

(i) Credit losses from financial instruments - continued

*Write-off policy*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. 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.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- intangible assets; and
- right-of-use assets.

3. 綜合財務報表的編製基準及主要會計政策 - 續

信用損失和資產減值 - 續

(i) 金融工具的信用損失 - 續

*核銷政策*

如果本集團不再合理預期金融資產合同現金流量能夠全部或部分收回，則直接減記該金融資產的賬面餘額。這種情況通常發生在本集團確定債務人沒有資產或收入來源可產生足夠的現金流量以償還將被減記的金額時。已減記的金融資產以後又收回的，作為減值損失的轉回計入當期的損益。

(ii) 其他資產的減值

本集團於報告期末審閱內部和外來的信息，以確定以下資產是否出現減值跡象，或是以往確認的減值虧損 (與商譽有關則除外) 已經不再存在或可能已經減少：

- 物業、廠房和設備 (按重估數額列賬的物業除外)；
- 無形資產；及
- 使用權資產

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Credit losses and impairment of assets  
- continued

(ii) Impairment of other assets - continued

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

3. 綜合財務報表的編製基準及主要會計政策 - 續

信用損失和資產減值 - 續

(ii) 其他資產的減值 - 續

如任何該等徵兆存在，須估計該資產的可收回金額。

- 計算可收回金額

資產的可收回金額是其公平值(扣除出售成本)與使用價值兩者中的較高額。在評估使用價值時，預計未來現金流量會按照能反映當時市場對貨幣時間值和資產特定風險的評估的稅前折現率，折現至其現值。如果資產所產生的現金流入基本上並非獨立於其他資產所產生的現金流入，則以能產生獨立現金流入的最小資產類別(即現金生產單位)來釐定可收回數額。如果分配可以在合理和一致的基礎上進行，則公司資產的一部分賬面值分配給單個現金生產單位，否則分配給最小的現金生產單位。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Credit losses and impairment of assets  
- continued

(ii) Impairment of other assets - continued

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

3. 綜合財務報表的編製基準及主要會計政策 - 續

信用損失和資產減值 - 續

(ii) 其他資產的減值 - 續

- 確認減值虧損

當資產或所屬現金生產單位的賬面金額高於其可收回金額時，減值虧損便會在損益中確認。就現金生產單位確認的減值虧損會作出分配，首先減少會分配至該現金生產單位 (或該組單位) 的任何商譽的賬面金額，然後按比例減少該單位 (或該組單位) 內其他資產的賬面金額；但資產的賬面值不得減少至低於其個別公平值減去出售成本 (如能計量) 後所得數額或其使用價值 (如能釐定)。

- 減值虧損撥回

如果用以釐定可收回金額的估計數額出現正面的變化，有關的減值虧損便會轉回。所轉回的減值虧損以在以往年度沒有確認任何減值虧損而應已釐定的資產賬面值為限。所轉回的減值虧損在確認轉回的年度內計入損益中。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Accounts and other receivables

Accounts and other receivables are recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses as determined below:

The loss allowance of accounts receivables from margin clients is measured at 12-month expected credit losses ("ECLs") unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The loss allowance of fee receivables is measured at an amount equal to lifetime ECLs, which are those losses that are expected to occur over the expected life. The loss allowance is 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.

3. 綜合財務報表的編製基準及主要會計政策 - 續

應收賬款和其他應收款

當本集團具有收取對價的無條件權利時，應確認應收賬款及其他應收款。如果對價支付的條件僅是時間的推移，那收取對價的權利即為無條件。如果在本公司具有收取對價的無條件權利前已確認收入，該收入金額應列報為合同資產。

應收款項應按實際利率法列報為攤銷成本減以下信用損失準備：

對應收保證金客戶的款項而言，本集團按 12 個月預期信用損失確認損失準備，除非該項目在初始確認後信用風險顯著增加，在此情況下，損失準備按存續期預期信用損失金額計量。

費用應收賬款的損失準備按等於整個存續期的預期信用損失 (即預計將於該等款項的預期使用年限內發生的損失) 的金額計量。損失準備是使用基於本集團歷史信用損失經驗的撥備矩陣進行估計，並根據債務人的特定因素以及對報告日現況及一般經濟狀況預測的評估進行調整。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Accounts and other receivables - continued

ECLs are remeasured at each reporting date with any changes recognised as an impairment loss or reversal in profit or loss. The Group recognises an impairment loss or reversal with a corresponding adjustment to the carrying amount of accounts and other receivables through a loss allowance account.

The gross carrying amount of a trade debtor or other receivables is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

3. 綜合財務報表的編製基準及主要會計政策 - 續

應收賬款和其他應收款 - 續

本集團在每個報告日重新計量預期信用損失，由此形成的損失準備的增加或撥回金額，應當作為減值損失或回撥計入當期損益。在確認減值損失或回撥時，以損失準備抵減應收賬款及其他應收款的賬面價值。

如果本集團不再合理預期應收賬款和其他應收款能夠全部或部分收回，則直接核銷應收賬款和其它應收款的總賬面值。這種情況通常發生在本集團確定債務人沒有資產或收入來源可產生足夠的現金流量以償還將被核銷的金額時。

帶息借款

帶息借款按公平值減去應佔交易成本後初始確認。初始確認後，帶息借款以攤銷成本透過實際利息法列賬。

應付賬款和其他應付款

應付賬款和其他應付款按公平值初始確認。應付賬款和其他應付款其後按攤銷成本入賬；但如折現影響並不重大，則按成本入賬。



**3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued**

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Employee benefits

(i) Employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Remuneration for key management personnel of the Group for the year ended 31 December 2022, including amounts paid to Company's directors, amounted to HK\$25,620,326.

**3. 綜合財務報表的編製基準及主要會計政策 - 續**

現金和現金等價物

現金和現金等價物包括銀行存款和現金、存放於銀行和其他金融機構的活期存款，以及短期和高流動性的投資。這些投資可以隨時換算為已知的現金額、價值變動方面的風險不大，並在購入後三個月內到期。就編製綜合現金流量表而言，現金和現金等價物也包括須於接獲通知時償還，並構成本集團現金管理一部分的銀行透支。

僱員福利

(i) 僱員福利和界定供款退休計劃的供款

薪金、年度獎金、有薪年假、界定供款退休計劃的供款和非貨幣福利成本在僱員提供相關服務的年度內累計。如果延遲付款或結算會造成重大的影響，則這些數額會以現值列賬。

截至 2022 年 12 月 31 日止年度，本集團主要管理人員的薪酬，包括支付給本公司董事的款項共 25,620,326 港元。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Employee benefits - continued

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(iii) Share-based payments

The Company granted shares to its employees. The fair value of share awards granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity measured. The fair value is measured at grant date using the stock price of Huatai Securities Co., Ltd, the ultimate holding company of the Company, taking into account the terms and conditions upon which the awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total fair value of the shares is spread over the vesting period, taking into account the probability that the awards will vest.

3. 綜合財務報表的編製基準及主要會計政策 - 續

僱員福利 - 續

(ii) 離職福利

離職福利會在本集團不再能夠撤回所提供的離職福利或確認涉及離職福利付款的重組成本(以較早者為準)時確認。

(iii) 以股份為基礎的支付

本公司有向僱員授予股份。授予員工股份獎勵的公平值確認為員工成本，並相應增加儲備。公平值在授予日使用本公司最終控股公司華泰證券股份有限公司的股票價格計量，並考慮授予獎勵的條款和條件。如果僱員須符合歸屬條件才能無條件地享有股份的權利，在考慮到股份歸屬的可能性後，授予股份的公平值便會在整個歸屬期內分攤。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Employee benefits - continued

(iii) Share-based payments - continued

During the vesting periods, the number of share that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares that vest.

Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

3. 綜合財務報表的編製基準及主要會計政策 - 續

僱員福利 - 續

(iii) 以股份為基礎的支付- 續

本集團會在歸屬期內審閱預期歸屬的股份數目。已於以往年度確認的累計公平值因此所作的任何調整會在審閱當年在損益中確認；但如果原來的僱員支出符合確認為資產的資格，便會對儲備作出相應的調整。已確認為支出的數額會在歸屬日作出調整，以反映所歸屬股份的實際數目。

所得稅

本年度所得稅包括當期稅項和遞延稅務資產與負債的變動。當期稅項和遞延稅務資產與負債的變動均在損益中確認，但如果是在其他全面收益或直接在權益中確認的相關項目，則相關稅款分別在其他全面收入或直接在權益中確認。

當期稅項是按本年度應稅所得，根據已執行或在報告期末實質上已執行的稅率計算的預期應付稅項，加上以往年度應付稅項的任何調整。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Income tax - continued

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

3. 綜合財務報表的編製基準及主要會計政策 - 續

所得稅 - 續

除了某些有限的例外情況外，所有遞延稅務負債和遞延稅務資產（只限於很可能獲得能利用該遞延稅務資產來抵扣的未來應稅溢利）皆獲確認。支持確認由可抵扣暫時差異所產生遞延稅務資產的未來應稅溢利包括因轉回目前存在的應稅暫時差異而產生的數額；但這些轉回的差異必須與同一稅務機關和同一應稅實體有關，並預期在可抵扣暫時差異預計轉回的同一期間或遞延稅務資產所產生可抵扣虧損可向後期或向前期結轉的期間內轉回。在決定目前存在的應稅暫時差異是否足以支持確認由未利用可抵扣虧損和稅款抵減所產生的遞延稅務資產時，亦會採用同一準則，即差異是否與同一稅務機關和同一應稅實體有關，以及是否預期在能夠使用未利用可抵扣虧損和稅款抵減撥回的同一期間內轉回。

遞延稅務資產與負債分別由可抵扣和應稅暫時差異產生。暫時差異是指資產與負債在財務報表上的賬面金額跟這些資產與負債的計稅基礎的差異。遞延稅項資產也可以由未利用可抵扣虧損和未利用稅款抵減產生。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Income tax - continued

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

3. 綜合財務報表的編製基準及主要會計政策 - 續

所得稅 - 續

不確認為遞延稅務資產與負債的暫時差異源自以下有限的例外情況：不可在稅務方面獲得扣減的商譽；不影響會計或應稅溢利的資產或負債的初始確認（如屬企業合併的一部分則除外）；以及附屬公司投資（如屬應稅差異，只限於本集團可以控制轉回的時間，而且在可預見的將來不大可能轉回的暫時差異；或如屬可抵扣差異，則只限於很可能在將來轉回的差異）。

本集團會於報告期末審閱遞延稅務資產的賬面金額。如果本集團預期不再可能獲得足夠的應稅溢利以抵扣相關的稅務利益，該遞延稅務資產的賬面金額便會調低；但是如果日後有可能獲得足夠的應稅溢利，有關減額便會轉回。

因分派股息而額外產生的所得稅是在支付相關股息的責任確立時確認。



3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Income tax - continued

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
- the same taxable entity; or
- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

3. 綜合財務報表的編製基準及主要會計政策 - 續

所得稅 - 續

當期和遞延稅項結餘及其變動額會分開列示，並且不予抵銷。當期和遞延稅務資產只會在本公司或本集團有法定行使權以當期稅項資產抵銷當期稅務負債，並且符合以下附帶條件的情況下，才可以分別抵銷當期和遞延稅務負債：

- 當期稅務資產與負債：本公司或本集團計劃按淨額基準結算，或同時變現該資產和結算該負債；或
- 遞延稅務資產與負債：這些資產與負債必須與同一稅務機關就以下其中一項徵收的所得稅有關：
- 同一應稅實體；或
- 不同的應稅實體。這些實體計劃在日後每個預計有大額遞延稅務負債需要結算或大額遞延稅務資產可以收回的期間內，按淨額基準實現當期稅務資產和結算當期稅務負債，或同時變現該資產和結算該負債。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

3. 綜合財務報表的編製基準及主要會計政策 - 續

撥備和或有負債

如果本集團或本公司須就已發生的事件承擔法定或推定義務，因而預期會導致含有經濟效益的資源外流，在可以作出可靠的估計時，本集團或本公司便會就該時間或數額不確定的其他負債計提撥備。如果貨幣時間值重大，則按預計所需支出的現值計提撥備。

如果含有經濟效益的資源外流的可能性較低，或是無法對有關數額作出可靠的估計，便會將該義務披露為或有負債，但資源外流的可能性極低則除外。如果本集團的義務須視乎某宗或多宗未來事件是否發生才能確定是否存在，亦會披露為或有負債，但資源外流的可能性極低則除外。

虧損合約下產生的現時義務被確認和計量為撥備。倘本集團訂有一項合約，而根據該合約，履行合約項下責任不可避免的成本超過預期可從該合約收取的經濟利益，則視為存在虧損合約。合約項下不可避免的成本反映了退出合同的最低淨成本，即履行合約的淨成本與因未能履行合同而產生的任何補償或罰款中的較低者。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue from contract with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

3. 綜合財務報表的編製基準及主要會計政策 - 續

來自客戶合約收入

本集團在(或隨著)完成履約責任時確認收入，即當與特定履約責任相關的商品或服務的「控制權」轉移給客戶時，本集團確認相關收入。

履約責任指獨特商品或服務或一系列大致相約的獨特商品或服務(或貨品或服務捆綁在一起)。

控制權隨時間轉移，如滿足以下其中一項標準，則收入會按照完全滿足相關履約責任的進展情況而隨時間確認：

- 本集團履約時，客戶同時取得並使用本集團履約所提供的服務；
- 本集團履約產生了或強化了資產，而該資產的控制權在產生或強化時是屬於客戶的；或
- 本集團履約並未產生對本集團有另類用途的資產，且本集團對目前為止已完成履約的款項具有可執行的權利。

否則，收入會在客戶獲得獨特商品或服務的控制權時確認。

3. BASIS OF PREPARATIONS OF  
CONSOLIDATED FINANCIAL  
STATEMENTS AND SIGNIFICANT  
ACCOUNTING POLICIES - continued

Revenue from contract with customers  
- continued

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

3. 綜合財務報表的編製基準及主要會計政策 - 續

來自客戶合約收入 - 續

合約資產指本集團以商品或服務換取代價的權利，前提是本集團轉讓給客戶的商品或服務仍不是無條件的。合約資產是根據香港財務報告準則第9號評估減值。相反，應收款項指本集團收取代價的無條件權利，即代價付款到期前僅需等待時間推移。

合約負債指因為本集團已收取了客戶的代價(或已到期可向客戶收取代價)而須轉讓商品或服務給客戶的義務。

與同一合約有關的合約資產及合約負債以淨額列賬並呈列。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue from contract with customers  
- continued

Description of the Group's performance obligations of main source of income under the scope of HKFRS 15 is as follows:

(i) Brokerage and commission income

The Group provides broking and dealing services in securities and other products such as bonds. Commission income is recognised at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed or at a fixed amount.

(ii) Handling fee income

The Group provides handling services and platform services. Fee income is recognised when the transaction is executed and service is completed.

(iii) Placing and underwriting commission

The Group provides placing, sponsoring and underwriting services to customers for their fund raising activities in capital markets. Revenue is recognised when the relevant placing, sponsoring or underwriting activities are completed. Accordingly, the revenue is recognised at a point in time.

3. 綜合財務報表的編製基準及主要會計政策 - 續

來自客戶合約收入 - 續

本集團根據香港財務報告準則第 15 號範圍內主要收入來源的履約責任描述如下：

(i) 佣金及經紀收入

本集團提供證券及其他產品(如債券)經紀及買賣服務。佣金收入於訂立買賣當日按所訂立買賣交易價值的若干百分比或固定金額確認。

(ii) 手續費收入

本集團提供保管服務及平台服務。費用收入於訂立交易及服務完成時確認。

(iii) 配售及承銷佣金收入

本集團為客戶提供資本市場融資活動的配售及承銷服務。收入於有關配售或承銷服務完成時確認。因此，收入於某一時刻獲確認。



3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue from contract with customers  
- continued

(iv) Financial management income

The Group provides asset management services. The fee arrangements are based on a percentage applied to customers' assets under management or an agreed fee. The performance obligation is satisfied over time because the customer is receiving and consuming the benefits as they are provided by the Group.

(v) Advisory fee income

The Group provides financial advisory services. Fee income is recognised when the transaction is executed and service is completed.

*Variable consideration*

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the most likely amount.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

3. 綜合財務報表的編製基準及主要會計政策 - 續

來自客戶合約收入 - 續

(iv) 財務管理收入

本集團提供資產管理服務。費用安排基於客戶管理資產的百分比或協定金額。履約義務隨著時間的推移而得到履行，因為客戶正在接收和享受由本集團提供服務產生的利益。

(v) 諮詢費收入

本集團提供財務顧問服務。費用收入在交易執行和服務完成時確認。

*可變代價*

就包含可變代價的合約而言，本集團使用最可能出現價值來估計應收取的代價。

可變代價的估計金額，只有在可變代價的不確定因素已經得以解決時，且不大可能於未來出現大幅收入撥回時，才會計入交易價格。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue from contract with customers  
- continued

*Variable consideration* - continued

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Financial assets held under resale and sold under repurchase agreements

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

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

3. 綜合財務報表的編製基準及主要會計政策 - 續

來自客戶合約收入 - 續

*可變代價* - 續

在各報告期末，本集團會對估計交易價格(包括對可變代價估值的限制因素所作出的評估進行更新)進行更新，以可靠地呈列報告期末的狀況以及報告期內狀況的變動。

買入返售金融資產及賣出回購金融資產款

買入返售金融資產即本集團收購金融資產而後根據返售協議於未來日期按預先協議的價格返售該金融資產的交易。賣出回購金融資產款即本集團出售金融資產而後根據回購協議於未來日期按預先協議的價格回購該金融資產的交易。

已墊付或已收取現金於財務狀況表分別確認為買入返售或賣出回購款項。買入返售資產於備查賬戶入賬為資產負債表外項目，而賣出回購資產款繼續於財務狀況表確認。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets held under resale and sold under repurchase agreements - continued

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.

Lease

(i) Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. 綜合財務報表的編製基準及主要會計政策 - 續

買入返售金融資產及賣出回購金融資產款 - 續

購買與返售代價之間的差額以及銷售與回購代價之間的差額均使用實際利率法於相關交易期間攤銷，並分別計入利息收入及利息支出。

租賃

(i) 租賃定義

如合約可給予在一段時間內使用已識別資產的控制權以換取代價，則該合約屬於或包含租賃。

就於首次應用香港財務報告準則第16號日期或之後已訂立或更改或來自業務合併產生的合約而言，本集團會根據香港財務報告準則第16號的定義評估該合約在訂立、修改當日或收購當日(如適用)是否屬於或包含租賃。除非合約的條款及條件其後有所變動，否則本集團不會對該合約作出重新評估。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Lease - continued

(ii) The Group as a lessee

*Allocation of consideration to components of a contract*

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

*Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of office premises and office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. 綜合財務報表的編製基準及主要會計政策 - 續

租賃 - 續

(ii) 本集團作為承租人

*將代價分配至合約的部分*

本集團採用便於實務操作的方法，選擇不拆分非租賃組成部分，而將各個租賃組成部分和與其相關的非租賃組成部分作為單一的租賃組成部分進行會計處理。

*短期租賃及低價值資產的租賃*

本集團對租賃期為開始日期起計 12 個月或以下及並無購買權的短期租賃採用豁免確認安排。本集團同時亦豁免確認低價值資產的租賃。本集團會使用直線法或其他有系統基準於租賃期內將短期租賃及低價值資產租賃的租賃付款確認為開支。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Lease - continued

(ii) The Group as a lessee - continued

*Right-of-use assets*

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are grouped under Fixed Asset and categorised as "Right-of-use assets".

