

Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of Mirae Asset Securities (HK) Limited, the Certificates, or the Index (as defined below).

**10,000,000 European Style Cash Settled Long Certificates relating to
the MSCI Japan Net Total Return (USD) Index
with a Daily Leverage of 3x**

issued by

Mirae Asset Securities (HK) Limited

(Incorporated in Hong Kong with limited liability)

Issue Price: US\$1.00 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by Mirae Asset Securities (HK) Limited (the “**Issuer**”), and is supplemental to and should be read in conjunction with a base listing document dated 23 March 2023 including such further base listing documents as may be issued from time to time (the “**Base Listing Document**”) for the purpose of giving information with regard to the Issuer and the Certificates. Information relating to the MSCI Japan Net Total Return (USD) Index (the “**Index**”) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, the Republic of Korea and Hong Kong (see “Placing and Sale” contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies.

It is not possible to predict the secondary market for the Certificates. Although the Issuer and/or any of its affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer and/or any of its affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Index, or the securities or derivatives comprised in the Index and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Index, or the securities or derivatives comprised in the Index.

The Certificates are classified as capital markets products other than prescribed capital markets products¹ and Specified Investment Products (SIPs)², and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 14 February 2024.

As of the date hereof, the Issuer's long term credit rating by S&P Global Ratings is BBB-.

The Issuer is registered with the Hong Kong Securities and Futures Commission and licensed corporations (CE No: BJB333) and regulated under the Securities and Futures Ordinance 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) activities.

13 February 2024

¹ As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

² As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer accepts full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to itself and the Certificates. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which it accepts responsibility (subject as set out below in respect of the information contained herein with regard to the Index) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Index as set out herein is extracted from publicly available information. The Issuer accepts responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or its respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer requires persons into whose possession this document comes to inform themselves of and observe all such restrictions. For a description of certain restrictions on offering and sale of the Certificates and distribution of this document, please refer to the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer and/or any of its affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer and/or any of its affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

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RISK FACTORS

The following are risk factors relating to the Certificates:

- (a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer will be unable to satisfy its obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;
- (b) the Certificates constitute general unsecured obligations of the Issuer and of no other person. In particular, it should be noted that the Issuer may issue a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and have no rights under the Certificates against any other person;
- (c) since the Certificates relate to the level of an index, certain events relating to the Index or Index components may cause adverse movements in the value and the level of the Index or Index components, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the level of the Index has fallen sharply;
- (d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the level of the Index and options or futures relating to the Index, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer;
- (e) if, whilst any of the Certificates remain unexercised, trading in the securities or derivatives relating to or constituting the Index is suspended, trading of options or futures relating to the Index on any options or futures exchanges is suspended, or options or futures generally on any options and/or futures exchanges on which options or futures relating to the Index are traded is suspended, or if the Index for whatever reason is not calculated, trading in the Certificates may be suspended for a similar period;
- (f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;
- (g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (h) the Issuer will determine the adjustment to the Cash Settlement Amount necessary to take into account any material change in the method of calculation of the Index;
- (i) certain events relating to the PR Index or the Index or PR Index components or Index components permit the Issuer to make certain determinations in respect of the PR Index or the Index or PR Index components or Index components and thus, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 21 to 24 of this document for more information;

- (j) a level for the Index may be published by the Index Sponsor at a time when one or more securities or derivatives comprised in the Index are not trading. If this occurs on a Valuation Date or an Observation Date, as the case may be, and there is no Market Disruption Event under the terms of the relevant Certificates then the value of such securities or derivatives may not be included in the closing 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) permits the Issuer to determine the level of the Index on the basis of the formula or method last in effect prior to such change of formula;
- (k) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;
- (l) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);
- (m) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and the Rebalancing Cost (as defined below);
- (n) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the securities or derivatives comprised in the Index and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the securities or derivatives comprised in the Index;
- (o) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 3 times the performance of the securities or derivatives comprised in the Index over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (p) investors should note that the Air Bag Mechanism (as defined below) reduces the impact on the Leverage Strategy if the Index falls further, but will also maintain a reduced exposure to the Index in the event the Index starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (q) the Air Bag Mechanism is triggered only when the Index or PR Index is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates;
- (r) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Index, where there is an approximately 33% or greater gap between the previous day closing level and the opening level of the Index the following day, as the Air Bag Mechanism will only be triggered when market opens (including pre-opening session or opening auction, as the case may be) the following day or (ii) a sharp intraday fall in the level of the Index of approximately 33% or greater within the 15 minutes Observation Period compared to the reference level, being (1) if air bag has not been previously triggered on the same day, the previous closing level of the Index, or (2) if one

or more air bag have been previously triggered on the same day, the latest New Observed Level. Investors may refer to pages 39 to 40 of this document for more information;

- (s) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 11 on pages 26 to 27 of this document for more information;
- (t) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;
- (u) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer and any of its subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the components of the Index, or related securities or derivatives. In addition, in connection with the offering of any Certificates, the Issuer and any of its subsidiaries and affiliates may enter into one or more hedging transactions with respect to the components of the Index, or related securities or derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and any of its respective subsidiaries and affiliates, the Issuer and any of its respective subsidiaries and affiliates may enter into transactions in the components of the Index, or related securities or derivatives which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;
- (v) various potential and actual conflicts of interest may arise from the overall activities of the Issuer and/or any of its subsidiaries and affiliates.

The Issuer and any of its subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer and any of its subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the securities or derivatives related to the Index, and/or the Index. Such activities and information may involve or otherwise affect issuers of the securities or derivatives related to the Index and/or the Index in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer and any of its subsidiaries and affiliates have no obligation to disclose such information about the securities or derivatives

related to the Index and/or the Index or such activities. The Issuer and any of its subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(w) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates, (ii) the Certificates can be used as collateral security for various forms of borrowing and (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

(x) the credit rating of the Issuer is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Issuer may affect the market value of the Certificates;

(y) the Certificates are linked to an index and subject to risks broadly similar to those attending any investment in a broadly-based portfolio of assets, the risk that the general level of prices for such assets may decline. The following is a list of some of the significant risks associated with an index:

- Historical performance of the index does not give an indication of future performance of this index. It is impossible to predict whether the value of the index will fall or rise over the term of the Certificates; and
- The level of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities or derivatives comprised in the index or indices may be traded.

The policies of the sponsor of an index with regards to additions, deletions and substitutions of the assets underlying the index and the manner in which the index sponsor takes account of certain changes affecting such assets underlying the index may affect the value of the index. The policies of an index sponsor with respect to the calculation of an index could also affect the value of the index. An index sponsor may discontinue or suspend calculation or dissemination of information relating to its index. Any such actions could affect the value of the Certificates.

In addition, indices may be subject to management fees and other fees as well as charges that are payable to the index sponsor(s) and which can reduce the settlement amount payable to holders of the Certificates. Such fees may be paid to index sponsors that are affiliates of the Issuer;

(z) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;

(aa) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate; and

- (bb) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited (“**CDP**”):
- (i) investors should note that no definitive certificate will be issued in relation to the Certificates;
 - (ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;
 - (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and
 - (iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates” in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

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| Certificates: | 10,000,000 European Style Cash Settled Long Certificates relating to the Index |
| ISIN and SGX Stock Code: | ISIN: HK0000990660 SGX Stock Code: JLJW |
| Index: | MSCI Japan Net Total Return (USD) Index (Bloomberg: .NDDUJN) |
| Reference Level ³ : | 8314.365 |
| Index Sponsor: | MSCI |
| Calculation Agent: | Mirae Asset Securities (HK) Limited |
| PR Index: | MSCI Japan USD Price Return Index (Bloomberg ticker: M3JP Index) |
| Strike Level: | Zero |
| Daily Leverage: | 3x (within the Leverage Strategy as described below) |
| Notional Amount per Certificate: | USD 1.00 |
| Management Fee (p.a.) ⁴ : | 0.30% |
| Gap Premium (p.a.) ⁵ : | 2.00%, is a hedging cost against extreme market movements overnight. |
| Funding Cost ⁶ : | The annualised costs of funding, referencing a publicly published base rate plus spread. |
| Rebalancing Cost ⁶ : | The transaction costs (if applicable), computed as a function of leverage and daily performance of the Index. |

³ These figures are calculated as at, and based on information available to the Issuer on or about 13 February 2024. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 13 February 2024.