3. 綜合財務報表的編製基準及主要會計政策 - 續

租賃 - 續

(ii) 本集團作為承租人 - 續

*使用權資產*

使用權資產的成本包括：

- 租賃負債初次計量的金額；
- 在租賃開始日期或以前作出的租賃付款減已收取的租賃優惠；
- 本集團產生的初始直接成本；及
- 本集團因按照租賃的條款及條件規定而拆除或移除相關資產、恢復資產所在地的原貌或恢復相關資產至某些狀態所產生的估計成本。

使用權資產是按成本減累計折舊及減值虧損計量，並會就租賃負債重新計量而作出調整。使用權資產於固定資產中呈列為「使用權資產」。



3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Lease - continued

(ii) The Group as a lessee - continued

*Right-of-use assets* - continued

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

*Refundable rental deposits*

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

*Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

3. 綜合財務報表的編製基準及主要會計政策 - 續

租賃 - 續

(ii) 本集團作為承租人 - 續

*使用權資產* - 續

使用權資產會使用直線法按估計使用年期或租賃期限(以較短者為準)進行折舊。

*可退還租賃按金*

已付的可退還租賃按金會根據香港財務報告準則第9號入賬並初步使用公平值計量。於初次確認時對公平值進行的調整，會被視為額外的租賃付款，並會計入使用權資產的成本。

*租賃負債*

在租賃開始日期，本集團會按照當日尚未支付的租賃付款現值確認及計量租賃負債。在計算租賃付款現值時，如仍未能釐定租賃隱含利率，本集團於租賃開始日期會使用遞增借款利率計算。

3. BASIS OF PREPARATIONS OF  
CONSOLIDATED FINANCIAL  
STATEMENTS AND SIGNIFICANT  
ACCOUNTING POLICIES - continued

Lease - continued

(ii) The Group as a lessee - continued

*Lease liabilities* - continued

The lease payments relevant to the Group include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. 綜合財務報表的編製基準及主要會計政策 - 續

租賃 - 續

(ii) 本集團作為承租人 - 續

*租賃負債* - 續

與本集團相關的租賃付款包括：

- 固定付款(包括實質固定付款)減已收取租賃優惠；及
- 終止租賃的罰款(如租賃條款註明本集團可行使終止的權利)。

租賃負債在開始日期後會按利息增加及租賃付款進行調整。

本集團在綜合財務狀況表中將租賃負債呈列為單獨項目。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Lease - continued

(ii) The Group as a lessee - continued

*Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. 綜合財務報表的編製基準及主要會計政策 - 續

租賃 - 續

(ii) 本集團作為承租人 - 續

*租賃改動*

如出現以下狀況，本集團會將租賃改動以獨立租賃入賬：

- 該改動增加了一項或多項相關資產的使用權，從而擴大了租賃的範圍；及
- 租賃代價增加，而該增幅與範圍增加的獨立價格及為反映該特定合約的狀況對獨立價格作出的合理調整相符合。

對於不會按獨立租賃入賬的租賃改動，本集團會在改動的生效日期，使用經修訂貼現率對經修訂租賃付款進行貼現，且根據已改動租賃的租賃期重新計量租賃負債。

3. BASIS OF PREPARATIONS OF  
CONSOLIDATED FINANCIAL  
STATEMENTS AND SIGNIFICANT  
ACCOUNTING POLICIES - continued

Lease - continued

(ii) The Group as a lessee - continued

*Lease modifications* - continued

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

3. 綜合財務報表的編製基準及主要會計政策 - 續

租賃 - 續

(ii) 本集團作為承租人 - 續

*租賃改動* - 續

本集團通過對相關使用權資產進行相應調整，以對租約負債進行重新計量。當經改動的合約包含租賃部分及一個或多個額外租賃或非租賃部分時，本集團根據租賃部分的相對獨立價格及非租賃部分的總獨立價格，將經改動合約中的代價分配至每個租賃部分。

外幣換算

年內的外幣交易按交易日的外幣匯率換算。以外幣為單位的貨幣資產與負債則按於報告期末的外幣匯率換算。匯兌盈虧在損益中確認。

**3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued**

Translation of foreign currencies - continued

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

**3. 綜合財務報表的編製基準及主要會計政策 - 續**

外幣換算 - 續

以歷史成本計量的外幣非貨幣資產與負債是按交易日的外幣匯率換算。交易日為本集團初始確認該等非貨幣性資產或負債的日期。以外幣為單位並以公平值列賬的非貨幣資產與負債按計量公平值當日的外幣匯率換算。

境外經營的業績按與交易日的外幣匯率相若的匯率換算為港元。財務狀況表項目則按於報告期末的收市外幣匯率換算為港元。所產生的匯兌差額在其他全面收入中確認，並在權益中的匯兌儲備分開累計。

當確認處置境外經營所產生的損益時，與該境外經營有關的累計匯兌差額會由權益重新分類至損益。



3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.

3. 綜合財務報表的編製基準及主要會計政策 - 續

借貸成本

與收購、建造或生產需要長時間才可以投入擬定用途或銷售的資產直接相關的借貸成本，需予以資本化為該資產成本的一部分。其他借貸成本於產生期間確認為支出。

屬於合資格資產成本一部分的借貸成本在資產產生開支、借貸成本產生和使資產投入擬定用途或銷售所必須的準備工作進行期間開始資本化。在使合資格資產投入擬定用途或銷售所必須的絕大部分準備工作中止或完成時，借貸成本便會暫停或停止資本化。

關聯方

- (a) 如屬以下人士，即該人士或該人士的近親是本集團的關聯方：
- (i) 控制或共同控制本集團；
  - (ii) 對本集團有重大影響力；或
  - (iii) 是本集團或本集團母公司的關鍵管理人員。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Related parties - continued

(b) An entity is related to the Group if any of the following conditions applies:

- (i) 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).
- (ii) 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).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

3. 綜合財務報表的編製基準及主要會計政策 - 續

關聯方 - 續

(b) 如符合下列任何條件，即企業實體是本集團的關聯方：

- (i) 該實體與本集團隸屬同一集團(即各母公司、附屬公司和同系附屬公司彼此間有關聯)；
- (ii) 一家實體是另一實體的聯營公司或合營企業(或另一實體所屬集團旗下成員公司的聯營公司或合營企業)；
- (iii) 兩家實體是同一第三方的合營企業；
- (iv) 一家實體是第三方實體的合營企業，而另一實體是第三方實體的聯營公司；
- (v) 該實體是為本集團或作為本集團關聯方的任何實體的僱員福利而設的離職後福利計劃；
- (vi) 該實體受到上述第(a)項內所認定人士控制或共同控制；
- (vii) 上述第(a)(i)項內所認定人士對該實體有重大影響力或是該實體(或該實體母公司)的關鍵管理人員；
- (viii) 上述第(a)(i)項內所認定人士對該實體有重大影響力或是該實體(或該實體母公司)的關鍵管理人員。

3. BASIS OF PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Related parties - continued

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.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. 綜合財務報表的編製基準及主要會計政策 - 續

關聯方 - 續

一名個人的近親是指與有關實體交易並可能影響該個人或受該個人影響的家庭成員。

4. 重要會計判斷及估計不明朗因素之重要來源

於應用本集團之會計政策(其於附註 3 內闡述)時, 本公司董事須就有關未能從其他來源輕易獲得之資產及負債賬面值作出判斷、估計及假設。

估計及相關假設乃基於過往經驗及被認為有關之其他因素作出。實際結果可能有別於該等估計。

估計及相關假設會不時被檢討。倘會計估計之修訂僅影響估計獲修訂之期間, 則會計估計之修訂於該期間予以確認, 倘若修訂影響現時及未來期間, 則會計估計之修訂於修訂及未來期間內予以確認。

4. CRITICAL ACCOUNTING JUDGMENTS  
AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY - continued

Key sources of estimation uncertainty

(i) Fair value of financial instruments

The fair value of Level 3 unlisted financial instruments, derivative instruments and other non-trading securities (which classification is based on the accounting policies as disclosed in note 3 above) are significantly affected by the combination of valuation methodologies employed, the parameters used and, if required, the related comparable companies chosen. The valuation methodologies, key assumptions and the source of parameters adopted by the Group are discussed in note 39.

(ii) Impairment allowances of financial assets classified as stage 3

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.

4. 重要會計判斷及估計不明朗因素之重要  
來源 - 續

估計不確定性之主要來源

(i) 金融工具的公平值

分類為第3級非上市金融工具、衍生工具和其他非交易證券(其分類基於上文附註3中披露的會計政策)的公平值顯著受到所採用的估值方法的組合的影響, 使用的參數及所選取的相關可比公司(如需)的影響。本集團採用的估值方法、關鍵假設及參數來源詳見附註39。

(ii) 第三階段金融資產減值準備

本集團於估計預期信用損失時使用各種模式及假設。本集團於確定每種資產的最適當模型, 以及此等模型使用的假設(包括與信用風險主要驅動因素有關的假設)時運用判斷。

4. CRITICAL ACCOUNTING JUDGMENTS  
AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY - continued

Key sources of estimation uncertainty  
- continued

(ii) Impairment allowances of financial assets  
classified as stage 3 - continued

In assessing the lifetime ECL on individual credit-impairment financial assets classified as stage 3, the Group performed the assessment based on the Group's historical credit loss experience, adjusted for factors that are specific to the borrowers, general economic conditions at the reporting date as well as the forecast of future conditions with significant judgment involved. The Group also reviews the value of the collateral received from the customers in determining the impairment. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

4. 重要會計判斷及估計不明朗因素之重要  
來源 - 續

估計不確定性之主要來源 - 續

(ii) 第三階段金融資產減值準備 - 續

在評估分類為第三階段的信用減值金融資產的整個存續期預期信用損失時，本集團根據本集團的歷史信用損失經驗進行評估，並針對借款人的特定因素、報告日的總體經濟狀況以及對未來狀況的預測，涉及重大判斷。本集團亦檢討自客戶收取的抵押品的價值以釐定減值。用於估計未來現金流量的金額和時間的方法和假設會定期審查，以減少損失估計與實際損失經驗之間的任何差異。



5. DISCONTINUED OPERATIONS

Discontinued operations of Huatai Capital Investment Limited in 2021

As at 1 January 2021, the Company was the direct holding company of Huatai Capital Investment Limited ("HCI").

On 30 December 2021, the Company transferred all its shares of HCI to Huatai International Financial Holdings Company Limited, the immediate holding company of the Company, at a consideration of HK\$878,662,930.

Following the transfer, the Company has ceased to hold any equity interest in HCI and HCI has ceased to be a subsidiary of the Company. A net gain of HK\$171,656,472 in respect of the disposal was recorded and included in the profits attributable to equity shareholders of the Company from discontinued operations. HCI's operating results are reported as discontinued operations in the consolidated statement of profit or loss and other comprehensive income.

5. 已終止營運

2021 年度已終止營運 - 華泰資本投資有限公司

於 2021 年 1 月 1 日，本公司為華泰資本投資有限公司（「華泰資本投資」）的直接控股公司。

於 2021 年 12 月 30 日，華泰資本投資的全部股份被直接轉讓給本公司直接控股公司華泰國際金融控股有限公司，轉讓價為 878,662,930 港元。

本次轉讓完成後，本公司不再持有華泰資本投資的任何股權，華泰資本投資不再為本公司的附屬公司。有關出售事項之淨收益 171,656,472 港元已入賬，並計入本公司股東應佔已終止營運業務溢利。華泰資本投資的經營業績在綜合損益及其他全面收益表中呈列為已終止營運業務。

# **HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

## **5. DISCONTINUED OPERATIONS** - continued

### Discontinued operations of Huatai Capital Investment Limited in 2021 - continued

#### (i) Results of discontinued operations

Revenue
Other income
Finance costs
Provision for impairment losses
Other operating expenses
Operating profit before taxation
Income tax expense
Operating profit from discontinued operations
Gain on disposal of discontinued operations
Profit from discontinued operations

#### (ii) Cash flow from discontinued operations

Net cash generated from operating activities
Net cash used in investing activities
Net cash used in from financing activities

## **5. 已終止營運 - 續**

### 2021 年度已終止營運 - 華泰資本投資有限公司 - 續

#### (i) 已終止營運業績

	1.1.2021 to 30.12.2021 2021 年 1 月 1 日 至 2021 年 12 月 30 日 HK\$ 港元
收入	2,332,553,537
其他收入	828,724,060
融資成本	3,161,277,597
減值虧損計提	(319,950,150)
其他經營費用	(105,511,981)
	(1,884,069,238)
稅前經營溢利	851,746,228
稅項開支	(121,434,201)
已終止營運經營溢利	730,312,027
出售已終止營運收益	171,656,472
已終止營運溢利	901,968,499

#### (ii) 已終止營運現金流

	2021 HK\$ 港元
經營活動產生的現金淨額	1,911,791,649
投資活動所用的現金淨額	(1,118,237,148)
融資活動所用的現金淨額	(1,569,144,184)
	(775,589,683)

# HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

華泰金融控股(香港)有限公司

## 5. DISCONTINUED OPERATIONS - continued

### Discontinued operations of Huatai Capital Investment Limited in 2021 - continued

#### (iii) Effect of disposal in the financial position of the Group

Interests in associates  
Financial assets measured at amortised cost  
Financial assets at fair value through  
other comprehensive income  
Financial assets at fair value through  
profit or loss  
Deferred tax assets  
Accounts and other receivables  
Financial assets held under resale agreements  
Cash and deposits  
Financial liabilities at fair value through  
profit or loss  
Amount due to ultimate holding company  
Amount due to immediate holding company  
Amounts due to fellow subsidiaries  
Accounts payable  
Financial assets sold under repurchase  
agreements  
Other payables and accruals  
Tax payables  
Deferred tax liabilities

#### **Net assets**

Hedging reserve  
Fair value reserve

#### **Adjusted net assets**

Consideration received in cash  
Cash and deposits disposed of

#### **Net cash inflows**

## 5. 已終止營運 - 續

### 2021 年度已終止營運 - 華泰資本投資有 限公司 - 續

#### (iii) 出售對本集團財務狀況的影響

At 30.12.2021  
於 2021 年 12 月 30 日  
HK\$  
港元

於聯營公司之權益 6,140,305  
按攤銷成本計量的金融資產 280,376,515  
按公平值經其他全面收益  
入賬的金融資產 4,550,653,534  
按公平值經損益  
入賬的金融資產 102,907,745,638  
遞延稅務資產 17,409,477  
應收賬款及其他應收款 4,456,647,072  
買入返售金融資產款 3,207,040,152  
現金和存款 729,899,702  
按公平值經損益  
入賬的金融負債 (9,806,260,769)  
應付最終控股公司款項 (4,418,802,663)  
應付直接控股公司款項 (7,939,458,481)  
應付同系附屬公司款項 (25,767,005,135)  
應付賬款 (16,002,944,171)  
賣出回購金融資產款 (34,073,789,962)  
其他應付款及應計費用 (17,255,004,764)  
應付稅項 (138,843,678)  
遞延稅務負債 (7,721,392)

#### **資產淨值**

對沖儲備 16,413,272  
公平值儲備 (55,488,194)

#### **經調整資產淨值**

以現金收取的轉讓價 878,662,930  
出售現金和存款 (729,899,702)

#### **淨現金流入**

148,763,228

6. REVENUE

An analysis of revenue is as follows:

6. 收入

收入的分析如下：

		2022 HK\$ 港元	The Group 本集團 2021 HK\$ 港元
<b>Continuing operations</b>			
Revenue from contracts with customers within the scope of HKFRS 15:	根據香港財務報告準則第 15 號所產生收入：		
Brokerage and commission income	經紀及佣金收入	138,039,325	225,389,537
Handling fee income	手續費收入	40,291,843	33,968,138
Placing and underwriting commission	配售及承銷佣金收入	462,207,839	408,106,075
Financial management and advisory fee income	財務管理及諮詢費收入	90,716,047	200,252,547
		<u>731,255,054</u>	<u>867,716,297</u>
Income within the scope of HKFRS 9:	根據香港財務報告準則第 9 號項下收入：		
Interest income from:	來自以下來源的利息收入：		
- margin clients calculated using the effective interest method	- 使用實際利率法計算之保證金客戶	121,513,780	111,194,226
- cash clients and IPO financing	- 現金客戶及首次公開發售融資	1,863,731	185,855,954
- debt securities and financial assets	- 債務證券及其他金融資產	5,279,593	5,286,271
- financial assets held under resale agreement	- 買入返售金融資產款	568,344	-
Net gain on financial instruments at fair value	按公平值計量金融工具收益淨額	656,370,491	1,054,718,624
Dividend income from trading equities	來自交易用途的股權股息收入	74,133,251	89,942,488
		<u>859,729,190</u>	<u>1,446,997,563</u>
		<u>1,590,984,244</u>	<u>2,314,713,860</u>

**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**  
**華泰金融控股(香港)有限公司**

**7. OTHER INCOME**

**7. 其他收入**

		The Group 本集團	
		<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
<b>Continuing operations</b>	<b>持續營運</b>		
Interest income from:	利息收入:		
Financial assets measured at amortised cost	按攤銷成本計量的 金融資產		
- Authorized financial institutions	- 認可金融機構	31,459,494	15,477,928
- Others	- 其他	8,693,198	4,596,577
		<u>40,152,692</u>	<u>20,074,505</u>
Foreign exchange gain/(loss)	匯兌收益/(虧損)	486,856,465	(177,603,781)
Management fee income from a fellow subsidiary	來自一家同系附屬公司 的管理費收入	828,858,499	774,689,601
Interest income from immediate holding company	來自直接控股公司的 利息收入	1,211,730,745	345,544,689
Sundry income	雜項收入	5,337,754	1,347,177
		<u>2,572,936,155</u>	<u>964,052,191</u>

**8. STAFF COSTS**

**8. 員工成本**

		The Group 本集團	
		<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
<b>Continuing operations</b>	<b>持續營運</b>		
Salaries, bonus and allowances	薪金、獎金和津貼	1,392,721,856	1,602,835,750
Contribution to retirement schemes	退休計劃供款	7,616,907	6,531,790
Share-based payment expenses	以股份為基礎的支付	10,765,846	8,602,385
		<u>1,411,104,609</u>	<u>1,617,969,925</u>



# HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

華泰金融控股(香港)有限公司

## 9. FINANCE COSTS

## 9. 融資成本

		The Group 本集團	
		2022 HK\$ 港元	2021 HK\$ 港元
<b>Continuing operations</b>	<b>持續營運</b>		
Interest for inter-company loans and balances	公司間貸款和結餘的利息	754,638,215	341,383,194
Interest expense on debt securities issued	已發行債務證券的利息	717,040,692	326,982,781
Interest expenses on margin financing	保證金融資利息	4,157,116	873,062
Interest paid to banks	支付銀行利息	2,712,360	67,244,088
Interest on lease liabilities	租賃負債利息	2,790,338	4,135,843
Interest paid to clients	支付客戶利息	2,225,417	1,473,281
Others	其他	12,386,954	668,718
		<u>1,495,951,092</u>	<u>742,760,967</u>