⁴ Please note that the Management Fee is calculated on a 365-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to “Fees and Charges” below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.

⁵ Please note that the Gap Premium is calculated on a 365-day basis.

⁶ These costs are embedded within the Leverage Strategy.

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| Launch Date: | 7 February 2024 |
| Closing Date: | 13 February 2024 |
| Expected Listing Date: | 14 February 2024 |
| Last Trading Date: | The date falling 5 Business Days immediately preceding the Expiry Date, currently being 4 February 2027 |
| Expiry Date: | 12 February 2027 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates) |
| Board Lot: | 100 Certificates |
| Valuation Date: | 10 February 2027 or if such day is not an Index Business Day, the immediately preceding Index Business Day. |
| Exercise: | The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates. |
| Cash Settlement Amount: | In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the “Information relating to the European Style Cash Settled Long Certificates” section on pages 31 to 40 of this document for examples and illustrations of the calculation of the Cash Settlement Amount. |

Hedging Fee Factor: In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of $(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 365)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 365))$
Where:

“t” refers to “**Observation Date**” which means each Index Business Day (subject to Market Disruption Event) from (and including) the Index Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Index Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

Please refer to the “Information relating to the European Style Cash Settled Long Certificates” section on pages 31 to 40 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date.

The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 15 to 19 below.

Initial Exchange Rate: 1

Final Exchange Rate: 1

Air Bag Mechanism: The “**Air Bag Mechanism**” refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Index during extreme market conditions. If the PR Index falls by 20% or more (“**Air Bag Trigger Level**”) during the Index Business Day (which represents approximately 60% loss after a 3 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Index falls further, but will also maintain a reduced exposure to the Index in the event the Index starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.

Trading of Certificates is suspended for at least 30 minutes of continuous trading after the Air Bag is triggered. The resumption of

trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.

The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero.

Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 16 to 19 below and the "Description of Air Bag Mechanism" section on pages 37 to 38 of this document for further information of the Air Bag Mechanism.

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| Adjustments and Extraordinary Events: | The Issuer has the right to make adjustments to the terms of the Certificates if certain events including the following take place: if the Index or the PR Index, as the case may be, is calculated and published by a successor to the Index Sponsor, the Index or the PR Index, as the case may be, is replaced or modified or if the Index Sponsor fails to calculate and publish the Index on the Valuation Date (as more specifically set out in the terms and conditions of the Certificates). For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made. |
| Index Currency: | United States Dollar (" USD ") |
| Settlement Currency: | USD |
| Exercise Expenses: | Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates. |
| Relevant Stock Exchange for the Certificates: | The Singapore Exchange Securities Trading Limited (" SGX-ST ") |
| Relevant Stock Exchange for the Index: | Tokyo Stock Exchange (" TSE ") |
| Related Exchange: | Each exchange or quotation system where trading has a material effect (as predetermined by the Calculation Agent) on the overall market for options or futures relating to the Index or the PR Index. |
| Business Day, Settlement Business Day and Index Business Day: | <p>A "Business Day" is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.</p> <p>A "Settlement Business Day" is a Business Day on which the banks are open for business in the United States.</p> <p>An "Index Business Day" is a day on which the value of the Index is published by the Index Sponsor or, as the case may be, the successor Index Sponsor.</p> |
| Warrant Agent: | The Central Depository (Pte) Limited (" CDP ") |

Clearing System: CDP

Fees and Charges: Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.

Further Information: Please refer to the website at dlc.miraeasset.hk for more information on the theoretical closing price of the Certificates on the previous trading day, the closing level of the Index on the previous trading day, the Air Bag Trigger Level for each trading day and the Management Fee and Gap Premium.

In addition, the Conditions have been modified as follows:

1. The first paragraph in Condition 4(c) is deleted and replaced with the following:

“Settlement. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Settlement Business Days (as defined in the relevant Supplemental Listing Document) following the Expiry Date (subject to extension upon the occurrence of a Market Disruption Event (as defined below)) by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.”

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 3 times daily leveraged exposure to the Index.

At the end of each trading day of the Index, the exposure of the Leverage Strategy to the Index is reset within the Leverage Strategy in order to retain a daily leverage of 3 times the performance of the Index (excluding costs) regardless of the performance of the Index on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Index during extreme market conditions, as further described below.

Leverage Strategy Formula

LSL_t means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$$LSL_1 = 1000$$

On each subsequent Observation Date(t):

$$LSL_t = \text{Max}[LSL_{t-1} \times (1 + LR_{t-1,t} - FC_{t-1,t} - RC_{t-1,t}), 0]$$

LR_{t-1,t} means the Leveraged Return of the Index between Observation Date(t-1) and Observation Date(t) closing levels, calculated as follows :

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{NTR_t}{NTR_{t-1}} - 1 \right)$$

FC_{t-1,t} means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :

$$FC_{t-1,t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{t-1} \times \text{ACT}(t - 1, t)}{\text{DayCountBasisRate}}$$

RC_{t-1,t} means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows :

$$RC_{t-1,t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left| \frac{NTR_t}{NTR_{t-1}} - 1 \right| \right) \times \text{TC}$$

TC means the Transaction Costs applicable (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Index by the applicable regulatory authorities from time to time) that are currently equal to :

0.15%

“Stamp Duty” refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Index,

which may be changed by the applicable regulatory authorities from time to time.

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| Leverage | 3 |
| NTR_t | means, in respect of each Observation Date(t), the Closing Level of the Index as of such Observation Date(t), subject to the adjustments and provisions of the Conditions. |
| Rate_t | means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula: $\text{Rate}_t = \text{CashRate}_t + \% \text{SpreadLevel}_t$ |
| CashRate_t | means, in respect of each Observation Date(t), the US SOFR Secured Overnight Financing Rate (SOFR), as published on Bloomberg Screen SOFRRATE Index page or any successor page, being the rate as of such Observation Date (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Bloomberg page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification or cessation in the provision of SOFR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine. |
| %SpreadLevel_t | means the Spread Level applicable in respect of each Observation Date(t) that is equal to: 0.23%, subject to change by the Issuer on giving 10 Business Days' notice to investors via SGXNET. |
| ACT(t-1,t) | ACT (t-1;t) means the number of calendar days between the Index Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded). |
| DayCountBasisRate | 365 |

Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")

Extraordinary Strategy Adjustment for Performance Reasons

If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the **Intraday Restrike Date**, noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Strategy Closing Level on the Intraday Restrike Date (LSL_{IRD}) should be computed as follows :

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)} \times (1 + ILR_{IR(n),IR(C)} - IRC_{IR(n),IR(C)}), 0]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)}, 0]$$

ILSL_{IR(k)}

means, in respect of IR(k), the Intraday Leverage Strategy Level in accordance with the following provisions :

(1) for k = 1 :

$$ILSL_{IR(1)} = \text{Max}[LSL_{IRD-1} \times (1 + ILR_{IR(0),IR(1)} - FC_{IRD-1,IRD} - IRC_{IR(0),IR(1)}), 0]$$

(2) for k > 1 :

$$ILSL_{IR(k)} = \text{Max}[ILSL_{IR(k-1)} \times (1 + ILR_{IR(k-1),IR(k)} - IRC_{IR(k-1),IR(k)}), 0]$$

ILR_{IR(k-1),IR(k)}

means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows :

$$ILR_{IR(k-1),IR(k)} = \text{Leverage} \times \left(\frac{INTR_{IR(k)}}{INTR_{IR(k-1)}} - 1 \right)$$

IRC_{IR(k-1),IR(k)}

means the Intraday Rebalancing Cost of the Leverage Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows:

$$IRC_{IR(k-1),IR(k)} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left| \frac{INTR_{IR(k)}}{INTR_{IR(k-1)}} - 1 \right| \right) \times TC$$

INTR_{IR(k)}

means the Intraday Reference Level in respect of IR(k) computed as follows :

(1) for k=0

$$INTR_{IR(0)} = NTR_{IRD-1}$$

(2) for k=1 to n

$$INTR_{IR(k)} = NTR_{IRD-1} \times \frac{IPR_{IR(k)}}{PR_{IRD-1} - Div_{IRD}}$$

Where Div_{IRD} represents the dividend on the Intraday Restrike Date, computed as follows :

$$Div_{IRD} = PR_{IRD-1} - \frac{NTR_{IRD-1} \times PR_{IRD}}{NTR_{IRD}}$$

(3) with respect to IR(C)

$$INTR_{IR(C)} = NTR_{IRD}$$

IPR_{IR(k)}

means, in respect of IR(k), the lowest level of the PR Index during the respective Intraday Restrike Observation Period, subject to the adjustments and provisions of the Conditions.

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| PR_{IRD} | means, in respect of an Intraday Restrike Date, the Closing Level of the PR Index as of such Intraday Restrike Date, subject to the adjustments and provisions of the Conditions. |
| IR(k) | For k=0, means the scheduled close for the Relevant Stock Exchange for the Index (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date; For k=1 to n, means the k th Intraday Restrike Event on the relevant Intraday Restrike Date. |
| IR(C) | means the scheduled close for the Relevant Stock Exchange for the Index (or any successor thereto) on the relevant Intraday Restrike Date. |
| n | means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date. |
| Intraday Restrike Event | means in respect of an Observation Date(t), the decrease at any Calculation Time of the PR Index level by 20% or more compared with the relevant PR Index Reference Level as of such Calculation Time. |
| PR Index Reference Level | means in respect of an Observation Date(t) : (1) provided no Intraday Restrike Event has previously occurred on such Observation Date(t), the closing level of the PR Index on the immediately preceding Observation Date, subject to the adjustments and provisions of the Conditions; or (2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, IPR_{IR(k)} . |
| Calculation Time | means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level. |
| TimeReferenceOpening | means the scheduled opening time (including pre-opening session or opening auction, as the case may be) for the Relevant Stock Exchange for the Index (or any successor thereto). |
| TimeReferenceClosing | means the scheduled closing time (including closing auction session) for the Relevant Stock Exchange for the Index (or any successor thereto). |
| Intraday Restrike Event Observation Period | means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes of continuous trading after the Intraday Restrike Event Time and (2) the TimeReferenceClosing. Where, during such period, the Calculation Agent determines that (1) the level of the PR Index is not disseminated by the Index Sponsor or, the Index Calculation Agent, as the case may be or (2) the Relevant Stock Exchange for the Index is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the level of the PR Index is calculated and disseminated by the Index Sponsor or, the Index Calculation Agent, as |

the case may be and (2) the Relevant Stock Exchange for the Index is open for continuous trading.

Intraday Restrike Event Time

means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates” in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES

1. Form, Status, Transfer and Title

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 10) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 23 March 2023, made by Mirae Asset Securities (HK) Limited (the “**Issuer**”); and
 - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the “**Certificate Holders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status.* The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise.
- (c) *Transfer.* The Certificates are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title.* Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression “**Certificate Holder**” shall be construed accordingly.

2. Certificate Rights and Exercise Expenses

- (a) *Certificate Rights.* Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (if any) in the manner set out in Condition 4.

The “**Cash Settlement Amount**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The “**Closing Level**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

- (a) *Exercise.* Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by the Closing Level. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

- (c) *Settlement.* In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date (subject to extension upon the occurrence of a Market Disruption Event (as defined below)) by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Index Business Day (as defined below) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Index Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

- (i) that fifth Index Business Day shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Index Business Day but for the Market Disruption Event.

"Market Disruption Event" means the occurrence or existence of any of:-

- (A) the suspension or limitation of the trading of a material number of securities/commodities from time to time comprising the Underlying Reference Index or the PR Index, as the case may be; or
- (B) the suspension or limitation of the trading of securities/commodities (1) on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") or the Relevant Stock Exchange or (2) generally; or
- (C) the suspension or limitation of the trading of (1) options or futures relating to the Underlying Reference Index or the PR Index, as the case may be, on any options or futures exchanges or (2) options or futures generally on any options and/or futures exchanges on which options relating to the Underlying Reference Index or the PR Index, as the case may be, are traded; or
- (D) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount; or

- (E) failure from the Index Sponsor or the Underlying Reference Index Sponsor, as the case may be, to compute, publish and disseminate the level of the Index or the PR Index or the Underlying Reference Index, as the case may be, or material limitation to access the level of the PR Index or Index or the Underlying Reference Index, as the case may be.

For the purposes of this definition, (aa) the limitation on 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 exchange, and (bb) a limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of the movements in price exceeding the levels permitted by any relevant exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the relevant exchange will constitute a Market Disruption Event.

- (d) *CDP not liable.* CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a “**Business Day**” shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore and an “**Index Business Day**” shall be a day on which the Leveraged Index or the Index, as the case may be, is published by the Index Sponsor or, as the case may be, the Successor Index Sponsor (as defined below) and where the Leveraged Index or the Index closes at the normal trading hours.

5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments to the Leveraged Index/Underlying Reference Index/Index/PR Index

- (a) *Successor Sponsor Calculates and Reports Leveraged Index, Underlying Reference Index, Index or PR Index.* If the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, is (i) not calculated and announced by the relevant Index Sponsor but is calculated and published by a successor to the relevant Index Sponsor (the “**Successor Index Sponsor**”) acceptable to the Issuer or (ii) 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 Leveraged

Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, then the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, will be deemed to be the index so calculated and announced by the relevant Successor Index Sponsor or that successor index, as the case may be.

(b) *Modification and Cessation of Calculation of the Leveraged Index/Underlying Reference Index/Index/PR Index.* If:-

- (i) on or prior to the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor makes a material change in the formula for or the method of calculating the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, or in any other way materially modifies the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, (other than a modification prescribed in that formula or method to maintain the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be, in the event of changes in constituent stock, contracts or commodities and other routine events); or
- (ii) on the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and publish the Leveraged Index, the Underlying Reference Index, the Index or the PR Index, as the case may be,

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

- (c) *Notice of Determinations.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any determinations by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

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

8. Meetings of Certificate Holders; Modification

- (a) *Meetings of Certificate Holders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates 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 Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates 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 Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

11. Early Termination

- (a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early by giving notice to the Certificate Holders in accordance with Condition 9 and Condition 11(d).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

“Regulatory Event” means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or any of its affiliates involved in the issue of the Certificates (hereafter the **“Relevant Affiliates”** and each of the Issuer and the Relevant Affiliates, a **“Relevant Entity”**) that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer’s obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer’s obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer’s obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered

into between the Issuer and any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"Change in law" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

- (b) *Early Termination for not being able to find a successor to the Index Sponsor or a successor to the Leveraged Index or the Index, as the case may be.* If (i) the Index Sponsor is not able to calculate and announce the Leveraged Index or the Index, as the case may be, and the Issuer is not able to find an acceptable successor to the Index Sponsor or (ii) the Leveraged Index or the Index, as the case may be, becomes unavailable and the Issuer is not able to find a successor to the Leveraged Index or the Index, the Issuer may at its sole discretion and without obligation terminate the Certificates in accordance with Condition 11(d).
- (c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 11(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.
- (d) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

12. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore.

13. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

14. Contracts (Rights of Third Parties) Act 2001 of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

| | |
|--------------------------------|---|
| Issuer: | Mirae Asset Securities (HK) Limited |
| Index: | MSCI Japan Net Total Return (USD) Index |
| The Certificates: | European Style Cash Settled Long Certificates relating to the Index |
| Number: | 10,000,000 Certificates |
| Form: | The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 23 March 2023 (the “ Master Instrument ”) and executed by the Issuer and a master warrant agent agreement dated 6 December 2022 (the “ Master Warrant Agent Agreement ”) and made between the Issuer and the Warrant Agent. |
| Cash Settlement Amount: | In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level |
| Denominations: | Certificates are represented by a global warrant in respect of all the Certificates. |
| Exercise: | The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates. |
| Exercise and Trading Currency: | USD |
| Board Lot: | 100 Certificates |
| Transfers of Certificates: | Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must |

be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.

Listing: Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 14 February 2024.

Governing Law: The laws of Singapore

Warrant Agent: The Central Depository (Pte) Limited
4 Shenton Way
#02-01 SGX Centre 2
Singapore 068807

Further Issues: Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES

What are European Style Cash Settled Long Certificates?