## 10. EXPECTED CREDIT LOSS AND OTHER OPERATING EXPENSES

## 10. 預計信用損失及其他經營費用

An analysis of net provision / (net reversal) of impairment under the expected credit loss model is as follows:

預期信用損失模型下減值準備/（回撥）淨額分析如下：

		The Group 本集團	
		2022 HK\$ 港元	2021 HK\$ 港元
<b>Continuing operations</b>	<b>持續營運</b>		
Net provision/(reversal) of expected credit loss on:	預期信用損失計提（回撥）淨額：		
- Accounts receivable from margin clients	- 保證金客戶應收賬款	39,882,004	(24,510,185)
- Financial assets at fair value through other comprehensive income	- 按公平值經其他全面收益入賬的金融資產	110,011	-
- Others	- 其他	7,099,306	5,886,299
		<u>47,091,321</u>	<u>(18,623,886)</u>

An analysis of other operating expenses is as follows:

其他經營費用的分析如下：

		The Group 本集團	
		2022 HK\$ 港元	2021 HK\$ 港元
<b>Continuing operations</b>	<b>持續營運</b>		
Legal and professional fee	法律和專業費用	251,096,796	165,487,717
IT and communication expenses	資訊科技及通訊支出	169,131,641	157,812,836
Marketing expenses	市場推廣支出	140,176,238	96,193,602
Others	其他	126,810,830	146,372,275
		<u>687,215,505</u>	<u>565,866,430</u>

# HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

華泰金融控股(香港)有限公司

## 11. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### Continuing operations 持續營運

Depreciation  
- owned property, plant and equipment  
- right-of-use assets  
Amortisation charge of intangible assets

Auditors' remuneration  
- charge for the year  
- Overprovision in respect of prior year

## 11. 稅前溢利

稅前溢利已扣除下列各項：

	The Group 本集團	
	2022 HK\$ 港元	2021 HK\$ 港元
折舊及攤銷		
- 物業、廠房和設備	49,134,617	38,991,165
- 使用權資產	76,267,201	73,765,403
- 無形資產	4,950,606	2,785,682
	<u>130,352,424</u>	<u>115,542,250</u>
核數師酬金		
- 本年列支	1,110,000	2,400,280
- 過往年度超額撥備	-	(1,322,000)
	<u>1,110,000</u>	<u>1,078,280</u>

## 12. INCOME TAX EXPENSE/(CREDIT)

(a) Taxation charged/(credited) to profit or loss represents:

### Continuing operations

Current tax – income tax  
Provision for the year - Hong Kong  
  
Deferred tax  
Origination and reversal of temporary differences  
  
Total tax expense/(tax credit)

The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

## 12. 稅項支出/（抵免）

(a) 扣除 / (計入)損益所示的稅項為：

	The Group 本集團	
	2022 HK\$ 港元	2021 HK\$ 港元
持續營運		
本期稅項 - 所得稅		
本年度撥備 - 香港	24,326,000	-
遞延稅項		
暫時差異的產生和轉回	8,087,548	(1,434,418)
稅項支出/（抵免）合計	<u>32,413,548</u>	<u>(1,434,418)</u>

2022 年香港所得稅已按本年內估計應評稅溢利以稅率 16.5% (2021: 16.5%) 計算。

海外附屬公司按相關國家適用的即期稅率繳納稅項。

12. INCOME TAX EXPENSE/(CREDIT)  
- continued

(b) Reconciliation between tax expense/(credit) and accounting profit at applicable tax rates:

12. 稅項支出/（抵免）- 續

(b) 稅項支出/（抵免）和會計溢利按適用稅率計算的對賬：

		The Group 本集團	
		2022 HK\$ 港元	2021 HK\$ 港元
<b>Continuing operations</b>	<b>持續營運</b>		
Profit before taxation	稅前溢利	392,205,448	255,250,365
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	按照在相關地區獲得溢利的適用稅率計算稅前溢利的名義稅項	64,713,899	41,990,035
Tax effect of non-deductible expenses	不可扣減支出的稅項影響	357,898,686	280,875,299
Tax effect of non-taxable income	毋須計稅收入的稅項影響	(386,357,974)	(304,132,839)
Tax effect of unused tax losses not recognised	未使用而且未確認的虧損的稅項影響	-	214,328
Tax effect of utilisation of unused tax losses	利用未使用的稅收損失的稅項影響	(3,841,063)	(20,381,241)
Actual tax expense/(credit)	實際稅項支出/（抵免）	32,413,548	(1,434,418)

# HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

華泰金融控股(香港)有限公司

## 13. FIXED ASSETS

### The Group

		Land and buildings held by own use carried at fair value 以公平值入賬的持作自用土地和建築物 HK\$ 港元	Motor car 汽車 HK\$ 港元	Furniture, fixtures and equipment 傢具、固定裝置及設備 HK\$ 港元	Right-of-use assets 使用權資產 HK\$ 港元	Total 總額 HK\$ 港元
<b>Cost or valuation:</b>	<b>成本或估值:</b>					
At 1 January 2021	於 2021 年 1 月 1 日	14,560,000	2,156,549	127,741,004	190,390,579	334,848,132
Exchange adjustments	匯兌調整	-	7,906	172,394	-	180,300
Additions	增置	-	-	98,770,096	124,614,384	223,384,480
Disposals	棄置	-	-	(11,871,525)	-	(11,871,525)
Disposal of interest in subsidiaries	出售子公司權益	-	(775,455)	(1,519,952)	(21,816,630)	(24,112,037)
Surplus on revaluation	重估盈餘	1,620,000	-	-	-	1,620,000
At 31 December 2021	於 2021 年 12 月 31 日	16,180,000	1,389,000	213,292,017	293,188,333	524,049,350
Representing:	代表:					
Cost	成本	4,743,100	1,389,000	213,292,017	293,188,333	512,612,450
Valuation - 2021	估值 - 2021 年	11,436,900	-	-	-	11,436,900
		16,180,000	1,389,000	213,292,017	293,188,333	524,049,350
At 1 January 2022	於 2022 年 1 月 1 日	16,180,000	1,389,000	213,292,017	293,188,333	524,049,350
Additions	增置	-	819,898	27,489,425	54,239,284	82,548,607
Disposals	棄置	-	-	(244,045)	-	(244,045)
Deficit on revaluation	重估虧損	(2,955,000)	-	-	-	(2,955,000)
At 31 December 2022	於 2022 年 12 月 31 日	13,225,000	2,208,898	240,537,397	347,427,617	603,398,912
Representing:	代表:					
Cost	成本	4,743,100	2,208,898	240,537,397	347,427,617	594,917,012
Valuation - 2022	估值 - 2022 年	8,481,900	-	-	-	8,481,900
<b>Accumulated Depreciation:</b>	<b>累計折舊:</b>					
At 1 January 2021	於 2021 年 1 月 1 日	-	2,146,210	79,848,052	83,354,920	165,349,182
Exchange adjustments	匯兌調整	-	7,799	(80,468)	385,901	313,232
Charge for the year	本年度折舊	-	-	38,991,165	73,765,403	112,756,568
Disposals	棄置	-	-	(11,151,402)	-	(11,151,402)
Disposal of interest in subsidiaries	出售子公司權益	-	(765,009)	(1,168,020)	(4,386,786)	(6,319,815)
At 31 December 2021	於 2021 年 12 月 31 日	-	1,389,000	106,439,327	153,119,438	260,947,765
At 1 January 2022	於 2022 年 1 月 1 日	-	1,389,000	106,439,327	153,119,438	260,947,765
Charge for the year	本年度折舊	-	45,550	49,089,067	76,267,201	125,401,818
Disposals	棄置	-	-	(244,045)	-	(244,045)
At 31 December 2022	於 2022 年 12 月 31 日	-	1,434,550	155,284,349	229,386,639	386,105,538
<b>Net book value:</b>	<b>賬面淨值:</b>					
At 31 December 2022	於 2022 年 12 月 31 日	13,225,000	774,348	85,253,048	118,040,978	217,293,374
At 31 December 2021	於 2021 年 12 月 31 日	16,180,000	-	106,852,690	140,068,895	263,101,585

## 13. 固定資產

### 本集團

13. FIXED ASSETS - continued

Fair value measurement of properties

*Fair value hierarchy*

		Fair value measurements as at 31 December 2022 categorised into 於 2022 年 12 月 31 日 歸屬以下層級公平值計量數值			
		Fair value at 31 December 2022 於 2022 年 12 月 31 日的 公平值 HK\$ 港元	Level 1	Level 2	Level 3
			第 1 層級 HK\$ 港元	第 2 層級 HK\$ 港元	第 3 層級 HK\$ 港元
Recurring fair value measurement	按經常基準所計量的公平值				
Self-occupied land and buildings	自有土地和建築物	13,225,000	-	13,225,000	-

		Fair value measurements as at 31 December 2021 categorised into 於 2021 年 12 月 31 日 歸屬以下層級公平值計量數值			
		Fair value at 31 December 2021 於 2021 年 12 月 31 日的 公平值 HK\$ 港元	Level 1	Level 2	Level 3
			第 1 層級 HK\$ 港元	第 2 層級 HK\$ 港元	第 3 層級 HK\$ 港元
Recurring fair value measurement	按經常基準所計量的公平值				
Self-occupied land and buildings	自有土地和建築物	16,180,000	-	16,180,000	-

During the year ended 31 December 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2021: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's self-occupied land and buildings were revalued as at 31 December 2022.

13. 固定資產 - 續

物業的公平值計量

公平值層級

於截至 2022 年 12 月 31 日止年度，在第一與第二層級之間並無出現任何公平值轉移，亦無任何公平值轉入第三層級或自第三層級轉出(2021 年：無)。本集團的政策是在公平值層級之間出現轉移的報告期完結時確認有關變動。

本集團所有的自有土地和建築物於 2022 年 12 月 31 日進行重估。



13. FIXED ASSETS - continued

Fair value measurement of properties  
- continued

*Valuation techniques and inputs used in Level 2 fair value measurements*

The fair value of properties held for own use located in Hong Kong is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

13. 固定資產 - 續

物業的公平值計量 - 續

*第二層級公平值計量使用的估值技術和輸入值*

位於香港的持作自用物業的公平值，是按市場比較法使用公開可得的市場數據而釐定，當中已參考可比物業近期每平方英尺售價。

14. OTHER ASSETS

14. 其他資產

		The Group 本集團	
		2022 HK\$ 港元	2021 HK\$ 港元
Deposits with the Stock Exchange of Hong Kong Limited ("SEHK"):	香港聯交所保證金:		
- Compensation fund	- 賠償基金	50,000	50,000
- Default fund	- 儲備基金	73,271,038	-
- Fidelity fund	- 互保基金	50,000	50,000
- Stamp duty	- 印花稅	500,000	500,000
		<u>73,871,038</u>	<u>600,000</u>
Deposits with the Hong Kong Securities Clearing Corporation ("HKSCC"):	香港中央結算有限公司保證金:		
- Admission fee	- 入會費	50,000	50,000
- Guarantee fund contribution	- 保證基金供款	27,254,641	34,439,079
- Mainland security deposit	- 內地證券保證金	13,567,885	15,267,940
- Mainland settlement deposit	- 內地結算備付金	22,620,763	24,086,499
		<u>63,493,289</u>	<u>73,843,518</u>
Deposits with the HKFE Clearing Corporation Limited ("HKCC"):	香港期貨結算公司保證金:		
- Reserve fund	- 儲備基金	1,500,000	1,500,000
- Margin deposit	- 保證金	1,431,133	-
		<u>2,931,133</u>	<u>1,500,000</u>
Deposits with the SEHK Options Clearing House Limited ("SEOCH"):	香港期權結算所保證金:		
- Reserve fund	- 儲備基金	1,500,000	1,500,000
- Margin deposit with Derivatives Clearing and Settlement Systems	- 衍生產品結算及交收系統保證金	1,128,454	328,695
		<u>2,628,454</u>	<u>1,828,695</u>
		<u>142,923,914</u>	<u>77,772,213</u>

15. RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

Properties leased for own use, carried at depreciated cost

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

Depreciation charge of right-of-use assets by class  
- properties leased for own use

Interest on lease liabilities

During the year, additions to right-of-use assets were HK\$54,239,284 (2021: HK\$124,614,384). This amount primarily related to the capitalised lease payments under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 24(c) and 26 respectively.

15. 使用權資產

按底層資產類別分析的使用權資產的賬面淨值如下：

	The Group 本集團	
	2022 HK\$ 港元	2021 HK\$ 港元
租賃自用的物業， 以折舊成本列示	118,040,978	140,068,895

租賃有關的費用項目分析如下：

	The Group 本集團	
	2022 HK\$ 港元	2021 HK\$ 港元
按底層資產類別劃分的 使用權資產的折舊費用：		
- 租賃自用的物業	76,267,201	73,765,403
租賃負債利息	2,790,338	4,135,843

年內，使用權資產的增加額為54,239,284 港元（2021：124,614,384 港元）。該金額主要與根據新租賃協議應付的資本化租賃付款有關。

租賃現金流出總額和租賃負債的期限分析分別在附註 24(c)和 26 中列出。

16. INTEREST IN SUBSIDIARIES

The following list contains the particulars of principal subsidiaries of the Group as of 31 December 2022 and 31 December 2021. The class of shares held is ordinary unless otherwise stated.

Name of company <u>公司名稱</u>	Place of incorporation <u>註冊成立經營地</u>	Principal activities <u>主要業務</u>	Registered and paid up capital <u>已發行及繳足股本詳情</u>		Percentage of shares held by the Group 由本集團持有的 所有權權益比率	
			<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Held directly by the Company</b> <b>由本公司直接持有</b>						
Huatai International Finance Limited 華泰國際財務有限公司	British Virgin Islands 英屬維爾京島	Notes issuer 票據發行主體	US\$1.00 1.00 美元	US\$1.00 1.00 美元	100%	100%
Pioneer Reward Limited	British Virgin Islands 英屬維爾京島	Bonds issuer 債券發行人	US\$1.00 1.00 美元	US\$1.00 1.00 美元	100%	100%
Huatai International Financial Products Limited	British Virgin Islands 英屬維爾京島	Structured products issuer 結構性產品發行 主體	US\$1.00 1.00 美元	US\$1.00 1.00 美元	100%	100%

The table above lists out the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

16. 於附屬公司的權益

下表載列於 2022 年 12 月 31 日及 2021 年 12 月 31 日本集團的主要附屬公司詳情。除非另有說明，本集團持有股份的類別為普通股。

上表列出本公司董事認為主要影響本集團業績或資產之本集團附屬公司。於報告期末，本公司有其他對本集團業績並不重大的附屬公司。本公司董事認為，倘列出其他附屬公司之詳情，將令篇幅過於冗長。

**16. INTEREST IN SUBSIDIARIES - continued**

**Transfer of direct subsidiaries**

During the year ended 31 December 2020, the Company was the direct holding company of 華泰金控投資諮詢(深圳)有限公司 (the "Transferee 1") and Huatai Capital Investment Limited (the "Transferee 2").

On 15 September 2021 ("the date of transfer"), the Company transferred all its shares of the Transferee 1 to Huatai International Financial Holdings Company Limited, the immediate holding company of the Company, at a consideration of HK\$13,971,611.

On 30 December 2021 ("the date of transfer"), the Company transferred all its shares of the Transferee 2 to Huatai International Financial Holdings Company Limited, the immediate holding company of the Company, at a consideration of HK\$878,662,930.

On the dates of transfer, all net assets of the transferee and its subsidiaries are eliminated from the consolidated statement of financial position. The excess of net assets over the cost of investments are credited to the consolidated profit or loss of the Group.

In addition, the following investment funds are consolidated into consolidated financial statements of the Group. These consolidated investment funds are not body corporates and therefore do not have any registered or paid-up register capital. All the below-mentioned interest in consolidated investment funds are held indirectly by the Company.

**16. 於附屬公司的權益 - 續**

**轉讓直接附屬公司**

截至 2020 年 12 月 31 日止年度，本公司為華泰金控投資諮詢(深圳)有限公司（「受讓方 1」）及華泰資本投資有限公司（「受讓方 2」）的直接控股公司。

於 2021 年 9 月 15 日，（「轉讓日」），本公司將其持有的受讓方 1 的全部股份轉讓給本公司的直接控股公司華泰國際金融控股有限公司，轉讓價為 13,971,611 港元。

於 2021 年 12 月 30 日（「轉讓日」），本公司將其持有的受讓方 2 的全部股份轉讓給本公司的直接控股公司華泰國際金融控股有限公司，轉讓價為 878,662,930 港元。

於各轉讓日，受讓方及其附屬公司的全部淨資產自綜合財務狀況表中抵銷。淨資產超過投資成本的部分計入本集團綜合損益。

此外，以下投資基金併入本集團的綜合財務報表。這些綜合投資基金並非實體企業，因此並無任何繳足註冊資本。下文提及的所有綜合投資基金權益均由本公司間接持有。

16. INTEREST IN SUBSIDIARIES - continued

16. 於附屬公司的權益 - 續

Name of fund 基金名稱	Place of incorporation 註冊成立經營地	Principal activities 主要業務	Net asset value 淨資產		Percentage of interest held by the Group 由本集團持有的所有權權益比率	
			2022	2021	2022	2021
Huatai International Greater Bay Area Investment Fund II, L.P.	Cayman Islands 開曼群島	Investment holding 投資控股	US\$38,125,211 38,125,211 美元	US\$34,569,389 34,569,389 美元	100%	100%
Huatai Special Opportunities Fund I, L.P.	Cayman Islands 開曼群島	Investment holding 投資控股	US\$205,738,902 205,738,902 美元	US\$252,131,304 252,131,304 美元	99.65%	99.65%
Huatai Value Investment Fund L.P.	Cayman Islands 開曼群島	Investment holding 投資控股	US\$124,436,387 124,436,387 美元	US\$276,505,597 276,505,597 美元	99.65%	99.65%

17. INTERESTS IN ASSOCIATES AND JOINT VENTURE

17. 於聯營公司及合營企業之權益

The following list contains the particulars of joint venture as of 31 December 2022 and 31 December 2021.

以下列載只包括截至 2022 年 12 月 31 日和 2021 年 12 月 31 日本集團的主要合營企業。

Name of company 公司名稱	Place of incorporate 註冊成立經營地	Percentage of interest held by the Group 由本集團持有的所有權權益比率		Principal activities 主要業務
		2022	2021	
Huatai International Greater Bay Area Investment Fund, L.P.	Cayman Islands 開曼群島	40%	40%	Investment holding 投資控股

On 30 December 2021, all shares of the Transferee 2 (as detailed in note 16) were directly transferred to Huatai International Financial Holdings Company Limited, the immediate holding company of the Company, at a consideration of HK\$878,662,930. On the date of transfer, interest in associates was derecognised from the consolidated statement of financial position.

於 2021 年 12 月 30 日，受讓人 2（附註 16 中所述）的全部股份被直接轉讓給本公司的直接控股公司華泰國際金融控股有限公司，轉讓價為 878,662,930 港元。於轉讓日，聯營公司權益於綜合財務狀況表中終止確認。



17. INTERESTS IN ASSOCIATES AND JOINT VENTURE - continued

Joint venture of the Group is accounted for at fair value. The directors considered that the Group's interest in joint venture shall be measured at fair value through profit or loss instead of applying equity method as the principal activity of its subsidiary holding these investments is investment holding, and therefore qualified as "venture capital organisation" as detailed in note 3. There is no unfilled capital commitment on the joint venture as at 31 December 2022 and 31 December 2021 respectively and the fair values represent the maximum exposure on respective reporting dates.