European style cash settled long certificates (the “**Certificates**”) are structured products relating to the MSCI Japan Net Total Return (USD) Index (the “**Index**”) and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates” for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the level of the Index will increase and are seeking short-term leveraged exposure to the Index.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

- (i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and
- (ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

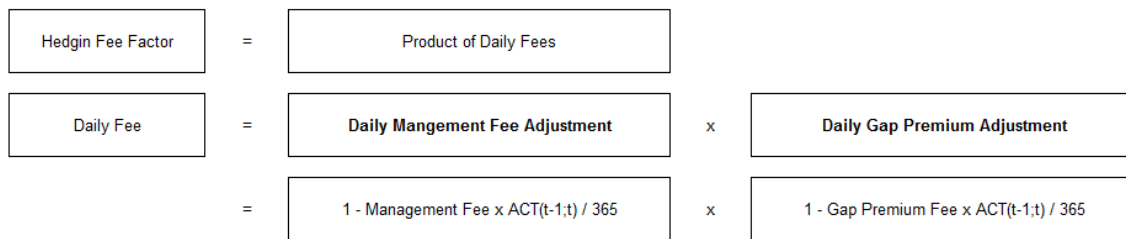


Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates - Strike Level (i.e. zero for all Certificates)
 Leverage Strategy Daily Performance = Leverage Strategy Closing Level on Business Day (t) / Leverage Strategy Closing Level on Business Day (t-1)

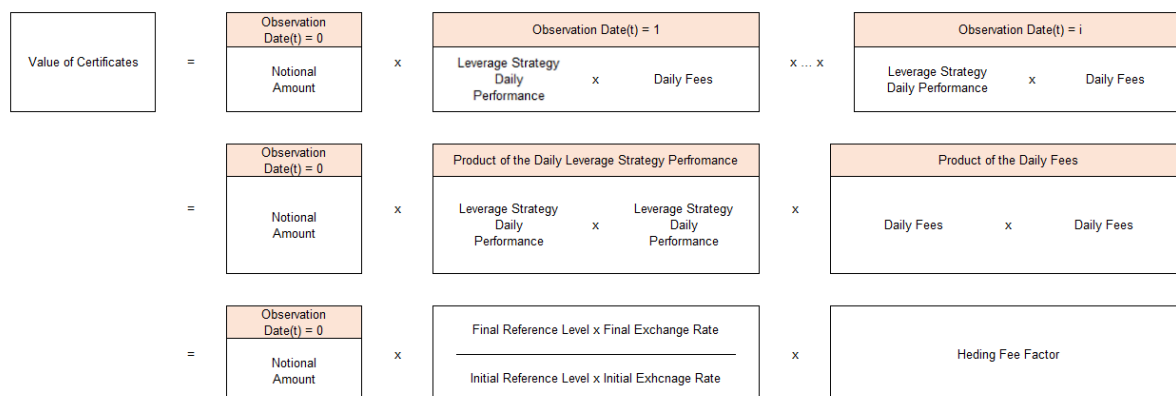


Illustration of the applicable fees and charges for an intraday trading scenario

Investors who trade the Certificate intraday will not bear any Hedging Fee since the Hedging Fee is implemented overnight in the price of the Certificate. Investors will only need to consider bid/ask spread costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

Please note that the example below is purely hypothetical. The purpose is to show how the Certificates work, and we advise that you must not rely on this example as any indication of the actual return or payout. The example also assumes a product which expires 18 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

| | |
|------------------------|---|
| Index: | MSCI Japan Net Total Return (USD) Index |
| Expected Listing Date: | 2023-03-30 |
| Expiry Date: | 2023-04-17 |

| | |
|----------------------------------|----------|
| Initial Reference Level: | 1,000 |
| Initial Exchange Rate: | 1 |
| Final Reference Level: | 1,200 |
| Final Exchange Rate: | 1 |
| Issue Price: | 1.00 USD |
| Notional Amount per Certificate: | 1.00 USD |
| Management Fee (p.a.): | 0.30% |
| Gap Premium (p.a.): | 2.00% |
| Strike Level: | Zero |

Hedging Fee Factor

Hedging Fee Factor on the n^{th} Index Business Day after issuance of Certificate ("HFF (n)") is calculated as follows

$$\text{HFF}(n) = \text{HFF}(n-1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1;t)}{365}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1;t)}{365}\right)$$

Please see below for calculation examples.

$$\text{HFF}(0) = 100\%$$

On Next Calendar Day if it is also an Index Business Day

$$\text{HFF}(1) = \text{HFF}(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1;t)}{365}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1;t)}{365}\right)$$

$$\text{HFF}(1) = 100\% \times \left(1 - 0.30\% \times \frac{1}{365}\right) \times \left(1 - 2.00\% \times \frac{1}{365}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9992\% \times 99.9945\% \approx 99.9937\%$$

If 2nd Index Business Day falls 3 Calendar Days after 1st Index Business Day

$$\text{HFF}(2) = \text{HFF}(1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1;t)}{365}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1;t)}{365}\right)$$

$$\text{HFF}(2) = 99.9937\% \times \left(1 - 0.30\% \times \frac{3}{365}\right) \times \left(1 - 2.00\% \times \frac{3}{365}\right)$$

$$\text{HFF}(2) = 99.9937\% \times 99.9975\% \times 99.9836\% \approx 99.9748\%$$

| Date | HFF | ACT(t-1;t) | Daily Fees |
|-----------|-----------|------------|------------|
| 30/3/2023 | 100.0000% | - | - |
| 31/3/2023 | 99.9937% | 1 | 0.0063013% |
| 3/4/2023 | 99.9748% | 3 | 0.0189025% |
| 6/4/2023 | 99.9559% | 3 | 0.0188989% |
| 11/4/2023 | 99.9244% | 5 | 0.0314918% |
| 12/4/2023 | 99.9181% | 1 | 0.0062966% |
| 13/4/2023 | 99.9118% | 1 | 0.0062962% |
| 14/4/2023 | 99.9055% | 1 | 0.0062958% |
| 17/4/2023 | 99.8866% | 3 | 0.0188858% |

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level

= [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

= [(1200 x 1) / (1000 x 1) – 0] x 99.8866% = 119.86%

Cash Settlement Amount

= Closing Level x Notional Amount per Certificate

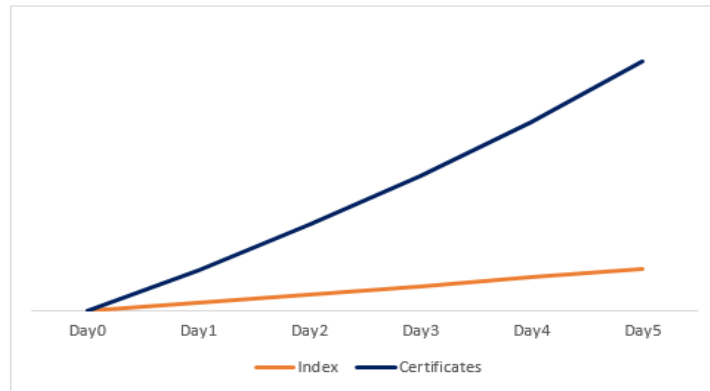
= 119.86% x 1.00 USD = **1.1986 USD**

Illustration on how returns and losses can occur under different scenarios

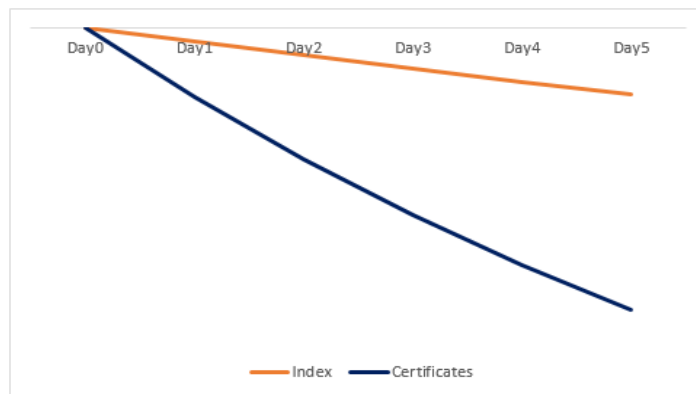
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Index performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates or any other market parameters.