Aggregate information of joint venture that is as follows:

17. 於聯營公司及合營企業之權益- 續

本集團合營企業按公平值經損益入賬。董事認為，本集團於合營企業的權益應按公平值經損益入賬而不是按權益法入賬因為持有該等投資的附屬公司的主要活動為投資控股，因此符合附註3所述的「創投組織」，故該等基金應按公平值經損益入賬，而非採用權益法。於2022年12月31日及2021年12月31日，該合營企業並無未履行資本承諾，且公平值代表各報告日期的最大風險敞口。

合營企業之總和資料如下：

		The Group 本集團	
		2022 HK\$ 港元	2021 HK\$ 港元
Aggregate carrying amount of joint venture in the consolidated financial statements	合營企業在綜合財務報表之總賬面值	830,055,644	1,006,958,796
<b>Aggregate amounts of the Group's share of the joint venture:</b>	<b>本集團佔合營企業之總金額:</b>		
Profit or loss from continuing operations	來自持續營運溢利或虧損	(176,903,152)	28,361,482
Post-tax profit or loss from discontinued operations	來自已終止營運之除稅後溢利或虧損	-	1,566,560
Total comprehensive income	全面收益總額	(176,903,152)	29,928,042
<b>Reconciliation of carrying amounts to the Group's total interest in the joint venture:</b>	<b>賬面值與本集團於合營企業的權益對賬:</b>		
Carrying amount of individually immaterial joint venture	個別不重大合營企業之賬面值	830,055,644	1,006,958,796
Interest in joint venture in the consolidated financial statements	在綜合財務報表中合營企業權益	830,055,644	1,006,958,796

**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**18. FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS**

**18. 按公平值經損益入賬的金融資產/(負債)**

		2022 HK\$ 港元	The Group 本集團 2021 HK\$ 港元
<b>Financial assets at fair value through profit or loss</b>	<b>按公平值經損益入賬的金融資產</b>		
Debt instruments	債務證券		
- Listed	- 上市	152,109,433	192,602,991
- Unlisted	- 非上市	2,314,968,611	2,865,476,279
		<u>2,467,078,044</u>	<u>3,058,079,270</u>
Equity securities	權益證券		
- Listed	- 上市	7,566,706,276	13,231,495,114
- Unlisted	- 非上市	1,020,062,897	278,071,213
		<u>8,586,769,173</u>	<u>13,509,566,327</u>
Funds (note (i))	基金 (附註(i))		
- Listed	- 上市	2,636,063	2,987,787,553
Convertible bonds	可轉換債券	119,745,586	462,077,325
Derivative assets (Note 19 (a))	衍生工具資產 (附註 19 (a))	403,510,392	329,219,883
		<u>11,579,739,258</u>	<u>20,346,730,358</u>
<b>Financial liabilities at fair value through profit or loss</b>	<b>按公平值經損益入賬的金融負債</b>		
Debt instruments	債務證券		
- Listed	- 上市	(2,235,433,007)	(44,052,791)
- Unlisted	- 非上市	-	(2,920,561)
		<u>(2,235,433,007)</u>	<u>(46,973,352)</u>
Structured notes	結構性票據	(32,691,558,766)	(26,989,289,280)
Non-controlling interests (note (ii))	非控股權益 (附註(ii))	(9,233,762)	(14,505,730)
Derivative liabilities (Note 19 (a))	衍生工具負債 (附註 19 (a))	(1,345,738,230)	(304,211,053)
		<u>(36,281,963,765)</u>	<u>(27,354,979,415)</u>

18. FINANCIAL ASSETS/(LIABILITIES) AT  
FAIR VALUE THROUGH PROFIT OR LOSS  
- continued

Notes:

- (i) The Group invested in investment funds that are not consolidated into the consolidated financial statements of the Group. The underlying investments of these investment funds include bonds and equities with primary objectives for capital appreciation, investment gain, and selling in near future for profits. Pursuant to the subscription agreements or equivalent documents, the beneficial interest held by the Group in these investments are in the form of participating shares or units which primarily provide the Group with the share of returns from these investment funds but not any decision making power nor voting right to involve in and control the daily operation.

These investment funds are set up and managed by respective investment managers or general partners who have the power and authority to manage and make decision for respective investment funds.

These investment funds are classified within "financial assets at fair value through profit of loss". The current carrying amounts as disclosed above represent the maximum exposure as at 31 December 2022 and 31 December 2021. There were no unfilled capital commitments to these investment funds as at both year ends.

18. 按公平值經損益入賬的金融資產/(負債)  
- 續

附註:

- (i) 本集團投資於若干並未併入綜合財務報表的投資基金。該等基金主要投資於債券和權益並以資本增值、投資收益及於短期內出售圖利為主要目標。本集團於該等投資基金所持實際權益乃以參與分紅股份或基金單位形式持有，主要為本集團提供來自該等投資基金的應佔回報，惟並無賦予任何有關參與及控制日常營運的決定權或投票權。

該等投資基金由相關投資經理或普通合夥人成立及管理，且擁有權力及授權管理該等投資，並就其作出決策。

本集團將其於該等投資基金之權益分類為按公平值經損益入賬的金融資產中。上述的賬面值代表本集團就相關資產於截止2022年12月31日及2021年12月31日的最大風險敞口。於兩年底本集團對該等投資基金並無未履行資本承諾。

18. FINANCIAL ASSETS/(LIABILITIES) AT  
FAIR VALUE THROUGH PROFIT OR LOSS  
- continued

Notes: - continued

- (ii) Financial assets at fair value through profit or loss includes certain investment funds that are consolidated into the consolidated financial statements of the Group. Classification of investments as detailed above is based on investments by these consolidated investment funds. The Group had consolidated these investment funds based on the criteria as set out in note 3 where the Group acted as an investment manager and is also an investor. Based on the assessment on those criteria, directors of the Company concluded the Group is a principal in respect of these investment funds.

Third party interests held was classified as a financial liability at fair value through profit or loss based on the accounting policy as set out in note 3. As at 31 December 2022, interests held by the third party interests amounted to HK\$9,233,762 (2021: HK\$14,505,730).

18. 按公平值經損益入賬的金融資產/(負債)  
- 續

附註: - 續

- (ii) 按公平值計入損益的金融資產中包括若干併入綜合財務報表的投資基金。上述所詳列的投資分類是以該等綜合投資基金所持有的投資為基準。本集團已根據附註3所載條件合併該等投資基金，其中本集團為該等基金的投資經理兼投資者。根據對該等條件的評估，本公司董事認為本集團為該等投資基金的主事人。

根據附註3所載的會計政策，第三方持有的權益被分類為按公平值經損益入賬的金融負債。於2022年12月31日，與第三方權益持有的權益相關的投資回報為9,233,762港元(2021年：14,505,730港元)。

19. DERIVATIVE FINANCIAL INSTRUMENTS 19. 衍生金融工具

(a) Fair value of derivatives

The following is a summary of each significant type of derivatives, without taking into account the effects of bilateral netting arrangements.

(a) 衍生工具的公平值

下列為各項未經雙邊淨額結算安排的重大衍生工具。

		The Group 本集團			
		2022		2021	
		Assets 資產 HK\$ 港元 (Note 18) (附註 18)	Liabilities 負債 HK\$ 港元 (Note 18) (附註 18)	Assets 資產 HK\$ 港元 (Note 18) (附註 18)	Liabilities 負債 HK\$ 港元 (Note 18) (附註 18)
Total return swaps	收益互换	292,055,551	(1,336,157,301)	327,766,409	(101,193,030)
Interest rate swap	利率掉期	57,204,271	(7,823,837)	-	-
Futures and options contracts	期貨及期權合約	54,250,570	(1,757,092)	1,453,474	(203,018,023)
		403,510,392	(1,345,738,230)	329,219,883	(304,211,053)



19. DERIVATIVE FINANCIAL INSTRUMENTS - continued

(b) Remaining life of derivatives

19. 衍生金融工具 - 續

(b) 衍生工具的餘下年期

	The Group 本集團					
	Notional amounts with remaining life of 1 year or less		Notional amounts with remaining life of 1 to 5 years		Notional amounts with remaining life of over 5 years	
	Assets 資產 HK\$ 港元	Liabilities 負債 HK\$ 港元	Assets 資產 HK\$ 港元	Liabilities 負債 HK\$ 港元	Assets 資產 HK\$ 港元	Liabilities 負債 HK\$ 港元
At 31 December 2022						
Total return swaps	16,233,186,903	16,168,353,880	-	-	-	-
Interest rate swaps	1,559,560,000	-	4,304,961,850	1,310,058,452	-	-
Futures and options contracts	2,170,447,182	76,906,898	-	-	-	-
	19,963,194,085	16,245,260,778	4,304,961,850	1,310,058,452	-	-
At 31 December 2021						
Total return swaps	33,877,095,879	12,939,497,858	-	-	-	-
Futures and options contracts	12,033,023	3,738,324,240	-	-	-	-
	33,889,128,902	16,677,822,098	-	-	-	-

於 2022 年 12 月 31 日  
收益互換

利率互換

期貨及期權合約

於 2021 年 12 月 31 日  
收益互換

期貨及期權合約

20. INCOME TAX IN THE CONSOLIDATED  
STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated  
statement of financial position  
represents:

Provision for Profits Tax - Hong Kong

20. 綜合財務狀況表所示的所得稅

(a) 綜合財務狀況表所示的本期稅項  
為：

	The Group 本集團	
	<u>2022</u>	<u>2021</u>
	HK\$	HK\$
	港元	港元
本年度所得稅撥備 - 香港	24,326,000	-

20. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued 20. 綜合財務狀況表所示的所得稅 - 續

(b) Deferred tax assets and liabilities recognised (b) 已確認遞延稅項資產和負債

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

已在綜合財務狀況表確認的遞延稅務資產/(負債)的組成部分和本年度變動如下:

	The Group 本集團		
	Share based payment 以股份為基礎 的支付 HK\$ 港元	Expected credit losses 預期信用損失 HK\$ 港元	Total 總額 HK\$ 港元
<b>Deferred tax assets arising from:</b>			
At 1 January 2021	-	-	-
Credited to profit or loss	1,434,418	17,409,477	18,843,895
Credited to reserves	91,725	-	91,725
Disposal of interest in subsidiaries	-	(17,409,477)	(17,409,477)
At 31 December 2021	1,526,143	-	1,526,143
<b>Deferred tax liabilities arising from:</b>			
At 1 January 2022	1,526,143	-	1,526,143
(Charged)/credited to profit or loss	(87,548)	5,300,000	5,212,452
Charged to reserves	(87,669)	-	(87,669)
Exchange adjustment	628	-	628
At 31 December 2022	1,351,554	5,300,000	6,651,554

20. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

20. 綜合財務狀況表所示的所得稅 - 續

(b) Deferred tax assets and liabilities recognised - continued

(b) 已確認遞延稅務資產和負債 - 續

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

已在綜合財務狀況表確認的遞延稅務資產/(負債)的組成部分和本年度變動如下: - 續

	The Group 本集團				
	Accumulated tax losses	Depreciation allowances in excess of the related depreciation	Revaluation of financial assets measured at fair value through other comprehensive income	Others	Total
	累計稅務虧損 HK\$ 港元	超過相關折舊的 折舊免稅額 HK\$ 港元	按公平值經 其他全面收益入賬 的金融資產重估 HK\$ 港元	其他 HK\$ 港元	總額 HK\$ 港元
<b>Deferred tax liabilities arising from:</b>					
At 1 January 2021	2,106,843	(2,056,700)	-	(50,143)	-
Credited/(charged) to profit or loss	5,062,449	(4,795,149)	-	(267,300)	-
Charged to reserves	-	-	(7,721,392)	-	(7,721,392)
Disposal of interest in subsidiaries	-	-	7,721,392	-	7,721,392
At 31 December 2021	7,169,292	(6,851,849)	-	(317,443)	-
At 1 January 2022	7,169,292	(6,851,849)	-	(317,443)	-
Credited/(charged) to profit or loss	(7,169,292)	(6,448,151)	-	317,443	(13,300,000)
At 31 December 2022	-	(13,300,000)	-	-	(13,300,000)

來自下列各項的遞延稅項負債:

於 2021 年 1 月 1 日  
在損益計入/(扣除)  
在儲備扣除  
出售於附屬公司的權益  
於 2021 年 12 月 31 日  
於 2022 年 1 月 1 日  
在損益計入/(扣除)  
於 2022 年 12 月 31 日

# **HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

## **20. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

### **(c) Deferred tax assets not recognised**

In accordance with the accounting policy set out in note 3, the Group did not have unutilised tax loss as at 31 December 2022 while the Group had not recognised deferred tax assets in respect of cumulative tax losses of HK\$23,279,000 as at 31 December 2021 as it was not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislations of the respective subsidiaries.

## **20. 綜合財務狀況表所示的所得稅**

### **(c) 未確認的遞延稅項資產**

根據附註 3 所載的會計政策，本集團於2022年12月31日並無未動用稅項虧損，而本集團並未就於2021年12月31日的累計稅項虧損23,279,000港元確認遞延稅項資產，因為未來不太可能利用相關稅項虧損應用在相關司法權區和實體中。根據各附屬公司的現行稅法，稅項虧損不設應用限期。

## **21. ACCOUNTS RECEIVABLES**

## **21. 應收賬款**

		The Group 本集團	
		2022 HK\$ 港元	2021 HK\$ 港元
Advances to customers in margin financing	保證金客戶融資墊款	2,606,207,897	1,830,744,159
Accounts receivable from	應收賬款		
- Cash and other clients	- 現金及其他客戶	642,065,685	405,771,078
- Brokers and dealers	- 經紀商和交易商	892,148,413	1,608,990,534
- Clearing houses	- 結算所	497,414,634	382,538,750
Fees and other receivables	費用及其他應收賬款	106,147,208	72,093,917
Less: provision for expected credit losses:	減：預期信用虧損		
- Advances to customers in margin financing	- 客戶保證金融資墊款	(45,047,740)	(5,165,736)
- Others	- 其他	(45,631,898)	(38,589,070)
		<u>4,653,304,199</u>	<u>4,256,383,632</u>
Analysed by the movement of provision for impairment loss on advances to customers in margin financing:	保證金客戶融資墊款信用減值損失準備變動分析：		
At the beginning of the year	年初餘額	5,165,736	29,675,921
Charge for the year	本年計提	41,440,382	4,042,195
Reversal of impairment	減值回撥	(1,558,378)	(28,552,380)
At the end of the year	年末餘額	<u>45,047,740</u>	<u>5,165,736</u>
Analysed by the stages of allowance for ECLs on advances to customers in margin financing:	保證金客戶融資墊款預期信用損失準備階段分析：		
Stage I	階段一	1,880,563	2,352,045
Stage II	階段二	12,975,469	138,775
Stage III	階段三	30,191,708	2,674,916
Total	合計	<u>45,047,740</u>	<u>5,165,736</u>



**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**21. ACCOUNTS RECEIVABLES - continued**

Movements in the allowance for ECLs that have been recognised for advances to customers in margin financing are as follows:

**21. 應收賬款 - 續**

已就保證金客戶融資墊款確認的減值撥備變動如下:

		2022			
		Stage 1 12-month ECL 階段一 未來 12 個月內 預期信用損失 HK\$ 港元	Stage 2 Lifetime ECL 階段二 存續期 預期信用損失 HK\$ 港元	Stage 3 Lifetime ECL 階段三 存續期 預期信用損失 HK\$ 港元	Total 總計 HK\$ 港元
<u>2022</u>	<u>2022</u>				
As at 1 January 2022	於 2022 年 1 月 1 日	2,352,045	138,775	2,674,916	5,165,736
Changes due to financial instruments recognised as at 1 January 2022:	於 2022 年 1 月 1 日 確認為金融工具的變動:				
- Transfer from/to 12-month ECL to /from lifetime ECL	- 未來 12 個月內的預期信用損失 轉撥自/至存續期預期信用損失	(669,196)	3,170,445	(2,501,249)	-
- Net remeasurement of ECL arising from transfer of stage	- 階段轉移所產生的 預計信貸虧損 重新計量淨額	(9,093)	3,061,113	5,662	3,057,682
- Net remeasurement of ECL without transfer of stage	- 並無階段轉移下的 預計信貸虧損重新計量淨額	4,639	(51,829)	35,942	(11,248)
- Repayments or derecognition	- 還款或終止確認	(1,467,088)	(69,042)	(22,248)	(1,558,378)
New lending	新貸款	1,669,256	6,726,007	29,998,685	38,393,948
As at 31 December 2022	於 2022 年 12 月 31 日	1,880,563	12,975,469	30,191,708	45,047,740
		2021			
		Stage 1 12-month ECL 階段一 未來 12 個月內 預期信用損失 HK\$ 港元	Stage 2 Lifetime ECL 階段二 存續期 預期信用損失 HK\$ 港元	Stage 3 Lifetime ECL 階段三 存續期 預期信用損失 HK\$ 港元	Total 總計 HK\$ 港元
<u>2021</u>	<u>2021</u>				
At 1 January 2021	於 2021 年 1 月 1 日	1,580,195	99,341	27,996,385	29,675,921
Changes due to financial instruments recognised as at 1 January 2021:	於 2021 年 1 月 1 日 確認為金融工具的變動:				
- Transfer from/to 12-month ECL to /from lifetime ECL	- 未來 12 個月內的預期信用損失 轉撥自/至存續期預期信用損失	(14,787)	8,477	6,310	-
- Net remeasurement of ECL arising from transfer of stage	- 階段轉移所產生的 預計信貸虧損 重新計量淨額	(139)	39,713	2,511,270	2,550,844
- Net remeasurement of ECL without transfer of stage	- 並無階段轉移下的 預計信貸虧損重新計量淨額	141,273	-	3,657	144,930
- Repayments or derecognition	- 還款或終止確認	(463,060)	(99,339)	(27,989,981)	(28,552,380)
New lending	新貸款	1,108,563	90,583	147,275	1,346,421
As at 31 December 2021	於 2021 年 12 月 31 日	2,352,045	138,775	2,674,916	5,165,736

21. ACCOUNTS RECEIVABLES - continued

Accounts receivable from cash and other clients, including amounts that are not settled after settlement dates at 31 December 2022 are current or aged within 30 days. These balances related to a wide range of customers for whom there was no recent history of default.

Margin loans due from margin clients are current and repayable on demand. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group. At 31 December 2022, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK\$12,869,602,501 (2021: HK\$18,536,330,915). No aging analysis is disclosed as in the opinion of the directors, the aging analysis is not meaningful in view of the revolving nature of loans due from margin clients.

Accounts receivable from clearing houses, brokers and dealers are current. These represent pending trades arising from the business of dealing in securities, which are normally due within a few days after the trade date. Amounts that are not settled after settlement dates at 31 December 2022 and 31 December 2021 are generally aged within 1 year.

Fee and other receivables are with settlement terms which are determined in accordance with contract terms. These receivables that are overdue as at 31 December 2022 included HK\$5,866,459 (2021: HK\$7,817,337) that are 181-365 days past due; HK\$42,698,668 (2021: HK\$34,680,401) that are more than 1 year past due. The related estimated loss rate of these receivables are 50% and 100% (2021: 50% and 100%) respectively.

21. 應收賬款 - 續

應收現金及其他客戶的賬款 (包括在結算日後尚未結算的數額) 於 2022 年 12 月 31 日為即期類別或其賬齡為 30 天內。該等結餘與過往並無違約記錄的大量客戶有關。

應收保證金客戶的融資墊款為即期及按要求償還。保證金客戶須按本集團以證券作為抵押品，以就證券交易獲取信貸融資。授予彼等信貸融資金額按本集團接納的經貼現證券價值釐定。於 2022 年 12 月 31 日，就向保證金客戶授出貸款已抵押證券作為抵押品的市場總額約為 12,869,602,501 港元 (2021 年: 18,536,330,915 港元)。董事認為賬齡分析就應收保證金客戶的保證金貸款的循環性質而言並無意義，故並無披露賬齡分析。

應收結算所、經紀及交易商的賬款為即期類別，主要來自買賣證券業務的待結算買賣交易，一般於交易日後數日內到期。於 2022 年 12 月 31 日及 2021 年 12 月 31 日的結算日後尚未結算的賬款，其賬齡一般為一年內。

費用及其他應收賬款正常結算期限是根據合同條款釐定。這些於 2022 年 12 月 31 日逾期的應收款項包括逾期 181-365 天的 5,866,459 港元 (2021 年: 7,817,337 港元) 及逾期一年以上的 42,698,668 港元 (2021 年: 34,680,401 港元)。這些應收賬款的相關估計損失率分別為 50% 和 100% (2021 年: 50% 和 100%)。

# HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

華泰金融控股(香港)有限公司

## 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

## 22. 按公平值經其他全面收益入賬的金融資產

		The Group 本集團	
		2022 HK\$ 港元	2021 HK\$ 港元
<b>Non-current</b>	<b>非流動</b>		
Debt instruments	債務證券	150,684,188	-
Allowance for credit loss	預期信用損失準備	110,011	-
Analysed by the movement of provision for impairment loss:	減值損失準備變動分析:		
At the beginning of the year	年初餘額	-	87,120,944
Charge for the year	本年計提	110,011	91,420,228
Reversal of impairment	減值回撥	-	(46,775,000)
Disposal of interest in subsidiaries	出售於附屬公司的權益	-	(131,766,172)
At the end of the year	年末餘額	110,011	-
Analysed by the stages of allowance for ECLs:	預期信用損失準備階段分析		
Stage I	階段一	110,011	-
Stage II	階段二	-	-
Stage III	階段三	-	-
Total	合計	110,011	-

Movements in the allowance for ECLs that  
have been recognised are as follows:

已確認的減值撥備變動如下:

		2022			
		Stage 1 12-month ECL 階段一 未來 12 個月內 預期信用損失 HK\$ 港元	Stage 2 Lifetime ECL 階段二 存續期 預期信用損失 HK\$ 港元	Stage 3 Lifetime ECL 階段三 存續期 預期信用損失 HK\$ 港元	Total 總計 HK\$ 港元
2022	2022				
As at 1 January 2022	於 2022 年 1 月 1 日	-	-	-	-
New assets originated or purchased	新增或購入的資產	110,011	-	-	110,011
As at 31 December 2022	於 2022 年 12 月 31 日	110,011	-	-	110,011

# HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

華泰金融控股(香港)有限公司

## 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - continued

## 22. 按公平值經其他全面收益入賬的金融資產 - 續

		2021			
		Stage 1 12-month ECL 階段一 未來 12 個月內 預期信用損失 HK\$ 港元	Stage 2 Lifetime ECL 階段二 存續期 預期信用損失 HK\$ 港元	Stage 3 Lifetime ECL 階段三 存續期 預期信用損失 HK\$ 港元	Total 總計 HK\$ 港元
2021	2021				
At 1 January 2021	於 2021 年 1 月 1 日	87,120,944	-	-	87,120,944
Changes due to financial instruments recognised as at 1 January 2021:	於 2021 年 1 月 1 日				
- Transfer from/to 12-month ECL to /from lifetime ECL	確認為金融工具的變動:				
- Net remeasurement of ECL arising from transfer of stage	- 未來 12 個月內的預期信用損失	(6,297,644)	6,297,644	-	-
- Net remeasurement of ECL without transfer of stage	轉撥自/至存續期預期信用損失	-	54,090,634	-	54,090,634
- Repayments or derecognition	預計信貸虧損重新計量淨額	9,520,202	-	-	9,520,202
New assets originated or purchased	- 並無階段轉移下的	(40,149,120)	-	-	(40,149,120)
Disposal of subsidiaries	預計信貸虧損重新計量淨額	21,183,512	-	-	21,183,512
As at 31 December 2021	- 還款或終止確認	(71,377,894)	(60,388,278)	-	(131,766,172)
	新增或購入的資產	-	-	-	-
	出售附屬公司	-	-	-	-
	於 2021 年 12 月 31 日	-	-	-	-

## 23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

## 23. 按金、預付款項及其他應收款

		The Group 本集團	
		2022 HK\$ 港元	2021 HK\$ 港元
<b>Non-current</b>	<b>非流動</b>		
Deposits	按金	8,390,028	8,390,028
<b>Current</b>	<b>流動</b>		
Other receivables	其他應收款	71,245,483	67,507,464
Cash collateral paid	已付存出保證金	3,455,259	289,171
Deposits	按金	16,188,823	17,736,277
Prepayments	預付款項	7,380,797	8,323,776
		98,270,362	93,856,688
Total	總額	106,660,390	102,246,716

Except for the non-current deposits of HK\$8,390,028 (2021: HK\$8,390,028), all of the deposits, prepayments and other receivables classified as current assets are expected to be recovered or recognised as expense within one year.

除金額為 8,390,028 港元(2021 年: 8,390,028 港元)的非流動按金外，歸類為流動資產的所有按金、預付款項及其他應收款預計將於一年內收回或確認為支出。

24. CASH AND DEPOSITS

(a) Cash and deposits comprise:

Cash at bank and on hand
Cash and cash equivalents

At the reporting date, the Group maintained client trust monies of HK\$3,056,637,129 (2021: HK\$5,191,577,396) and HK\$Nil (2021: Nil) in segregated bank accounts in accordance with the provision of Hong Kong Securities and Futures (Client Money) Rules ("Client Money Rules") and Section 71 of the Hong Kong Insurance Ordinance respectively. Client monies were not included in the cash and deposits of the Group.

(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 cash flow statement as cash flows from financing activities.

24. 現金和存款

(a) 現金和存款包括:

	The Group 本集團	
	2022 HK\$ 港元	2021 HK\$ 港元
銀行現金	4,195,388,682	4,711,592,483
現金和現金等價物	4,195,388,682	4,711,592,483

於報告日，本集團按照香港《證券及期貨(客戶款項)規則》(以下簡稱「客戶款項規則」)及香港保險業條例第71條存放在獨立銀行賬戶內的客戶信託款項分別為3,056,637,129港元(2021年: 5,191,577,396港元)及無(2021年: 無)。

(b) 來自融資活動產生的負債之對賬:

下表列載本集團由融資活動產生的負債之變動，包括現金及非現金之變動。來自融資活動產生的負債指在本集團的綜合現金流量表內分類為由融資活動產生的現金流或未來現金流產生的負債。



24. CASH AND DEPOSITS - continued

24. 現金和存款 - 續

(b) Reconciliation of liabilities arising from financing activities: - continued

(b) 來自融資活動產生的負債之對賬: - 續

	At 1 January 2022	於 2022 年 1 月 1 日	Bank loans and interest payables 銀行貸款及應付利息	Subordinated loans from immediate holding company and interest payables 來自直接控股公司的後償貸款及應付利息	Debt securities issued and interest payables 已發行債務證券及應付利息	Lease liabilities 租賃負債	Total 總額
			HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Changes from financing cash flows:		來自融資現金流的變動:					
Interest paid		已支付利息					
Subordinated loans from immediate holding company		來自直接控股公司的後償貸款					
Capital element of lease payment		租賃負債本金部份					
Proceeds from issuance of debt securities		發行債務證券所得款項					
Redemptions of debt securities issued		贖回已發行的債務證券					
Proceeds from bank loans		新增的銀行貸款					
Repayment of bank loans		償還銀行貸款					
Total changes from financing cash flows		來自融資現金流量總變動					
Other changes:		其他變動:					
Interest expenses		利息支出					
Increase in lease liabilities from entering into new leases		簽訂新租賃合同增加的租賃負債					
Provision for restoration cost		復原成本計提					
Exchange adjustments		匯率調整					
Issuance of debt securities measured at fair value through profit or loss		發行按公平值經損益入賬的債務證券					
At 31 December 2022		於 2022 年 12 月 31 日					
			296,456,943	3,918,360,709	20,061,057,234	158,753,609	24,434,628,495
			(6,124,528)	(221,134,995)	(581,097,303)	(2,790,338)	(811,147,164)
			-	4,678,680,000	-	-	4,678,680,000
			-	-	-	(66,667,202)	(66,667,202)
			-	-	33,240,041,514	-	33,240,041,514
			-	-	(17,417,174,675)	-	(17,417,174,675)
			38,457,753,125	-	-	-	38,457,753,125
			(38,161,211,650)	-	-	-	(38,161,211,650)
			290,416,947	4,457,545,005	15,241,769,536	(69,457,540)	19,920,273,948
			6,869,476	300,234,533	717,040,692	2,790,338	1,026,935,039
			-	-	-	52,194,270	52,194,270
			-	-	-	(14,919,929)	(14,919,929)
			49,925	(200,000)	-	-	(150,075)
			-	-	(2,210,976,950)	-	(2,210,976,950)
			593,793,291	8,675,940,247	33,808,890,512	129,360,748	43,207,984,798

24. CASH AND DEPOSITS - continued

24. 現金和存款 - 續

(b) Reconciliation of liabilities arising from financing activities: - continued

(b) 來自融資活動產生的負債之對賬: - 續

	At 1 January 2021	於 2021 年 1 月 1 日	Bank loans and interest payables 銀行貸款及應付利息 HK\$ 港元	Subordinated loans from immediate holding company and interest payables 來自直接控股公司及後償貸款及應付利息 HK\$ 港元	Debt securities issued and interest payables 已發行債務證券及應付利息 HK\$ 港元	Lease liabilities 租賃負債 HK\$ 港元	Total 總額 HK\$ 港元
Changes from financing cash flows:							
Interest paid							
Subordinated loans from immediate holding company							
Capital element of lease payment							
Proceeds from issuance of debt securities							
Redemptions of debt securities issued							
Proceeds from bank loans							
Repayment of bank loans							
Total changes from financing cash flows							
Other changes:							
Interest expenses							
Interest borne by immediate holding company							
Increase in lease liabilities from entering into new leases							
Exchange adjustments							
Disposal of interest in subsidiaries							
At 31 December 2021							
來自融資現金流的變動:							
已支付利息							
來自直接控股公司的後償貸款							
租賃負債本金部份							
發行債務證券所得款項							
贖回已發行的債務證券							
新增的銀行貸款							
償還銀行貸款							
來自融資現金流量總變動							
其他變動:							
利息支出							
由直接控股公司承擔的利息							
簽訂新租賃合同增加的租賃負債							
匯率調整							
出售附屬公司的權益							
於 2021 年 12 月 31 日							

24. CASH AND DEPOSITS - continued

(c) Total cash outflow for leases:

Amounts included in the cash flow statement for leases comprise the following:

Within operating cash flows  
Within investing cash flows  
Within financing cash flows

24. 現金和存款 - 續

(c) 租賃現金流出總額:

現金流量表中包括租賃的以下各項:

	The Group 本集團	
	<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
在經營現金流內	-	8,779,635
在投資現金流內	-	-
在融資現金流內	69,457,540	64,428,586
	<u>69,457,540</u>	<u>73,208,221</u>

These amounts relate to the following:

該等金額與以下有關:

	The Group 本集團	
	<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
Lease rental paid	69,457,540	73,208,221
	<u>69,457,540</u>	<u>73,208,221</u>

# HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

華泰金融控股(香港)有限公司

## 25. ACCOUNTS PAYABLE

Accounts payable to:

- Cash clients
- Margin clients
- Futures clients
- Asset management clients
- Clearing houses
- Brokers

## 25. 應付賬款

	The Group 本集團	
	2022 HK\$ 港元	2021 HK\$ 港元
應付賬款		
- 現金客戶	1,960,031,590	2,677,347,032
- 保證金客戶	1,443,199,817	2,424,814,659
- 期貨客戶	4,063,784	4,071,251
- 資產管理客戶	39,555,691	2,977,688
- 結算所	342,747,944	409,221,759
- 經紀商	389,710,658	25,234,804
	<u>4,179,309,484</u>	<u>5,543,667,193</u>

All of the accounts payable are expected to be settled within one year or repayable on demand, and their carrying amounts are their estimated fair values.

所有應付賬款預期於一年內清還或按要求償還，其賬面值為其估計的公平值。

## 26. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

## 26. 租賃負債

下表載列了本集團的租賃負債剩餘訂約到期日：

		31 December 2022 2022 年 12 月 31 日		31 December 2021 2021 年 12 月 31 日	
		Present value of the minimum lease payments 最低租賃付款額現值 HK\$ 港元	Total minimum lease payments 最低租賃付款額總數 HK\$ 港元	Present value of the minimum lease payments 最低租賃付款額現值 HK\$ 港元	Total minimum lease payments 最低租賃付款額總數 HK\$ 港元
Within 1 year	1 年內	33,087,648	34,756,264	66,969,752	69,464,080
After 1 year but within 2 years	1 年以上但 2 年內	36,047,602	37,197,479	23,201,280	24,412,150
After 2 years but within 5 years	2 年以上但 5 年內	60,225,498	60,897,014	68,582,577	69,912,805
		<u>96,273,100</u>	<u>98,094,493</u>	<u>91,783,857</u>	<u>94,324,955</u>
		<u>129,360,748</u>	<u>132,850,757</u>	<u>158,753,609</u>	<u>163,789,035</u>
Less: total future interest expenses	減：日後利息支出總數		(3,490,009)		(5,035,426)
Present value of lease liabilities	租賃負債現值		<u>129,360,748</u>		<u>158,753,609</u>

**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**27. OTHER PAYABLES AND ACCRUALS**

**27. 其他應付款及應計費用**

		The Group 本集團	
		<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
<b>Non-current</b>	<b>非流動</b>		
Employee benefits	員工福利	487,972,167	-
<b>Current</b>	<b>流動</b>		
Margin deposits	保證金	1,637,540,579	501,918,377
Employee benefits	員工福利	1,017,503,093	1,262,213,774
Accrued expenses	預提費用	86,818,087	72,664,350
Other payables	其他應付款	196,202,501	11,886,461
		<u>2,938,064,260</u>	<u>1,848,682,962</u>
		<u>3,426,036,427</u>	<u>1,848,682,962</u>

**28. DEBT SECURITIES ISSUED**

**28. 已發行債務證券**

		The Group 本集團	
		<u>2022</u> HK\$	<u>2021</u> HK\$
<b>Non-current</b>	<b>非流動</b>		
- bonds (note (i))	- 債券(i)	25,319,047,320	14,053,617,335
<b>Current</b>	<b>流動</b>		
- bonds (note (i))	- 債券(i)	-	3,912,174,951
- medium term notes (note (ii))	- 中期票據(ii)	8,489,843,192	2,095,264,948
		<u>8,489,843,192</u>	<u>6,007,439,899</u>
		<u>33,808,890,512</u>	<u>20,061,057,234</u>



28. DEBT SECURITIES ISSUED - continued

Notes:

- (i) As of 31 December 2022, the Group issued bonds of HK\$25,319,047,320 (2021: HK\$17,965,792,286) which are guaranteed by Huatai Securities Co., Ltd., with aggregate nominal amounts of US\$2,800,000,000 and CNY3,275,000,000 (2021: US\$2,300,000,000). The bonds are unsecured with effective interest rates ranging from 1.43% to 4.65% (2021: 1.43% to 4.65%).

As of 31 December 2022, HK\$25,319,047,320 (2021: HK\$14,053,617,335) were classified as non-current per original terms.

- (ii) As of 31 December 2022, the Group issued notes of HK\$8,489,843,192 (2021: HK\$2,095,264,948) under the US\$3,000,000,000 Medium Term Note Programme which are guaranteed by Huatai International Financial Holdings Company Limited, with aggregate nominal amounts of HK\$1,284,000,000, US\$859,000,000 and CNY440,000,000 (2021: US\$230,000,000 and HK\$300,000,000). The notes are unsecured with effective interest rates ranging from 2.35% to 6.3% (2021: 0.71% to 1.34%) with maturity within 1 year.

28. 已發行債務證券 - 續

附註:

- (i) 於 2022 年 12 月 31 日, 本集團發行 25,319,047,320 港元 (2021: 17,965,792,286 港元) 的無抵押債券, 實際利率為 1.43% 至 4.65% (2021: 1.43% 至 4.65%), 債券由華泰證券股份有限公司提供擔保。已發行債券名義金額總額為 2,800,000,000 美元及 3,275,000,000 人民幣 (2021: 2,300,000,000 美元)。

截至 2022 年 12 月 31 日, 25,319,047,320 港元 (2021 年: 14,035,617,335 港元) 按原始條款分類為非流動資產。

- (ii) 於 2022 年 12 月 31 日, 本集團根據 3,000,000,000 美元的中期票據計劃發行金額總額為 8,489,843,192 港元 (2021: 2,095,264,948 港元) 的無抵押票據, 實際利率為 2.35% 至 6.3% (2021: 0.71% 至 1.34%), 該中期票據計劃由華泰國際金融控股有限公司提供擔保。已發行票據名義金額總額為 1,284,000,000 港元、859,000,000 美元及 440,000,000 人民幣 (2021: 230,000,000 美元及 300,000,000 港元), 到期日均為一年內。

**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**  
**華泰金融控股(香港)有限公司**

**29. SHARE CAPITAL**

**29. 股本**

		<u>2022</u>		<u>2021</u>	
		No. of shares 股份數目	Amount 金額 HK\$ 港元	No. of shares 股份數目	Amount 金額 HK\$ 港元
<b>Ordinary shares, issued and fully paid:</b>	<b>已發行及繳足普通股:</b>				
At 1 January	於 1 月 1 日				
31 December	於 12 月 31 日	8,800,000,000	8,800,000,000	8,800,000,000	8,800,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

普通股股東有權收取不時宣派的股息，並每股在公司會議有一票權利。所有普通股在本公司的剩餘資產方面享有同等地位。

**30. INTANGIBLE ASSETS**

**30. 無形資產**

The Group

本集團

		Trading rights 交易權 HK\$ 港元	Computer software 計算機軟件 HK\$ 港元	Total 合計 HK\$ 港元
<b>COST</b>	<b>成本</b>			
At 1 January 2022	於 2022 年 1 月 1 日	470,000	3,020,812	3,490,812
Additions	增置	-	36,275,380	36,275,380
At 31 December 2022	於 2022 年 12 月 31 日	470,000	39,296,192	39,766,192
<b>ACCUMULATED AMORTISATION</b>	<b>累計攤銷</b>			
At 1 January 2022	於 2022 年 1 月 1 日	-	(913,842)	(913,842)
Charge for the year	本年度攤銷	-	(4,950,606)	(4,950,606)
At 31 December 2022	於 2022 年 12 月 31 日	-	(5,864,448)	(5,864,448)
<b>CARRYING VALUE</b>	<b>賬面價值</b>			
At 31 December 2022	於 2022 年 12 月 31 日	470,000	33,431,744	33,901,744
At 1 January 2022	於 2022 年 1 月 1 日	470,000	2,106,970	2,576,970

**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**30. INTANGIBLE ASSETS - continued**

**30. 無形資產 - 續**

		Trading rights <u>交易權</u> HK\$ 港元	Computer software <u>計算機軟件</u> HK\$ 港元	Total <u>合計</u> HK\$ 港元
COST	成本			
At 1 January 2021	於 2021 年 1 月 1 日	470,000	10,154,497	10,624,497
Additions	增置	-	2,711,235	2,711,235
Disposals	棄置	-	(9,844,920)	(9,844,920)
At 31 December 2021	於 2021 年 12 月 31 日	470,000	3,020,812	3,490,812
ACCUMULATED AMORTISATION	累計攤銷			
At 1 January 2021	於 2021 年 1 月 1 日	-	(807,717)	(807,717)
Charge for the year	本年度攤銷	-	(2,785,682)	(2,785,682)
Disposals	棄置	-	2,679,557	2,679,557
At 31 December 2021	於 2021 年 12 月 31 日	-	(913,842)	(913,842)
CARRYING VALUE	賬面價值			
At 31 December 2021	於 2021 年 12 月 31 日	470,000	2,106,970	2,576,970
At 1 January 2021	於 2021 年 1 月 1 日	470,000	9,346,780	9,816,780

**31. FINANCIAL ASSETS HELD UNDER  
RESALE AGREEMENTS**

**31. 買入返售金融資產款**

As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or re-pledge in the absence of default by their owners. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral. The Group has an obligation to return the collateral to its counterparties at the maturity of the contracts. As at 31 December 2022, the Group received securities as collateral with total fair value of HK\$142,629,371 (2021: Nil) on these terms.