1. Illustrative examples

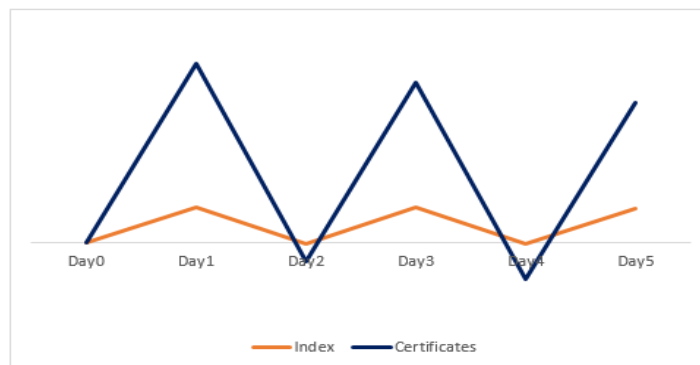
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

| | Index | | | | | |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | 0.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Value at end of trading day (US) | 10000.0 | 10200.0 | 10404.0 | 10612.1 | 10824.3 | 11040.8 |
| Accumulated Return | 0% | 2.0% | 4.0% | 6.1% | 8.2% | 10.4% |

| | Value of the Certificate | | | | | |
|-----------------------------|--------------------------|-------|-------|-------|-------|-------|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | 0.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Value at end of trading day | 1.00 | 1.06 | 1.12 | 1.19 | 1.26 | 1.34 |
| Accumulated Return | 0% | 6.0% | 12.4% | 19.1% | 26.2% | 33.8% |

Scenario 2 – Downward Trend

| | Index | | | | | |
|----------------------------------|---------|--------|--------|--------|--------|--------|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | 0.0% | -2.0% | -2.0% | -2.0% | -2.0% | -2.0% |
| Value at end of trading day (US) | 10000.0 | 9800.0 | 9604.0 | 9411.9 | 9223.7 | 9039.2 |
| Accumulated Return | 0% | -2.0% | -4.0% | -5.9% | -7.8% | -9.6% |

| | Value of the Certificates | | | | | |
|----------------------------------|---------------------------|-------|--------|--------|--------|--------|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | 0.0% | -6.0% | -6.0% | -6.0% | -6.0% | -6.0% |
| Value at end of trading day (US) | 1.00 | 0.94 | 0.88 | 0.83 | 0.78 | 0.73 |
| Accumulated Return | 0% | -6.0% | -11.6% | -16.9% | -21.9% | -26.6% |

Scenario 3 – Volatile Market

| | Index | | | | | |
|----------------------------------|---------|--------|--------|--------|--------|--------|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | 0.0% | -2.0% | 2.0% | -2.0% | 2.0% | -2.0% |
| Value at end of trading day (US) | 10000.0 | 9800.0 | 9996.0 | 9796.1 | 9992.0 | 9792.2 |
| Accumulated Return | 0% | -2.0% | 0.0% | -2.0% | -0.1% | -2.1% |

| | Value of the Certificates | | | | | |
|----------------------------------|---------------------------|-------|-------|-------|-------|-------|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | 0.0% | -6.0% | 6.0% | -6.0% | 6.0% | -6.0% |
| Value at end of trading day (US) | 1.00 | 0.94 | 1.00 | 0.94 | 0.99 | 0.93 |
| Accumulated Return | 0% | -6.0% | -0.4% | -6.3% | -0.7% | -6.7% |

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Index during extreme market conditions.

When the Air Bag triggers, this is followed by a period which is divided into two sub-periods:

- Observation Period: the level of the Index is observed and its minimum level is recorded (i) during 15 minutes of continuous trading after the Air Bag is triggered, or (ii) until Market Close if there is less than 15 minutes of continuous trading until Market Close when the Air Bag Mechanism is triggered; and
- Reset Period: the Leverage Strategy is then reset using the minimum level of the Index during the Observation Period as the New Observed Level. The New Observed Level replaces the last closing level of the Index in order to compute the performance of the Leverage Strategy.

During the Observation Period and Reset Period, trading of Certificates is suspended for a period of at least 30 minutes of continuous trading after the Air Bag is triggered, and such suspension will be based on instructions provided by the Issuer to the SGX-ST for suspension of trading. Investors cannot sell or purchase any Certificates during this period.

For the avoidance of doubt, if the Air Bag Mechanism was triggered more than 60 minutes of continuous trading before Market Close, trading of Certificates will resume the same trading day after the Reset Period has elapsed, subject to the SGX-ST's approval to resume trading. If the Air Bag Mechanism was triggered between 45 minutes and 60 minutes of continuous trading before Market Close, trading of Certificates may or may not resume the same trading day after the Reset Period has elapsed. If the Air Bag Mechanism was triggered with only 45 minutes or less of continuous trading before Market Close, trading of Certificates resumes on the next trading day.

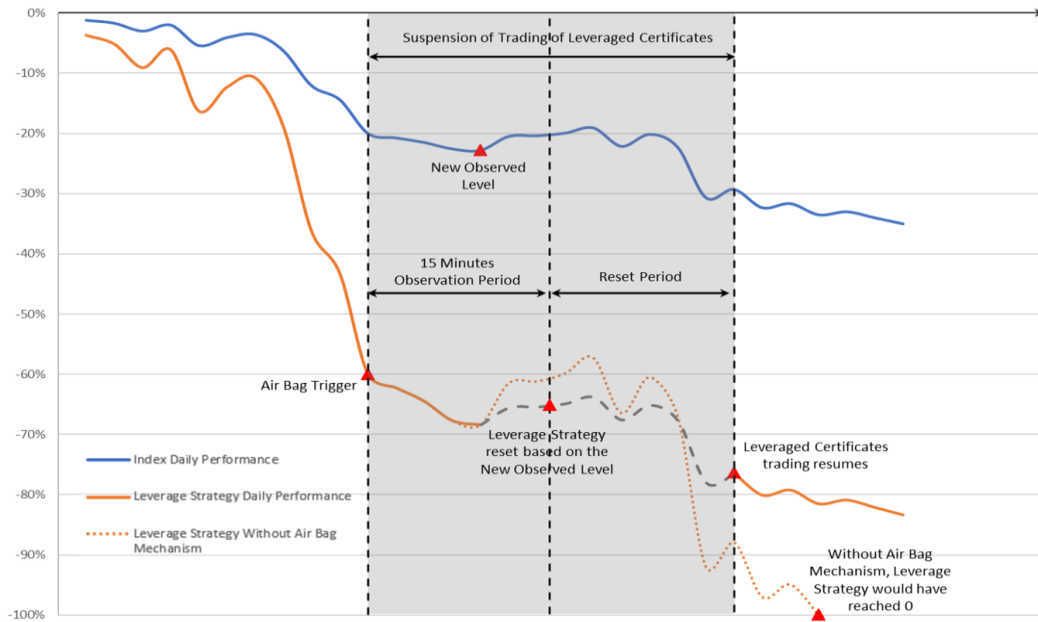
The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour. The Issuer will provide at least 15 minutes' notice of the resumption of trading by making an SGXNET announcement.

With **Market Close** defined as:

- the Index closing time, including the closing auction session, with respect to the Observation Period; and
- the sooner of (i) the Index closing time for continuous trading and (ii) the SGX-ST closing time, with respect to the Resumption of Trading

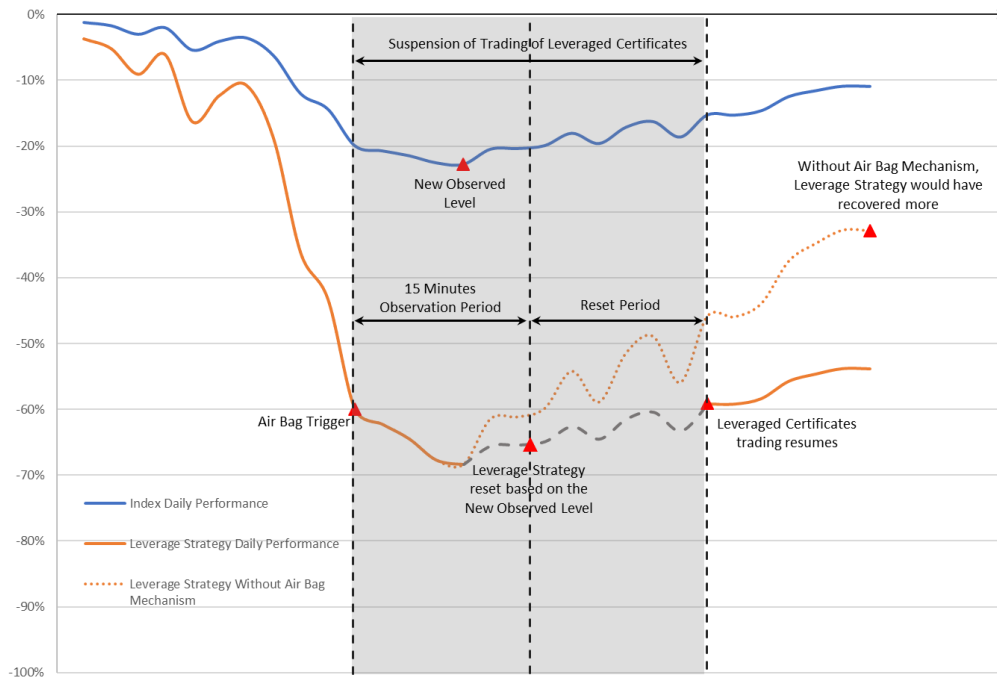
Illustrative examples of the Air Bag Mechanism⁷

Scenario 1 – Downward Trend after Air Bag trigger



^ The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.