本集團根據買入返售協議持有的證券擔保物，在擔保物擁有人無任何違約的情況下可以用於出售及再次擔保。如果持有的擔保物價值下跌，本集團在特定情況下可以要求增加擔保物。本集團並負有在合同到期時將擔保物返還至交易對手的義務。截止 2022 年 12 月 31 日，本集團持有的證券擔保物公平值為 142,629,371 港元(2021 年 12 月 31 日：無)。

32. FINANCIAL ASSETS SOLD UNDER  
REPURCHASE AGREEMENTS

Repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at 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 financial statements but regarded as "collateral" for the liabilities because the Group retains substantially all the risks and rewards of these securities.

As at 31 December 2022, the Group entered into repurchase agreements with financial institutions to sell equities with total carrying amount of HK\$94,188,118 (2021: Nil), which are subject to the simultaneous agreements to repurchase these investments at the agreed date and price.

33. SHARE-BASED EMPLOYEE  
COMPENSATION

On 29 March 2021, 3,258,992 share awards were granted to employees of the Company under the employee share award scheme. The employees under the scheme are rewarded with ordinary shares of Huatai Securities Co., Ltd., the ultimate holding company of the Company. These share awards will vest from 2 to 4 years after grant date.

32. 賣出回購金融資產款

回購協議為本集團出售證券及同時同意按協定日期及價格回購證券或大致相同資產之交易。回購價已固定，本集團仍就已售出該等證券承擔絕大部分信貸風險、市場風險及回報。該等證券不會於綜合財務報表內終止確認，惟被視為負債之「抵押品」，原因為本集團保留該等抵押品之絕大部分風險及回報。

於2022年12月31日，本集團與不同財務機構訂立回購協議，以出售入賬的金融資產賬面值為94,188,118港元(2021年：無)之股票，惟須受按協定日期及價格回購此等投資之同步協議規限。

33. 以股份為基礎的支付的員工補償

於2021年3月29日，根據員工股權獎勵計劃，3,258,992股普通股被授予本公司的員工。股權獎勵計劃下的員工獲得華泰證券股份有限公司的普通股。華泰證券股份有限公司是本公司的最終控股公司。該等股權獎勵將在授予日後兩年至四年起開始歸屬。

33. SHARE-BASED EMPLOYEE  
COMPENSATION - continued

Movements of share awards are as follows:

		<u>Number of share awards</u>	
		單位	
		<u>2022</u>	<u>2021</u>
At 1 January	於 1 月 1 日	3,222,992	3,258,992
Granted	授予	-	-
Vested	行權	-	-
Forfeited	沒收	(60,000)	(36,000)
At 31 December	於 12 月 31 日	<u>3,162,992</u>	<u>3,222,992</u>

During the year, share-based payment expenses of HK\$10,765,846 (2021: HK\$8,602,385) were recorded and credited to reserve.

33. 以股份為基礎的支付的員工補償 - 續

股權獎勵變動如下：

於本年內，股份為基礎的支付的開支錄得 10,765,846 港元（2021 年：8,602,385 港元）且計入儲備。

34. CAPITAL COMMITMENTS AND  
CONTINGENT LIABILITIES

There is no material loan commitment and commitment in relation to purchase of fixed assets and intangible assets as at 31 December 2022 and 31 December 2021.

34. 資本承擔及或有負債

於 2022 年 12 月 31 日及 2021 年 12 月 31 日，本集團並未有重大借款承諾及購買固定資產和無形資產的承諾。



35. CAPITAL MANAGEMENT

Capital comprises paid up share capital and retained profits stated on the consolidated statement of financial position. The objective on managing capital of the Group is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for the sole shareholder.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the sole shareholder, return capital to the sole shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 2021.

The Company is also subject to regulatory capital requirement imposed by the Securities and Futures Commission ("the SFC") in Hong Kong under the Securities and Futures (Financial Resources) Rules ("the SF(FR)R"). Capital adequacy and utilisation of regulatory capital are monitored daily by the Company's management in accordance with the SF(FR)R.

The Company is required to report its liquid capital on a monthly basis and has complied with the liquid capital requirements under the SF(FR)R throughout the years ended 31 December 2022 and 2021.

The Company is subject to regulatory capital requirement imposed by the Insurance Authority in Hong Kong under the Insurance (Financial and Other Requirements for Licensed Insurance Broker Companies) Rules ("IR"). The Company has complied with the capital requirement under the IR throughout the years ended 31 December 2022 and 2021.

35. 資本管理

資本包括綜合財務狀況表所載的繳足股本及保留溢利。本集團資本管理的目標是保障其持續經營的能力，以持續為唯一股東提供回報。

本集團檢討及管理其資本架構，以應不同的經濟狀況為資本架構作出調整。為了保持或調整資本架構，本集團可能調整支付給唯一股東的股息、交還唯一股東的資本或發行新股。截至 2022 年及 2021 年 12 月 31 日止年度，本公司的目標、政策及流程沒有發生變化。

本公司受到香港證券及期貨事務監察委員會（「證監會」）的《證券及期貨（財政資源）規則》（「財政資源規則」）下的監管資本規定的約束。本公司管理層根據財政資源規則每日監察資本充足比率及監管資本的利用率。

本公司須每月匯報其流動資金，並已在截至 2022 年及 2021 年 12 月 31 日止年度內均遵守《證券及期貨（財政資源）規則》的流動資金規定。

本公司受到香港保險業監管局的《保險業（持牌保險經紀公司的財務及其他要求）規則》（「規則」）下的監管資本規定的約束。本公司公司在 2022 年及 2021 年 12 月 31 日止年度均遵守規則的資本規定。

### 36. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year. All of these transactions were entered into and conducted according to terms mutually agreed between the relevant group entities.

Transactions with related parties which the Group entered into during the year are summarised as follows:

Interest income from immediate holding company
Commission expense to ultimate holding company
Commission expense to a fellow subsidiary
Interest expense for subordinated loans from immediate holding company (Note a)
Interest expense for other intercompany loans (Note b)
Management fee income received from a fellow subsidiary

The Group also had the following outstanding balances with related parties:

Amount due to ultimate holding company (Note b)
Amount due from/(to) immediate holding company
- Current accounts (Note b)
- Interest payable relating to subordinated loans (Note a)
Subordinated loans due to immediate holding company (Note a)
Amounts due from fellow subsidiaries (Note b)
Amount due to a fellow subsidiary (Note b)

### 36. 關聯方交易

除該等綜合財務報表其他部分列示的交易外，本集團於年內具有下列關聯方交易。所有的該等交易乃依照相關集團實體共同商定的條款而訂立及執行。

本集團與關聯方於年內訂立的交易如下：

	<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
直接控股公司利息收入	1,211,730,745	345,544,689
最終控股公司佣金費用	(63,563)	(7,972,402)
同系附屬公司佣金費用	(2,381,790)	(4,650,680)
來自直接控股公司後償貸款利息支出 (附註 a)	(300,234,533)	(109,309,076)
其他公司間貸款利息支出 (附註 b)	(454,403,683)	(343,710,873)
來自同系附屬公司管理費收入	828,858,499	774,689,601

本集團與關聯方於年末的結餘如下：

	<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
應付最終控股公司款項 (附註 b)	(9,357,360)	(9,859,430)
應收(應付)直接控股公司款項		
- 往來賬 (附註 b)	40,468,686,422	8,835,598,040
- 後償貸款應付利息 (附註 a)	(98,360,247)	(19,260,709)
來自直接控股公司的後償貸款 (附註 a)	(8,577,580,000)	(3,899,100,000)
應收同系附屬公司款項 (附註 b)	33,524,986,987	25,813,925,126
應付一家同系附屬公司款項 (附註 b)	(501,562)	-

36. RELATED PARTY TRANSACTIONS  
- continued

Notes:

- (a) The subordinated loans are ranked lower regarding their status of claims relative to other liabilities of the Company and are interest bearing: US\$500,000,000 of the subordinated loans bears an annual rate of Three-Month LIBOR +2.6% and US\$600,000,000 bears a fixed annual interest rate of 3.24%. Repayment of the subordinated loans is subject to the prior consent of the Hong Kong Securities and Futures Commission.
- (b) Except for the current accounts due from/(to) immediate holding company which bears interest ranging from 1.90% to 4.46% per annum (2021: 1.92% to 2.54% per annum), all other balances are unsecured, interest free and have no fixed terms of repayment.

36. 關聯方交易 - 續

附註:

- (a) 後償貸款相對於本公司其他負債的債權排名較後，並且為計息：後償貸款中的 500,000,000 美元的年利率為三個月的美元倫敦銀行同業拆借利率加 2.6%，600,000,000 美元的年利率為固定利率 3.24%。償還後償貸款須事先獲得香港證券及期貨事務監察委員會的同意。
- (b) 除了應收/(應付)直接控股公司的往來賬款每年利息介於 1.90% 至 4.46% 之間 (2021 年：每年 1.92% 至 2.54%)，所有其他結餘均為無抵押、免息且沒有固定的還款期限。

37. LOANS PAYABLE

The details of the bank loans payable were as follows:

37. 應付貸款

應付貸款的詳情如下：

		<u>The Group</u> 本集團	
		<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
<b>Loans payable</b>	<b>應付貸款</b>		
Within 1 year or on demand	於 1 年內或按要求償還	<u>593,793,291</u>	<u>296,456,943</u>

37. LOANS PAYABLE - continued

General banking facilities were obtained from banks to a total limit of HK\$2,389,890,000 (2021: HK\$2,279,820,000), of which secured banking facilities were obtained from banks to a total limit of HK\$1,600,000,000 (2021: HK\$1,289,910,000). These banking facilities were collateralised by margin clients' securities pledged to the Group.

37. 應付貸款 - 續

從銀行取得的一般銀行融資總額為 2,389,890,000 港元（2021 年：2,279,820,000 港元），其中從銀行取得的抵押銀行融資總額為 1,600,000,000 港元（2021 年：1,289,910,000 港元）。該等銀行融資以保證金客戶抵押予本集團的證券抵押。

38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Certain subsidiaries of the Group have entered into transactions subject to an enforceable master netting arrangement or similar agreement with counterparties. The gross amounts of recognised accounts receivable from and accounts payable to these counterparties and the net balance as shown on the consolidated statement of financial position are disclosed as follows:

38. 金融資產及金融負債的抵消

本集團若干附屬公司已根據可執行性淨額結算安排或與對手方的類似協議訂立交易。已確認的該等交易對手的應收應付賬款總額及在合併財務狀況表中的淨餘額披露如下：

# HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

華泰金融控股(香港)有限公司

## 38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES - continued

*Financial assets subjected to offsetting, enforceable master netting arrangements and similar agreements*

*已抵消、受執行性淨額結算總協議及相似協議約束的金融資產*

		The Group 本集團					
		Gross amount of recognised financial assets	Gross amount of recognised financial liabilities set off in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		Net amount
		已確認金融資產總額	於綜合財務狀況表中抵消的已確認金融負債總額	於綜合財務狀況表中列示的金融資產淨額	金融工具未於綜合財務狀況表中抵消的相關金額	已收抵押品	淨額
		HKS 港元	HKS 港元	HKS 港元	金融工具 HKS 港元	HKS 港元	HKS 港元
At 31 December 2022	於 2022 年 12 月 31 日						
Accounts receivables	應收賬款	5,850,304,968	(1,197,000,769)	4,653,304,199	(130,000,890)	(2,331,414,168)	2,191,889,141
Financial assets held under resale agreements	買入返售金融資產款	52,163,754	-	52,163,754	-	(52,163,754)	-
At 31 December 2021	於 2021 年 12 月 31 日						
Accounts receivables	應收賬款	5,012,491,057	(756,107,425)	4,256,383,632	(270,793,429)	(1,784,784,995)	2,200,805,208

*Financial liabilities subjected to offsetting, enforceable master netting arrangements and similar agreements*

*已抵消、受執行性淨額結算總協議及相似協議約束的金融負債*

		The Group 本集團					
		Gross amount of recognised financial liabilities	Gross amount of recognised financial assets set off in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		Net amount
		已確認金融負債總額	於綜合財務狀況表中抵消的已確認金融資產總額	於綜合財務狀況表中列示的金融負債淨額	金融工具未於綜合財務狀況表中抵消的相關金額	質押抵押品	淨額
		HKS 港元	HKS 港元	HKS 港元	金融工具 HKS 港元	HKS 港元	HKS 港元
At 31 December 2022	於 2022 年 12 月 31 日						
Accounts payables	應付賬款	5,376,310,253	(1,197,000,769)	4,179,309,484	(130,000,890)	-	4,049,308,594
Financial assets sold under repurchase agreements	賣出回購金融資產款	40,165,394	-	40,165,394	-	(40,165,394)	-
At 31 December 2021	於 2021 年 12 月 31 日						
Accounts payables	應付賬款	6,299,774,618	(756,107,425)	5,543,667,193	(270,793,429)	-	5,272,873,764



39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS

The principal types of financial risk faced by the Group in daily operation mainly include credit risk, liquidity risk, interest risk, foreign exchange risk and equity price 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.

Credit risk

Credit risk refers to the risk of asset loss of the Group resulting from the default of a product or bond issuer or counterparty (customer). The Group has established a credit risk management system which is being applied to all entities of the Group, thereby achieving full credit risk management coverage.

The Group mainly faced three types of credit risks, namely (i) the risks of suffering from loss 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.

39. 金融工具的金融風險管理和公平值

本集團在日常經營活動中涉及的風險主要包括信貸風險、流動資金風險、利率風險、貨幣風險和股價風險等。本集團制定了相應的政策和程序來識別和分析這些風險，並結合實際設定適當的風險指標、風險限額、風險內部控制流程，配合實際情況通過資訊系統支援和有效的機制持續管理上述各類風險。

風險管理是本集團所有員工的共同責任，集團通過培訓和考核的方式，促進全體員工不斷增強風險管理意識和風險敏感度以培養良好的風險管理文化。

信貸風險

信貸風險是指由於產品或債券發行人違約、交易對手(客戶)違約導致本集團資產受損失的風險。本集團建立了將所有集團公司進行統一管理的信貸風險管理體系，實現信貸風險管理全覆蓋。

報告期內，本集團面臨的信貸風險主要包括三類：一是在融資類業務中，客戶違約致使集團遭受損失的風險；二是在債券投資業務中，發債主體違約造成的風險；三是交易對手方出現違約，導致資產遭受損失的風險。

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - continued

Credit risk - 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 Group 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 Group established a unified management system for issuers. During the reporting period, the Group continued to promote the systematic construction of issuers' credit risk management modules, and enhanced the efficiency and pertinence of risk management.

The following is the credit rating distribution of debt securities held by the Group:

**Credit rating analysis of debt securities**

Rating  
- From AAA to A-  
- From BBB+ to BBB-  
- BB+ or below

Non-rated

39. 金融工具的金融風險管理和公平值 - 續

信貸風險 - 續

對於融資類業務，本集團執行嚴格的客戶及抵押品管理、持續動態監控、及時風險化解等全流程管控措施，把控業務信貸風險。本集團亦執行嚴格的風控流程和措施，對融資融券業務進行專項風險檢查，加強業務逆週期管理機制，完善差異化客戶管控標準。

對於債券投資類業務，本集團推進發行人統一管理體系建設，報告期內，本集團繼續推進發行人信用風險管理模塊系統化建設，提升風險管理效率和針對性。

以下為本集團持有的債務證券的信用評級分佈：

	The Group 本集團	
	2022 HK\$ 港元	2021 HK\$ 港元
<b>債務證券的信用評級分析</b>		
評級		
- 由 AAA 到 A-	15,761,708	196,920,948
- 由 BBB+ 到 BBB-	13,905,318	54,434,200
- BB+或以下	71,915,763	96,094,729
	101,582,789	347,449,877
未評級	170,272,230	314,961,488
	271,855,019	662,411,365

39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Credit risk - continued

With respect to transaction business, the Group promoted the construction of the unified management system for counterparty, further expanded the coverage of the unified management of counterparty credit line at group level and built a full counterparty list system in order to strictly control its business risk exposures. At the same time, the Group continued to promote the systematic construction of counterparty credit risk management, and gradually realised the platformisation of counterparty management and related processes.

*Expected credit losses*

For assets classified under Stage 1 and Stage 2 (see below for definition), 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.

39. 金融工具的金融風險管理和公平值 - 續

信貸風險 - 續

對於交易類業務，本集團推進交易對手統一管理體系建設，進一步擴大集團層面交易對手授信額度統一管理覆蓋面，構建完整的交易對手名單制度，嚴控業務風險敞口。同時，本集團持續推進交易對手信用風險管理系統化建設，逐步實現交易對手管理及相關流程的平台化。

*預期信用損失*

針對第1階段、第2階段（定義見下文）風險資產，本集團根據履約保障比例及逾期天數等參數，按照相應的風險參數模型計提減值準備。

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - continued

Credit risk - continued

*Expected credit losses* - continued

For credit impaired assets classified under Stage 3 (see below for definition), 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, 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.

The estimated loss rates for each class of financial assets are estimated based on historical observed default rates over the expected life of the respective class of financial assets and are adjusted for forward looking information that is available without undue cost or effort, including macroeconomic data such as inflation rate and GDP growth rate. The identification of internal credit rating for individual financial assets is regularly reviewed by management to ensure relevant information about specific financial assets is updated.