Scenario 2 – Upward Trend after Air Bag trigger



^ The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.

⁷ The illustrative examples are not exhaustive.

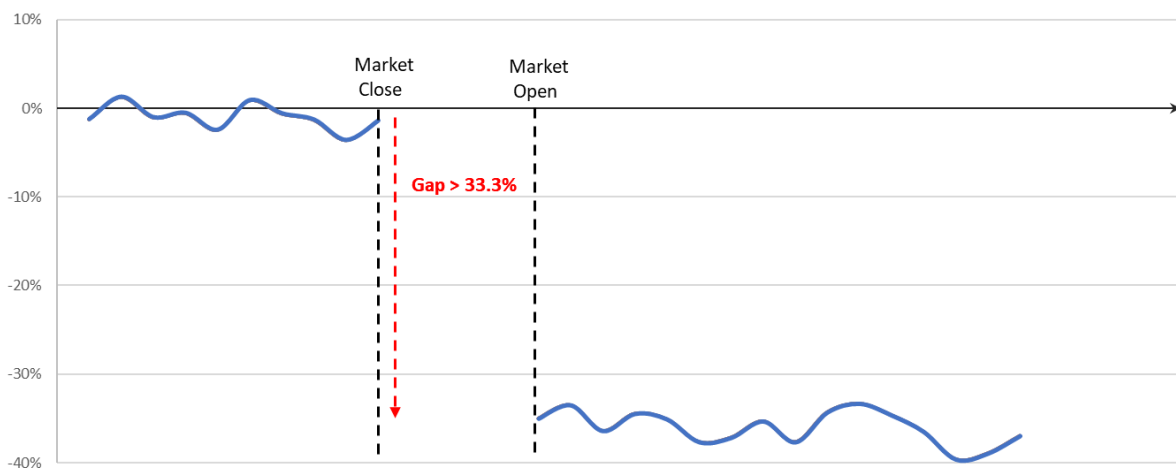
Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

Scenario 1 – Overnight fall of the Index

On any business day, the opening level of the Index may be higher or lower than the closing level on the previous day. The difference between the previous closing level and the opening level of the Index is termed a “gap”. If the opening level of the Index is approximately 33% or more below the previous day closing level, the Air Bag Mechanism would only be triggered when the market opens (including pre-opening session or opening auction, as the case may be) the following day, and the Certificates would lose their entire value in such event.

Index Performance

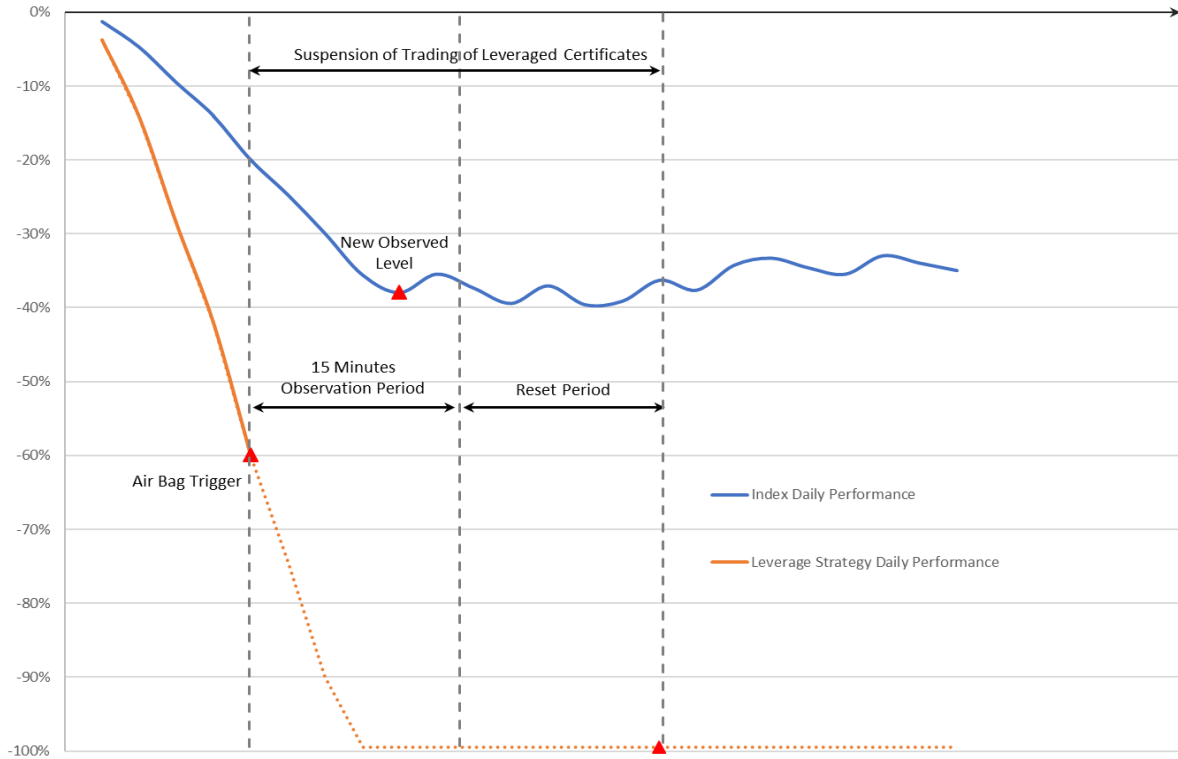


DLC Performance



Scenario 2 – Sharp intraday fall of the Index

Although the Air Bag Mechanism is designed to reduce the exposure to the Index during extreme market conditions, the Certificate can lose 100% of its value in the event the level of the Index falls by approximately 33% or more within the 15 minutes Observation Period compared to the reference level, being: (i) if air bag has not been previously triggered on the same day, the previous closing level of the Index, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Level. The Certificates would lose their entire value in such event.



INFORMATION RELATING TO THE INDEX

All information contained in this document regarding the Index is derived from publicly available information which appears on the web-site of MSCI Inc. at <https://www.msci.com/>. The Issuer has not independently verified any of such information.

Description of the Index

The MSCI Japan Index was created in 1986 and is designed to measure the performance of the large and mid-cap segments of the Japanese market.

With 235 constituents, the index total market capitalization is about US\$3.385T and the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

Disclaimer of the Index Sponsor

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INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Mirae Asset Securities (HK) Limited has been appointed as the designated market maker (“**DMM**”) for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

- (a) Maximum bid and offer spread : (i) when the best bid price of the Certificate is US\$10 and below: 10 ticks or US\$0.20 whichever is greater; and
(ii) when the best bid price of the Certificate is above US\$10: 5% of the best bid price of the Certificate.
- (b) Minimum quantity subject to bid and offer spread : 10,000 Certificates
- (c) Last Trading Day for Market Making : The date falling 5 Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

- (i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;
- (ii) if the Certificates are valueless (where the Issuer’s bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);
- (iii) when trading in the Index is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time;
- (iv) where the Certificates are suspended from trading for any reason including, but without limitation, as a result of trading in the securities or derivatives relating to or constituting the Index being suspended, trading of options or futures relating to the Index or PR Index on all Related Exchanges being suspended, or options or futures generally on all Related Exchanges being suspended, or if the Index for whatever reason is not calculated;
- (v) market disruption events, including, without limitation, (i) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or the Relevant Stock Exchange for the Index or all Related Exchanges on options or futures relating to the Index or the PR Index, or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the securities or derivatives relating to or constituting the Index, options or futures relating to the Index or PR Index on all Related Exchanges or options or futures generally on all Related Exchanges and (ii) any failure from the Index Sponsor to compute, publish and disseminate the level of the Index or the PR Index, or material limitation to access the level of the PR Index or Index;
- (vi) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;

- (vii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;
- (viii) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;
- (ix) if the stock market experiences exceptional price movement and volatility;
- (x) after the PR Index ceases to be calculated and published on a trading day when the Relevant Stock Exchange for the Index is open for dealings but all Related Exchanges on options or futures relating to the Index or the PR Index are not open for dealings;
- (xi) when all Related Exchanges on options or futures relating to the Index or PR Index and the Relevant Stock Exchange for the Index are not open for dealings concurrently;
- (xii) when it is a public holiday in Singapore and the SGX-ST is not open for dealings; and
- (xiii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER

The information set out in Appendix I of this document is a reproduction of the Issuer's audited financial statements for the year ended 31 December 2022.