39. 金融工具的金融風險管理和公平值 - 續

信貸風險 - 續

*預期信用損失* - 續

針對第3階段（定義見下文）風險資產，本集團從每筆合約的抵押證券及融資人兩個維度進行綜合評估，評估時考慮的因素包括但不限於抵押證券的版塊、市值、日均成交額、重大風險指標等，以及融資人是否控股股東、是否受減持新規限制、是否黑名單或違約客戶、質押比例、擔保情況、增信措施等，併結合履約保障比例及逾期天數等指標，對合約進行減值測算。

每類金融資產的估計損失率是根據在相應類別金融資產的預期壽命內觀察到的歷史違約率估計的，並根據無需過度成本或努力即可獲得的前瞻性信息進行調整，包括宏觀經濟數據，例如通貨膨脹率和國內生產總值增長率。管理層定期審閱對單項金融資產內部信用評級的識別，以確保更新特定金融資產的相關信息。

39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Credit risk - continued

*Expected credit losses* - continued

Definition of Stage 1, Stage 2 and Stage 3 are  
as below:

Stage 1 Exposures where there has  
not been a significant  
increase in credit risk since  
initial recognition and that  
are not credit-impaired upon  
origination, the portion of the  
lifetime ECL associated with  
the probability of default events  
occurring within the next 12 months  
is recognised.

Stage 2 Exposures where there has been a  
significant increase in credit risk  
since initial recognition but are not  
credit-impaired, a lifetime ECL (i.e.  
reflecting the remaining lifetime of  
the financial asset) is recognised

Stage 3 Exposures are assessed as credit-  
impaired when one or more events  
that have a detrimental impact on  
the estimated future cash flows of  
that asset have occurred. For  
exposures that have become credit-  
impaired, a lifetime ECL is  
recognised and interest revenue is  
calculated by applying the effective  
interest rate to the amortised cost  
(net of provision) rather than the  
gross carrying amount from the  
beginning of the subsequent  
reporting period.

39. 金融工具的金融風險管理和公平值 - 續

信貸風險 - 續

*預期信用損失* - 續

第 1 階段、第 2 階段及第 3 階段的定義  
如下：

第 1 階段 自初次確認後之信貸風險  
並無顯著增加，且於產生  
時並無信貸減值之情況，  
並確認在未來 12 個月出  
現違約事件之可能性部份  
有關的生命週期間的預計  
信貸虧損。

第 2 階段 自初始確認後之信貸風險  
顯著增加，但並無出現信  
貸減值，確認生命週期間  
（即反映金融資產的剩餘  
存續期）的預計信貸虧  
損。

第 3 階段 當發生會對該資產的估計  
未來現金流造成不利影響  
之一項或多項事件，則有  
關情況會被評定為出現信  
貸減值。就已信貸減值的  
風險而言，則確認生命週  
期間的預計信貸虧損，並  
透過於其後的報告期初應  
用實際利率於攤銷成本  
（扣除撥備）而非賬面總  
值計算利息收入。



**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - continued**

Credit risk - continued

*Expected credit losses - continued*

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

**39. 金融工具的金融風險管理和公平值 - 續**

信貸風險 - 續

*預期信用損失- 續*

下表詳列本集團受限於預計信貸虧損評估的金融資產面臨的信貸風險：

		12 month or lifetime ECL 12 個月或 生命週期間 的預計 信貸虧損	The Group 本集團	
			2022 Gross carrying amount 總賬面值 HK\$ 港元	2021 Gross carrying amount 總賬面值 HK\$ 港元
Financial assets at fair value through other comprehensive income	通過其他全面收益以反映公平值的金融資產	12 month ECL 12 個月的預計 信貸虧損	150,684,188	-
Advances to customers in margin financing	客戶保證金融資墊款	12 month ECL 12 個月的預計 信貸虧損	870,974,192	568,671,363
		Lifetime ECL 生命週期間的預計信 貸虧損	1,735,233,705	1,262,072,796
Accounts receivables (other than advances to customers in margin financing)	應收賬款（不包括客戶保證金融資墊款）	12 month ECL 12 個月的預計 信貸虧損	2,031,628,732	2,397,300,362
		Lifetime ECL 生命週期間的預計信 貸虧損	106,147,208	72,093,917

39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Credit risk - continued

*Expected credit losses* - continued

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:  
- continued

39. 金融工具的金融風險管理和公平值 - 續

信貸風險 - 續

*預期信用損失* - 續

下表詳列本集團受限於預計信貸虧損評估的金融資產面臨的信貸風險：- 續

		12 month or lifetime ECL 12 個月或 生命週期間 的預計 信貸虧損	2022 Gross carrying amount <u>總賬面值</u> HK\$ 港元	The Group 本集團 2021 Gross carrying amount <u>總賬面值</u> HK\$ 港元
Financial assets held under resale agreements	買入返售金融資產款	12 month ECL 12 個月的預計 信貸虧損	52,163,754	-
Cash and deposits	現金和存款	12 month ECL 12 個月的預計 信貸虧損	4,195,388,682	4,711,592,483
Bank balances held on behalf of customers	代表客戶持有的銀行 結餘	12 month ECL 12 個月的預計 信貸虧損	3,056,637,129	5,191,577,396

Details on movement in allowance for ECLs of these financial assets are disclosed in accounts receivable from margin clients and financial assets at fair value through other comprehensive income and are disclosed in note 21 and note 22 respectively.

保證金客戶應收賬款及按公平值經其他全面收益入賬的金融資產的預期信用損失準備變動詳情分別於附註 21 及附註 22 披露。

39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Credit risk - continued

*Expected credit losses* - continued

At the end of the reporting period, the exposure to the Group's largest margin client and the top five margin clients represented 20% and 46% (2021: 13% and 41%) of the total accounts receivable from margin clients respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

Liquidity risk

Liquidity risk refers to the risk of the Group 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 Group 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 Group's ability in addressing liquidity risk. In addition, the Group 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.

39. 金融工具的金融風險管理和公平值 - 續

信貸風險 - 續

*預期信用損失* - 續

於報告期末，本集團最大保證金客戶及五大保證金客戶的應收款項分別佔保證金客戶應收賬款總額的 20% 及 46% (2021 年：13% 及 41%)。

本集團面對的最高信貸風險是各項金融資產於綜合財務狀況表的賬面金額。本集團沒有提供任何其他可能令本集團承受信貸風險的擔保。

流動資金風險

流動性風險是指本集團無法以合理成本及時獲得充足資金，以償付到期債務、履行其他支付義務和滿足正常業務開展的資金需求的風險。本集團已建立了一套完整的流動性風險管理體系，對本集團整體的流動性風險實施識別、計量、監測、控制和報告，並不斷提高流動性風險管理的資訊化水準，以提高流動性風險識別、計量和監測的能力，以強化本集團應對流動性風險的能力。此外，本集團根據風險偏好建立規模適當的流動性資產儲備，持有充足的優質流動性資產，確保在壓力情景下能夠及時滿足流動性需求。

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - continued

Liquidity risk - continued

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which 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:

	The Group 本集團					
	Contractual undiscounted cash outflow 訂約未折現現金流量					
	Within 1 year or on demand 1 年內或 按要求 HK\$ 港元	More than 1 year but less than 2 years 1 年以上 但 2 年內 HK\$ 港元	More than 2 years but less than 5 years 2 年以上 但 5 年內 HK\$ 港元	Undated 未註明日期 HK\$ 港元	Total 總額 HK\$ 港元	Carrying amount 賬面金額 HK\$ 港元
As at 31 December 2022						
Debt securities issued						
Financial assets sold under repurchase agreement						
Financial liabilities at fair value through profit or loss						
Accounts payable						
Loan payables						
Lease liabilities						
Amount due to a fellow subsidiary						
Amount due to ultimate holding company						
Subordinated loans from immediate holding company						
Other payables and accruals						
於 2022 年 12 月 31 日						
已發行債務證券	12,148,412,481	18,986,449,094	3,920,343,950	-	35,055,205,525	33,808,890,512
賣出回購金融資產款	40,165,394	-	-	-	40,165,394	40,165,394
按公平值經損益入賬金融負債	36,281,963,765	-	-	-	36,281,963,765	36,281,963,765
應付賬款	4,179,309,484	-	-	-	4,179,309,484	4,179,309,484
應付貸款	594,310,497	-	-	-	594,310,497	593,793,291
租賃負債	34,756,264	37,197,479	60,897,014	-	132,850,757	129,360,748
應付一家同系附屬公司款項	501,562	-	-	-	501,562	501,562
應付最終控股公司款項	9,357,360	-	-	-	9,357,360	9,357,360
來自直接控股公司的後償貸款	-	-	-	8,577,580,000	8,577,580,000	8,577,580,000
其他應付款和應計費用	2,938,064,260	561,463,167	-	-	3,499,527,427	3,426,036,427
	56,226,841,067	19,585,109,740	3,981,240,964	8,577,580,000	88,370,771,771	87,046,958,543

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - continued

39. 金融工具的金融風險管理和公平值 - 續

Liquidity risk - continued

流動資金風險 - 續

	The Group 本集團					
	Contractual undiscounted cash outflow 訂約未折現現金流量					
	Within 1 year or on demand 1 年內或 按要求 HK\$ 港元	More than 1 year but less than 2 years 1 年以上 但 2 年內 HK\$ 港元	More than 2 years but less than 5 years 2 年以上 但 5 年內 HK\$ 港元	Undated 未註明日期 HK\$ 港元	Total 總額 HK\$ 港元	Carrying amount 賬面金額 HK\$ 港元
As at 31 December 2021						
Debt securities issued						
Financial liabilities at fair value through profit or loss						
Accounts payable	6,270,301,002	3,307,054,939	11,161,630,811	-	20,738,986,752	20,061,057,234
Loan payables	27,354,979,415	-	-	-	27,354,979,415	27,354,979,415
Lease liabilities	5,543,667,193	-	-	-	5,543,667,193	5,543,667,193
Amount due to ultimate holding company	296,663,991	-	-	-	296,663,991	296,456,943
Subordinated loans from immediate holding company	69,464,080	24,412,150	69,912,805	-	163,789,035	158,753,609
Other payables and accruals	9,859,430	-	-	-	9,859,430	9,859,430
	-	-	-	3,899,100,000	3,899,100,000	3,899,100,000
	1,848,682,962	-	-	-	1,848,682,962	1,848,682,962
	41,393,618,073	3,331,467,089	11,231,543,616	3,899,100,000	59,855,728,778	59,172,556,786

於 2021 年 12 月 31 日

已發行債務證券  
按公平值經損益入賬金融負債  
應付賬款  
應付貸款  
租賃負債  
應付最終控股公司款項  
來自直接控股公司的後償貸款  
其他應付款和應計費用

As at 31 December 2021

Debt securities issued  
Financial liabilities at fair value through profit or loss  
Accounts payable  
Loan payables  
Lease liabilities  
Amount due to ultimate holding company  
Subordinated loans from immediate holding company  
Other payables and accruals



39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Interest rate risk

Interest rate risk refers to the risk that movements in market interest rate will cause fluctuation in the Group's financial position and cash flow. The Group's interest-bearing financial instruments mainly include debt instruments and debt securities issued, amongst others.

For financial instruments held on the reporting 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.

*Hedges of interest rate risk*

Interest rate swaps, denominated in US dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy.

39. 金融工具的金融風險管理和公平值 - 續

利率風險

利率風險是指本集團的財務狀況和現金流量受市場利率變動而發生波動的風險。本集團的生息金融工具主要為債務工具及已發行債務證券等。

對於報告日持有的使本集團面臨公平值利率風險的金融工具，本集團利用敏感性分析作為監控利率風險的主要方法。採用敏感性分析衡量在其他變數不變的假設下，利率發生合理、可能的變動時，將對淨利潤和股東權益產生的影響。

*利率風險的套期*

本集團已簽訂以美元計值的利率掉期合約，以達致適當組合的定息及浮息風險敞口，貫徹本集團的政策。

39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Interest rate risk - continued

*Hedges of interest rate risk* - continued

The following table provides information on the interest rate swaps which have been designated as cash flow hedges of the interest rate risk arising from the Group's variable rate debt securities issued at the end of the reporting period:

Notional amount  
Carrying amount  
- Asset  
- Liability

39. 金融工具的金融風險管理和公平值 - 續

利率風險 - 續

*利率風險的套期* - 續

下表提供了有關利率掉期的信息，這些利率掉期被指定為報告期末與本集團發行的浮息債務證券有關的利率風險的現金流量套期：

	The Group 本集團	
	2022 HK\$ 港元	2021 HK\$ 港元
名義金額	7,174,580,302	-
賬面金額		
- 資產	57,204,271	-
- 負債	7,823,837	-

The Group seeks to hedge the benchmark interest rate component only and applies a hedge ratio of 1:1. The existence of an economic relationship between the interest rate swaps and the variable rate debt security issued is determined by matching their critical contract terms, including the reference interest rates, tenors, interest repricing dates, maturity dates, interest payment and receipt dates, the notional amounts of the swaps and the outstanding principal amounts of the debt. The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the swaps which is not reflected in the fair value of the hedged cash flows attributable to the change in interest rates.

本集團僅對沖基準利率部分，並採用 1:1 的對沖比率。利率掉期與所發行的浮息債務證券之間是否存在經濟關係，視乎與其關鍵合約條款的匹配度而定，包括參考利率、久期、利率重新定價日期、到期日、利息支付和收款日期、相關掉期的名義金額和相關債務的未償還本金。這些對沖關係出現對沖無效的部分，主要來自交易對手和本集團自身的信用風險對掉期公平值的影響，而這並未反映在利率變動應佔的已對沖現金流量的公平值中。

**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued**

Interest rate risk - continued

*Hedges of interest rate risk* - continued

The following table provides a reconciliation of the hedging reserve in respect of interest rate risk and shows the effectiveness of the hedging relationships:

**39. 金融工具的金融風險管理和公平值 - 續**

利率風險 - 續

*利率風險的套期* - 續

下表提供了有關利率風險的對沖儲備對賬，並顯示了對沖關係的有效性：

	<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
Balance at 1 January	-	(40,818,450)
Effective portion of the cash flow hedge recognised in other comprehensive income		
Net amount reclassified to profit or loss		
Disposal of subsidiaries		
Balance at 31 December (note)	48,172,872	-
Change in fair value of the interest rate swaps designated as hedging instrument during the year		
Hedge ineffectiveness recognised in profit or loss		
Net movement of cash flow hedge reserve recognised in other comprehensive income during the year		

Note: The entire balance in the hedging reserve relates to continuing hedges.

附註：對沖儲備的全部結餘與持續對沖相關。

39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Interest rate risk - continued

*Interest rate profile*

The Group is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the Group's interest-bearing financial instruments, the Group's policy is to mainly transact in financial instruments that mature or reprice in the short to medium term. Accordingly, the Group would be subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

The Group's assets exposed to cash flow interest rate risk include its interest bearing assets including bank deposits, accounts receivable from clients and financial assets held under resale agreements; and its interest-bearing liabilities mainly include debt securities issued, loans payable, financial assets sold under repurchase agreements and subordinated loans from immediate holding company; while the Group's assets exposed to fair value interest rate risk relates primarily to investment in debt securities that are measured at fair value while not held for financial product issuance purpose.

39. 金融工具的金融風險管理和公平值 - 續

利率風險 - 續

*利率資料*

本集團面臨金融工具的公平值或未來現金流量因市場利率變動而發生波動的風險。對於本集團的生息金融工具，本集團的政策是主要交易在中短期內到期或重新定價的金融工具。因此，本集團將面臨有限的由於現行市場利率水平波動而產生的公平值或現金流量利率風險。

本集團面臨現金流量利率風險的資產包括銀行存款、應收客戶款項及買入返售金融資產等計息資產；其付息負債主要包括已發行債券、應付貸款、賣出回購金融資產款及來自直接控股公司後償貸款；而本集團面臨公允價值利率風險的資產主要與按公平值計量且並非為發行金融產品而持有的債務證券投資有關。

39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Interest rate risk - continued

*Interest rate profile* - continued

**Fair value interest rate risk**

The Group's fair value interest rate risk exposure is summarised as follows:

Debt instruments

At 31 December 2022, if market interest rates had been 50 basis points (2021: 50 basis points) higher/lower with all other variables held constant, profit after tax for the year would have decreased/increased by HK\$138,213 (2021: HK\$117,434).

**Cashflow interest rate risk**

The Group's cash flow interest rate risk exposure is summarised as follows:

Debt securities  
Debt securities issued

39. 金融工具的金融風險管理和公平值 - 續

利率風險 - 續

*利率資料* - 續

**公平值利率風險**

本集團的公平值利率風險概述如下：

	<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
債務證券	145,436,468	200,334,040

於 2022 年 12 月 31 日，倘市場利率增加/減少 50 個基點(2021 年：50 個基點)，而所有其他變數維持不變，年內除稅後溢利將減少/增加 138,213 港元(2021 年：117,434 港元)。

**現金流利率風險**

本集團的現金流利率風險概述如下：

	<u>2022</u> HK\$ 港元	<u>2021</u> HK\$ 港元
債務證券	5,931,439	-
已發行債務證券	(3,137,711,157)	(3,122,049,311)



39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Interest rate risk - continued

*Interest rate profile*

At 31 December 2022, if market interest rates had been 50 basis points (2021: 50 basis points) higher/lower with all other variables held constant, profit after tax for the year would have decreased/increased by HK\$13,069,370 (2021: HK\$13,034,556).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) 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 profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2021.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group manages its foreign currency exposure by matching the currencies of its financial assets and liabilities.

39. 金融工具的金融風險管理和公平值 - 續

利率風險 - 續

*利率資料* - 續

於 2022 年 12 月 31 日，倘市場利率增加/減少 50 個基點(2021 年：50 個基點)，而所有其他變數維持不變，年內除稅後溢利將減少/增加 13,069,370 港元(2021 年：13,034,556 港元)。

以上敏感度分析假設利率變動於報告期末已經發生，並且應用於重新計量本集團所持有的金融工具(導致本集團於報告期末承擔公平值利率風險)，對本集團的稅後溢利(和保留溢利)的即時變動。就本集團於報告期末持有的浮動利率非衍生工具所產生的現金流量利率風險額度而言，本集團的稅後溢利(和保留溢利)所受到的影響，是基於有關利率變動對集團年化利息支出或收入的影響作出估計。以上分析是按 2021 年的同一基準進行。

貨幣風險

貨幣風險是指外幣匯率變動而對金融工具價值所產生的波動。本集團透過配對金融資產和金融負債的貨幣，以管理其外幣風險。

39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Currency risk - continued

The Group is exposed to foreign currency risk primarily through its agency brokerage transactions and clients' trust balances that are denominated in a currency other than the functional currency of the operations to which they relate. The major transactions of the Group are entered in Hong Kong dollars, Renminbi, Euros and United States dollars. As Hong Kong dollar is pegged to the United States dollar, the Group considers the risk of movements in exchange rates between Hong Kong dollar and the United States dollar to be insignificant.

*Exposure to currency risk*

The following table presents the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date.