The information set out in Appendix II of this document relates to the updated information of the Issuer.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 59 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, the Issuer is not involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer in the context of the issuance of the Certificates.
2. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in United States Dollar. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.
3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.
4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2022, in the context of the issuance of Certificates hereunder.
5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and may be material to the issue of the Certificates:
 - (a) the Master Instrument; and
 - (b) the Master Warrant Agent Agreement.

None of the directors of the Issuer has any direct or indirect interest in any of the above contracts.

6. The reports of the Issuer’s Auditor included in this document were not prepared exclusively for incorporation into this document.

The Auditor of the Issuer has no shareholding in the Issuer or any of its subsidiaries, nor does it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or any of its subsidiaries.

7. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.
8. Mirae Asset Securities (Singapore) Pte. Ltd., currently at Six Battery Road, #11-01, Singapore 049909, has been authorised to accept, on behalf of the Issuer, service of process and any other notices required to be served on the Issuer. Any notices required to be served on the Issuer should be sent to Mirae Asset Securities (Singapore) Pte. Ltd. at the above address for the attention of Mirae Asset Securities (HK) Ltd. Legal Department.
9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the office of Mirae Asset Securities (Singapore) Pte. Ltd. at Six Battery Road, #11-01, Singapore 049909, during the period of 14 days from the date of this document:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the latest financial reports (including the notes thereto) of the Issuer;
- (c) the Base Listing Document; and
- (d) this document.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall be deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act 2001 of Singapore.

Republic of Korea

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree that, it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any ordinary investor whose investment tendency is not appropriate for the Certificates in accordance with Subsection 2 of Financial Investment Services and Capital Markets Act of the Republic of Korea.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("SFO")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the

contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

APPENDIX I

REPRODUCTION OF THE ISSUER'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The information set out below is a reproduction of the Issuer's audited financial statements for the year ended 31 December 2022.



Mirae Asset Securities (HK) Limited
未來資產證券(香港)有限公司

31 December 2022

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Directors' Report

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2022.

Principal place of business

Mirae Asset Securities (HK) Limited (the "Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Units 8501, 8507-8508, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

Principal activities

The principal activities of the Company are investment holding and provision of securities brokerage, futures trading and wealth management services to clients. The Company is licensed under the Hong Kong Securities and Futures Ordinance to carry out the following regulated activities:

Type 1 - dealing in securities
Type 2 - dealing in futures contracts
Type 4 - advising on securities
Type 6 - advising on corporate finance
Type 9 - asset management

There were no significant changes in the nature of the Company's principal activities during the year.

Dividend

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2022 (2021: Nil).

Share capital

Details of the movements in share capital of the Company are set out in note 30(a) to the financial statements.

Directors

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

Choi Hyun Man
Rhee Junggho (appointed on 1 January 2023)
Kye Kyoungtae (appointed on 24 March 2023)
Kim Sang Joon (resigned on 23 March 2023)
Choi Bo Sung (resigned on 31 December 2022)
Cho Wanyoun (resigned on 31 December 2022)

Directors (continued)

Directors' interests in transactions, arrangements or contracts

No contract of significance to which the Company, or any of its holding company or fellow subsidiaries or 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.

Other than the share option scheme of the Company, pursuant to which options to purchase ordinary shares in the Company were granted to eligible directors of the Company, at no time during the year was the Company, or any of its holding company or its 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. During the year, no director exercised share options of the Company granted under these schemes.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Rhee Jung-ho

Director

Hong Kong,

28 APR 2023



**Independent auditor's report to the members of
Mirae Asset Securities (HK) Limited**
(Incorporated in Hong Kong with limited liability)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Mirae Asset Securities (HK) Limited (the "Company") set out on pages 7 to 59, which comprise the Company's statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with the applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to these financial statements and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to Practice Note 820 (Revised), *The audit of licensed corporations and associated entities of intermediaries*, issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company 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.

Information other than the 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 financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



**Independent auditor's report to the members of
Mirae Asset Securities (HK) Limited (continued)**
(Incorporated in Hong Kong with limited liability)

Report on the audit of the financial statements (continued)

**Information other than the financial statements and auditor's report thereon
(continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with the applicable HKFRSs issued by the HKICPA that are relevant to these financial statements and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

In addition, the directors are required to ensure that the financial statements are in accordance with the records kept under the Hong Kong Securities and Futures (Keeping of Records) Rules and satisfy the requirements of the Hong Kong Securities and Futures (Accounts and Audit) Rules.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 section 405 of the Hong Kong Companies Ordinance, and to report to you on the other matters set out in the preceding paragraph, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



**Independent auditor's report to the members of
Mirae Asset Securities (HK) Limited (continued)**
(Incorporated in Hong Kong with limited liability)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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 financial statements. In addition, we are required to obtain reasonable assurance about whether the financial statements are in accordance with the records kept under the Hong Kong Securities and Futures (Keeping of Records) Rules and satisfy the requirements of the Hong Kong Securities and Futures (Accounts and Audit) Rules.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**Independent auditor's report to the members of
Mirae Asset Securities (HK) Limited (continued)**
(Incorporated in Hong Kong with limited liability)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with the 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.

Report on matters under the Hong Kong Securities and Futures (Keeping of Records) Rules and Hong Kong Securities and Futures (Accounts and Audit) Rules of the Hong Kong Securities and Futures Ordinance

In our opinion, the financial statements are in accordance with the records kept under the Hong Kong Securities and Futures (Keeping of Records) Rules and satisfy the requirements of the Hong Kong Securities and Futures (Accounts and Audit) Rules.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 APR 2023

Statement of profit or loss and other comprehensive income for the year ended 31 December 2022

(Expressed in Hong Kong dollars)

| | Note | 2022 \$ | 2021 \$ |
|--|------|----------------------|----------------------|
| Revenue | | | |
| Commission income | 5 | 50,513,901 | 113,403,050 |
| Other income | 6 | 213,054,792 | 601,799,077 |
| | | <u>263,568,693</u> | <u>715,202,127</u> |
| Commission expenses | | (4,217,323) | (10,449,100) |
| Staff costs | 7(a) | (86,288,686) | (87,246,210) |
| Other operating expenses | 7(b) | (70,914,779) | (78,226,580) |
| | | <u>(161,420,788)</u> | <u>(175,921,890)</u> |
| Profit before taxation | 7 | 102,147,905 | 539,280,237 |
| Income tax | 9(a) | 15,192,878 | (50,855,774) |
| Profit for the year | | <u>117,340,783</u> | <u>488,424,463</u> |
| Other comprehensive income | | | |
| Items that may be reclassified to profit or loss: | | | |
| Debt instruments at FVOCI - net change in fair value | | (46,511,491) | (15,862,012) |
| Debt instruments at FVOCI - reclassified to profit or loss | | 8,597 | 11,878,608 |
| | | <u>(46,502,894)</u> | <u>(3,983,404)</u> |
| Items that will not be reclassified to profit or loss: | | | |
| Equity instruments at FVOCI – net movement in fair value reserve (non-recycling) | | (68,779,800) | (624,110,018) |
| Other comprehensive income for the year | | <u>(115,282,694)</u> | <u>(628,093,422)</u> |
| Total comprehensive income for the year | | <u>2,058,089</u> | <u>(139,668,959)</u> |

The notes on pages 15 to 59 form part of these financial statements.