39. 金融工具的金融風險管理和公平值 - 續

貨幣風險 - 續

本集團主要因代理經紀交易及客戶信託結餘以相關業務的功能貨幣以外的貨幣計價而面臨外幣風險。本集團的主要交易以港元、人民幣、歐元及美元進行。由於港元與美元掛鉤，本集團認為港元與美元匯率變動的風險並不重大。

*貨幣風險額度*

下表列示本集團於報告期末以相關實體的功能貨幣以外的貨幣計值的已確認資產或負債所產生的貨幣風險額度。風險額度按年結日的現貨率換算為港元呈報。

HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

華泰金融控股(香港)有限公司

39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Currency risk - continued

*Exposure to currency risk* - continued

39. 金融工具的金融風險管理和公平值 - 續

貨幣風險 - 續

*貨幣風險額度* - 續

		<u>2022</u>	
		Exposure to foreign currencies (Expressed in Hong Kong dollars)	
		外幣風險額度 (以港元列示)	
		<u>Renminbi 人民幣</u>	<u>Euro 歐元</u>
Net exposure arising from recognised assets and liabilities	綜合財務狀況表 內敞口淨額	156,313,138	34,249,941
		<u>2021</u>	
		Exposure to foreign currencies (Expressed in Hong Kong dollars)	
		外幣風險額度 (以港元列示)	
		<u>Renminbi 人民幣</u>	<u>Euro 歐元</u>
Net exposure arising from recognised assets and liabilities	綜合財務狀況表 內敞口淨額	273,300,651	35,313,433

39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Currency risk - continued

*Sensitivity analysis*

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. Effect on profit after tax for Renminbi is accounted for the foreign currency exposures under foreign exchange contracts as of 31 December 2022.

		<u>Changes in exchange rates</u>	<u>Sensitivity (in Hong Kong dollars)</u>	
		匯率變動	敏感度 (以港元列示)	
		%	<u>2022</u>	<u>2021</u>
Renminbi	人民幣	+5	6,526,074	11,410,302
Euro	歐元	+5	1,712,497	1,474,336

The table above indicates the impact on equity of 5% appreciation of RMB and EUR, there will be an opposite effect with the same amount if the currencies depreciate by the same percentage.

39. 金融工具的金融風險管理和公平值 - 續

貨幣風險 - 續

敏感度分析

下表列示本集團的稅後溢利(及保留溢利)因應本集團所承受重大風險的匯率於報告期末已轉變(假設所有其他風險變數維持不變)而即時出現的變化。就此而言,本集團假設美元兌其他貨幣的任何幣值變動均不會對港元與美元的聯繫匯率構成重大的影響。人民幣匯率變動對稅後溢利和累計虧損的影響已包含於 2022 年 12 月 31 日外匯遠期合約的影響。

上表列示了人民幣及歐元相對港幣升值 5%對權益所產生的影響,若上述幣種以相同幅度貶值,則將對權益產生與上表相同金額方向相反的影響。

39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Currency risk - continued

*Sensitivity analysis* - continued

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2021.

Equity price risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. To manage the equity price risk, the performance of the investee company is regularly monitored.

39. 金融工具的金融風險管理和公平值 - 續

貨幣風險 - 續

敏感度分析 - 續

以上敏感度分析是假設匯率於報告期末有所改變而釐定，並已應用於重新計量本集團於報告期末所持有的使本集團須承擔外幣風險的金融工具 (包括本集團公司間以貸款人或借款人功能貨幣以外的貨幣計值的應付款和應收款)。該分析不包括以本集團的列報貨幣換算境外經營的財務報表所產生的差異。該分析是按2021年的同一基準進行。

股價風險

股價風險是指金融工具的公平值因市場價格變動而發生波動的風險。為管理股價風險，定期監測被投資公司的業績。



39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Equity price risk - continued

The following table demonstrates the sensitivity of the Group's profit after tax and equity to every 10% change in fair values of the relevant equity stock prices.

39. 金融工具的金融風險管理和公平值 - 續

股價風險 - 續

下表列示相關股票價格的公平值每變動10%，本集團稅後溢利與權益相對的敏感度。

		The Group 本集團 2022		The Group 本集團 2021	
		Effect on profit after tax and retained profits 對稅後溢利和 保留溢利的影響	Effect on other components of equity 對權益其他 組成部分的影響	Effect on profit after tax and retained profits 對稅後溢利和 保留溢利的影響	Effect on other components of equity 對權益其他 組成部分的影響
Change in fair value 公平值變動		HK\$ 港元	HK\$ 港元	Change in fair value 公平值變動	HK\$ 港元
%				HK\$ 港元	
Market price of	權益投資市價	10	112,042,340	10	51,492,924
Equity investments		(10)	(112,042,340)	(10)	(51,492,924)
					(3,776,730)

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the changes in fair values 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.

以上敏感度分析指出，本集團的稅後溢利 (及保留溢利) 因應公平值變動於報告期末發生而即時出現變化，並且應用於重新計量本集團於報告期末所持有的使本集團須承擔股價風險的金融工具。

39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

39. 金融工具的金融風險管理和公平值 - 續

Fair value hierarchy on financial assets and  
liabilities measured at fair value

按公平值計量的金融資產及負債的公平  
值層級

Definitions of fair value are detailed in note  
3. An analysis of the fair value and the  
valuation techniques of financial assets and  
liabilities measured at fair value are as  
follows:

公平值的定義詳見附註 3。以公平值計  
量的金融資產和金融負債的公平值及估  
值技術分析如下：

		Fair value at 31 December 2022 於 2022 年 12 月 31 日的 公平值 HK\$ 港元	Fair value measurements as at 31 December 2022 categorised into 於 2022 年 12 月 31 日 歸屬以下層級公平值計量數值		
			Level 1 第 1 層級 HK\$ 港元	Level 2 第 2 層級 HK\$ 港元	Level 3 第 3 層級 HK\$ 港元
<b>Financial assets measured at fair value</b>	<b>按公平值計量的 金融資產</b>				
<b>Financial assets at fair value through profit or loss</b>	<b>按公平值經損益入賬 的金融資產</b>				
Debt instruments	債務證券				
- Listed	- 上市	152,109,433	-	152,109,433	-
- Unlisted	- 非上市	2,314,968,611	-	-	2,314,968,611
		2,467,078,044	-	152,109,433	2,314,968,611
Equity securities	權益證券				
- Listed	- 上市	7,566,706,276	7,566,706,276	-	-
- Unlisted	- 非上市	1,020,062,897	-	-	1,020,062,897
		8,586,769,173	7,566,706,276	-	1,020,062,897
Funds	基金				
- Listed	- 上市	2,636,063	2,636,063	-	-
Convertible bonds	可轉換債券	119,745,586	-	119,745,586	-
Derivative assets	衍生工具資產				
- Interest rate swaps	- 利率掉期	57,204,271	-	57,204,271	-
- Futures and options contracts	- 期貨及期權合約	54,250,570	54,250,570	-	-
- Total return swaps	- 收益互換	292,055,551	-	292,055,551	-
		403,510,392	54,250,570	349,259,822	-
		11,579,739,258	7,623,592,909	621,114,841	3,335,031,508

**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - continued**      **39. 金融工具的金融風險管理和公平值 - 續**

Fair value hierarchy on financial assets and liabilities measured at fair value - continued

按公平值計量的金融資產及負債的公平值層級- 續

		Fair value at 31 December 2022 於 2022 年 12 月 31 日的 公平值 HK\$ 港元	Fair value measurements as at 31 December 2022 categorised into 於 2022 年 12 月 31 日 歸屬以下層級公平值計量數值		
			Level 1 第 1 層級 HK\$ 港元	Level 2 第 2 層級 HK\$ 港元	Level 3 第 3 層級 HK\$ 港元
Interest in joint venture	在合營企業之權益	830,055,644	-	-	830,055,644
Financial assets at fair value through other comprehensive income	按公平值經 全面收益入賬 的金融資產				
Debt instruments	債務證券				
- Unlisted	- 非上市	150,684,188	-	-	150,684,188
Financial liabilities measured at fair value	按公平值計量的 金融負債				
Financial liabilities measured at fair value through profits or loss	按公平值經損益入賬的 金融負債				
Debt instruments	債務證券				
- Listed	- 上市	(2,235,433,007)	-	(2,235,433,007)	-
Non-controlling interests	非控股權益	(9,233,762)	-	-	(9,233,762)
Structured notes	結構性票據	(32,691,558,766)	-	(32,457,624,766)	(233,934,000)
Derivative liabilities	衍生工具負債				
- Interest rate swaps	- 利率掉期	(7,823,837)	-	(7,823,837)	-
- Futures and option contracts	- 期貨及期權合約	(1,757,092)	(1,757,092)	-	-
- Total return swaps	- 收益互換	(1,336,157,301)	-	(1,336,157,301)	-
		(1,345,738,230)	(1,757,092)	(1,343,981,138)	-
		(36,281,963,765)	(1,757,092)	(36,037,038,911)	(243,167,762)

**HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

華泰金融控股(香港)有限公司

**39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued**

**39. 金融工具的金融風險管理和公平值- 續**

Fair value hierarchy on financial assets and  
liabilities measured at fair value - continued

按公平值計量的金融資產及負債的公平  
值層級 - 續

		Fair value at 31 December 2021 於 2021 年 12 月 31 日的 公平值 HK\$ 港元	Fair value measurements as at 31 December 2021 categorised into 於 2021 年 12 月 31 日 歸屬以下層級公平值計量數值		
			Level 1 第 1 層級 HK\$ 港元	Level 2 第 2 層級 HK\$ 港元	Level 3 第 3 層級 HK\$ 港元
Financial assets measured at fair value	按公平值計量的 金融資產				
Financial assets at fair value through profit or loss	按公平值經損益入賬 的金融資產				
Debt instruments	債務證券				
- Listed	- 上市	192,602,991	-	192,602,991	-
- Unlisted	- 非上市	2,865,476,279	-	-	2,865,476,279
		3,058,079,270	-	192,602,991	2,865,476,279
Equity securities	權益證券				
- Listed	- 上市	13,231,495,114	13,231,495,114	-	-
- Unlisted	- 非上市	278,071,213	-	-	278,071,213
		13,509,566,327	13,231,495,114	-	278,071,213
Funds	基金				
- Listed	- 上市	2,987,787,553	2,987,787,553	-	-
Convertible bonds	可轉換債券	462,077,325	163,277,960	298,799,365	-
Derivative assets	衍生工具資產				
- Total return swaps	- 收益互換	327,766,409	-	327,766,409	-
- Futures and option contracts	- 期貨及期權合約	1,453,474	1,453,474	-	-
		329,219,883	1,453,474	327,766,409	-
		20,346,730,358	16,384,014,101	819,168,765	3,143,547,492
Interest in joint venture	合營企業的權益	1,006,958,796	-	-	1,006,958,796

39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

39. 金融工具的金融風險管理和公平值 - 續

Fair value hierarchy on financial assets and  
liabilities measured at fair value - continued

按公平值計量的金融資產及負債的公平值層級  
- 續

		Fair value at 31 December 2021 於 2021 年 12 月 31 日的 公平值 HK\$ 港元	Fair value measurements as at 31 December 2021 categorised into 於 2021 年 12 月 31 日 歸屬以下層級公平值計量數值		
			Level 1 第 1 層級 HK\$ 港元	Level 2 第 2 層級 HK\$ 港元	Level 3 第 3 層級 HK\$ 港元
<b>Financial liabilities measured at fair value</b>	<b>按公平值計量的 金融負債</b>				
<b>Financial liabilities measured at fair value through profits or loss</b>	<b>按公平值經損益入賬 的金融負債</b>				
Debt instruments	債務證券				
- Listed	- 上市	(44,052,791)	-	(44,052,791)	-
- Unlisted	- 非上市	(2,920,561)	-	(2,920,561)	-
		(46,973,352)	-	(46,973,352)	-
Structured notes	結構性票據	(26,989,289,280)	-	(26,755,343,280)	(233,946,000)
Non-controlling interests	非控股權益	(14,505,730)	-	-	(14,505,730)
Derivative liabilities	衍生工具負債				
- Total return swaps	收益互換	(101,193,030)	-	(101,193,030)	-
- Futures and option contracts	期貨及期權合約	(203,018,023)	(203,018,023)	-	-
		(304,211,053)	(203,018,023)	(101,193,030)	-
		(27,354,979,415)	(203,018,023)	(26,903,509,662)	(248,451,730)

During the years ended 31 December 2022 and 2021, there were no significant transfers between Level 1 and Level 2. Transfers into or out of Level 3 are disclosed as below. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

於截至 2022 年及 2021 年 12 月 31 日止年度，在第 1 與第 2 層級之間並無出現任何公平值轉移。以下披露了公平值在第 3 層級的轉入或轉出。本集團的政策是在公允價值層級之間出現轉移的報告期完結時確認有關變動。



39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Fair value hierarchy on financial assets and  
liabilities measured at fair value - continued

*Valuation techniques and inputs used in Level  
1 and Level 2 fair value measurements*

The fair values of financial instruments traded in active markets (i.e. Level 1) are based on quote prices at the end of reporting period.

The fair values of debt instruments determined with reference to market observable broker/financial institution quotes. The fair value of derivative financial instruments is determined based on discounted cash flow model applying various market observable financial parameters, including interest rates, forward exchange rate, credit spread, yield spread, etc. Structured notes are mainly classified as Level 2 fair value measurements as their valuations are based on the underlying assets which are also classified as Level 2 fair value measurements.

If one or more of these significant inputs in valuation are not based on observable market data, the financial instrument is included in Level 3.

39. 金融工具的金融風險管理和公平值 - 續

按公平值計量的金融資產及負債的公平  
值層級 - 續

*第1及2層級公平值計量使用的估值技  
術和輸入值*

於活躍市場買賣之金融工具(即第一層級公平值工具)之公平值乃基於報告期末的市場報價而釐定。

債務證券之公平值乃參考市場可觀察經紀／金融機構報價而釐定。衍生金融工具之公平值乃基於貼現現金流模型而釐定，當中應用多項市場可觀察金融參數，包括利率、匯率、信貸息差及收益率差等。結構性票據主要被分類為第2層級公平值計量，原因為其底層資產也被分類為第2層級公平值計量。

倘估值的一項或多項重大輸入數據並非基於可觀察市場數據，金融工具乃計入第3層級公平值計量。

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - continued

Fair value hierarchy on financial assets and liabilities measured at fair value - continued

*Information about Level 3 fair value measurements*

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

Financial assets measured at fair value and interest in joint venture:

At 1 January  
Transfer out of level 3  
Additions  
Disposals  
Disposal of interest in subsidiaries

Change in fair value

At 31 December

Financial liabilities measured at fair value:

At 1 January  
Disposals  
Change in fair value

At 31 December

The following table presents the related valuation techniques and inputs of the major financial products with Level 3 fair value measurements.

39. 金融工具的金融風險管理和公平值 - 續

按公平值計量的金融資產及負債的公平值層級 - 續

*關於第3層級公平值計量的信息*

上述第3層級公平值計量的餘額於本年度變動如下：

	<u>2022</u> HK\$	<u>2021</u> HK\$
按公平值計量的金融資產及合營企業的權益：		
於1月1日	4,150,506,288	3,484,854,393
自第3層級轉出	-	(214,264)
買入	2,730,815,250	2,865,809,203
賣出	(2,193,084,773)	(934,052,706)
出售於附屬公司的權益	-	(1,285,146,581)
公平值變動	(372,465,425)	19,256,243
於12月31日	<u>4,315,771,340</u>	<u>4,150,506,288</u>
	<u>2022</u> HK\$	<u>2021</u> HK\$
按公平值計量的金融負債：		
於1月1日	(248,451,730)	(1,620,618,556)
賣出	-	1,372,394,940
公平值變動	5,283,968	(228,114)
於12月31日	<u>(243,167,762)</u>	<u>(248,451,730)</u>

下表列出屬第3級公平值計量的主要金融產品的相關估值方法及輸入數據。

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS - continued

39. 金融工具的金融風險管理和公平值 - 續

Fair value hierarchy on financial assets and liabilities measured at fair value - continued

按公平值計量的金融資產及負債的公平值層級 - 續

*Information about Level 3 fair value measurements - continued*

*關於第3層級公平值計量的信息 - 續*

	<u>Valuation Techniques</u> <u>估值方法及主要</u> <u>輸入數據</u>	<u>Significant</u> <u>unobservable input(s)</u> <u>重大無法觀察</u> <u>輸入數據</u>	<u>Relationship of</u> <u>unobservable</u> <u>input(s) to fair value</u> <u>無法觀察輸入數據與公平</u> <u>值之關係</u>
<u>Financial assets</u> 金融資產			
Unlisted equity securities at fair value through profit or loss 按公平值經損益入賬的非上市權益證券	Market approach 市場法	Pricing multiples of market comparable companies used to determine the estimated equity value of the project company: - Price to sales multiple 用於釐定項目公司的估計股權價值之市場可比較公司之價格倍數: - 價格對銷售倍數	The higher the pricing multiples, the higher the fair value 估值倍數愈高, 公平值愈高
Interest in joint venture and debt securities at fair value through profit or loss/fair value through other comprehensive income 合營企業的權益及按公平值經損益/其他全面收益入賬的債務證券	Discounted cash flow model 貼現現金流模式	Risk adjusted discount rate 經風險調整的折現率	The higher the risk adjusted discount rate, the lower the fair value 經風險調整的折現率愈高, 公平值愈低
<u>Financial liabilities</u> 金融負債			
Structured notes 結構性票據	The return of the note is linked to unlisted equity securities, and the note is valued directly with reference to underlying asset 票據回報與底層非上市權益證券有關, 而票據估值直接參考底層資產價值	Fair value of underlying asset 底層資產公平值	The higher the fair value of underlying asset, the higher the value of structured note 底層資產公平值愈高, 公平值愈高
Non-controlling interest 非控股權益	The fair value is linked to related fund investments, and is valued directly with reference to related fund 公平值與相關基金有關, 估值直接參考相關基金價值	Fair value of related fund 相關基金公平值	The higher the fair value of related fund, the higher the value of non-controlling interest 相關基金公平值愈高, 公平值愈高

39. FINANCIAL RISK MANAGEMENT AND  
FAIR VALUES OF FINANCIAL  
INSTRUMENTS - continued

Fair value hierarchy on financial assets and  
liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost approximate their fair values as at 31 December 2022 and 31 December 2021.

39. 金融工具的金融風險管理和公平值 - 續

非按公平值列賬的金融資產及負債的公平值

截至 2022 年 12 月 31 日及 2021 年 12 月 31 日，本集團並非按公平值計量的金融資產及金融負債之公平值與其賬面值相若。

40. EVENTS AFTER REPORTING PERIOD

Subsequent to 31 December 2022 and up to the date of approval of these consolidated financial statements, the Group issued notes of HK\$7,016,162,431 (nominal amount of US\$850 million and HK\$460 million) with maturity within 1 year.

40. 報告期後事項

於 2022 年 12 月 31 日後及截至該等綜合財務報表批准日期，本集團已發行 7,016,162,431 港元票據（名義金額總額為 8.5 億美元及 4.6 億港元），到期日均為一年內。

## **PARTIES**

### **OUR OFFICE**

#### **Huatai Financial Holdings (Hong Kong) Limited**

62/F  
The Center  
99 Queen's Road Central  
Hong Kong

### **LIQUIDITY PROVIDER**

#### **Huatai Financial Holdings (Hong Kong) Limited**

62/F  
The Center  
99 Queen's Road Central  
Hong Kong

### **LEGAL ADVISOR AS TO HONG KONG LAW**

#### **King & Wood Mallesons**

13th Floor, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

### **AUDITORS**

(With respect to the Issuer's audited  
consolidated financial statements  
for the year ended 31 December 2021)

#### **KPMG**

8/F, Prince's Building  
10 Chater Road  
Central, Hong Kong

(With effect from 31 May 2022)

#### **Deloitte Touche Tohmatsu**

35/F One Pacific Place  
88 Queensway  
Hong Kong