Statement of financial position at 31 December 2022

(Expressed in Hong Kong dollars)

| | Note | 2022 \$ | 2021 \$ |
|---|-------|-----------------------|-----------------------|
| Non-current assets | | | |
| Property and equipment | 10(a) | 3,864,077 | 4,782,160 |
| Right-of-use assets | 10(b) | 16,661,520 | 27,673,650 |
| Intangible assets | 11 | 4,028,800 | 4,028,800 |
| Deferred tax asset | 24(b) | 922,726 | 881,970 |
| Investments in subsidiaries | 12 | 6,188,842,420 | 6,188,842,420 |
| Statutory deposits | 13 | 45,236,306 | 47,280,849 |
| Financial assets measured at amortised cost | 15 | - | 236,199,787 |
| | | <u>6,259,555,849</u> | <u>6,509,689,636</u> |
| Current assets | | | |
| Financial assets at fair value through profit or loss | 14 | 6,526,697,984 | 7,146,785,211 |
| Financial assets measured at amortised cost | 15 | 37,162,236 | 37,772,970 |
| Financial assets at fair value through other comprehensive income | 16 | 819,300,724 | 412,384,819 |
| Account receivables | 17 | 2,315,832,189 | 1,284,235,455 |
| Prepayment, deposits and other receivables | 18 | 36,549,071 | 92,962,304 |
| Amount due from immediate holding company | 19,29 | 1,994,195 | 57,084 |
| Amount due from fellow subsidiaries | 19,29 | 2,811,104 | 2,130,376 |
| Amount due from subsidiaries | 19,29 | 51,098,186 | 9,403,697 |
| Cash and balances with banks | 20 | 2,448,066,180 | 3,885,356,350 |
| Loan to subsidiaries | 27 | 116,250,000 | 775,000,000 |
| Tax recoverable | 24(a) | 43,629,167 | - |
| | | <u>12,399,391,036</u> | <u>13,646,088,266</u> |

Statement of financial position at 31 December 2022 (continued)

(Expressed in Hong Kong dollars)

| | Note | 2022 \$ | 2021 \$ |
|--|-------|-----------------------|-----------------------|
| Current liabilities | | | |
| Financial liabilities at fair value through profit or loss | 14 | 283,522,310 | 6,529,411 |
| Bank loans | 28 | - | 155,000,000 |
| Account payables | 21 | 1,320,469,095 | 968,739,107 |
| Other payables and accruals | 22(a) | 54,201,804 | 76,221,417 |
| Lease liabilities | 22(b) | 12,107,432 | 12,020,865 |
| Amount due to immediate holding company | 19,29 | 147,569,862 | 110,315 |
| Amount due to fellow subsidiaries | 19,29 | 1,162,500 | 2,483,539 |
| Amount due to subsidiaries | 19,29 | 45,662 | 845,759 |
| Tax payable | 24(a) | - | 147,478,341 |
| | | <u>1,819,078,665</u> | <u>1,369,428,754</u> |
| Net current assets | | <u>10,580,312,371</u> | <u>12,276,659,512</u> |
| Total assets less current liabilities | | <u>16,839,868,220</u> | <u>18,786,349,148</u> |
| Non-current liabilities | | | |
| Lease liabilities | 22(b) | <u>4,746,862</u> | <u>15,785,879</u> |
| NET ASSETS | | <u>16,835,121,358</u> | <u>18,770,563,269</u> |

Statement of changes in equity for the year ended 31 December 2022 (Expressed in Hong Kong dollars)

| | Note | Share capital \$ | Fair value reserve \$ | Share option reserve \$ | Amalgamation reserve \$ | Retained profits \$ | Total \$ |
|---|-----------------|---------------------|--------------------------|----------------------------|----------------------------|------------------------|-----------------|
| At 1 January 2021 | | 14,582,950,000 | (212,420,179) | 35,658,000 | 2,319,892,761 | 2,184,151,646 | 18,910,232,228 |
| Profit for the year | | - | - | - | - | 488,424,463 | 488,424,463 |
| Disposal of equity instruments at FVOCI | | - | (46,297,248) | - | - | 46,297,248 | - |
| Other comprehensive income | | - | (628,093,422) | - | - | - | (628,093,422) |
| Total comprehensive income for the year | | - | (674,390,670) | - | - | 534,721,711 | (139,668,959) |
| At 31 December 2021 and 1 January 2022 | | 14,582,950,000 | (886,810,849) | 35,658,000 | 2,319,892,761 | 2,718,873,357 | 18,770,563,269 |
| Share Capital Reduction | (1,937,500,000) | - | - | - | - | - | (1,937,500,000) |
| Profit for the year | | - | - | - | - | 117,340,783 | 117,340,783 |
| Other comprehensive income | | - | (115,282,694) | - | - | - | (115,282,694) |
| Total comprehensive income for the year | | (1,937,500,000) | (115,282,694) | - | - | 117,340,783 | (1,935,441,911) |
| At 31 December 2022 | | 12,645,450,000 | (1,002,093,543) | 35,658,000 | 2,319,892,761 | 2,836,214,140 | 16,835,121,358 |

The notes on pages 15 to 59 form part of these financial statements.

Cash flow statement for the year ended 31 December 2022

(Expressed in Hong Kong dollars)

| | Note | 2022 \$ | 2021 \$ |
|---|-------|-------------------|--------------------|
| Cash flows from operating activities | | | |
| Profit before taxation | | 102,147,905 | 539,280,237 |
| Adjustments for: | | | |
| Depreciation of property and equipment | 10(a) | 2,149,681 | 4,345,319 |
| Depreciation of right-of-use assets | 10(b) | 12,788,132 | 13,577,177 |
| Loss allowance on financial assets | 7(b) | (570,903) | (1,154,877) |
| Loss on fixed assets written off | | 16,227 | - |
| Interest expenses on lease liabilities | 7(b) | 361,458 | 471,694 |
| Interest expenses on bank loans | 7(b) | 924,822 | 6,397,339 |
| Gain on derecognition of lease | | (4,313) | (245,244) |
| Net exchange loss | 6 | 39,583,626 | 63,564,437 |
| Dividend income | 6 | (93,611,182) | (97,859,940) |
| Interest income | 6 | (225,432,634) | (213,490,011) |
| Net loss on sale of investment securities measured at FVOCI | 6 | 10,850 | 16,755,314 |
| Net loss/(gain) on financial assets at FVPL | 6 | 117,011,154 | (326,561,801) |
| Operating cash flows before changes in working capital | | (44,625,177) | 5,079,690 |
| Decrease/(increase) in statutory deposits | | 2,044,543 | (17,904,683) |
| (Increase)/decrease in account receivables | | (1,031,596,734) | 435,084,161 |
| Decrease in prepayment, deposits and other receivables | | 56,984,136 | 47,296,304 |
| Increase in amount due from immediate holding company | | (1,937,111) | (42) |
| (Increase)/decrease in amount due from fellow subsidiaries | | (680,728) | 1,824,513 |
| Increase in amount due from subsidiaries | | (41,694,489) | (17,947,144) |
| Decrease/(increase) in loan to a subsidiary | | 658,750,000 | (542,500,000) |
| Increase/(decrease) in account payables | | 351,729,988 | (27,350,833) |
| Decrease in other payables and accruals | | (22,523,285) | (55,812,023) |
| Increase in amount due to immediate holding company | | 147,459,547 | 101,228 |
| (Decrease)/increase in amount due to subsidiaries | | (800,097) | 845,759 |
| Decrease in amount due to fellow subsidiaries | | (1,321,039) | (31,464,117) |
| Operating cash flows after changes in working capital | | 71,789,554 | (202,747,233) |
| Net tax paid | | (175,451,714) | (3,352,972) |
| Interest received | | 184,899,095 | 202,624,511 |
| Net cash generated from/(used in) operating activities | | <u>81,236,935</u> | <u>(3,475,694)</u> |

Cash flow statement
for the year ended 31 December 2022 (continued)
(Expressed in Hong Kong dollars)

| | Note | 2022 \$ | 2021 \$ |
|--|---------|------------------------|----------------------|
| Cash flows from investing activities | | | |
| Purchase of property and equipment | 10(a) | (1,247,825) | (3,466,183) |
| Dividend received | | 18,569,645 | 56,117,418 |
| Net investments in subsidiaries | | - | (352,080,453) |
| Purchase of financial assets and liabilities at FVPL | | (8,678,424,483) | (13,376,446,393) |
| Proceeds from sale or maturity of financial assets and liabilities at FVPL | | 9,535,108,075 | 12,761,726,481 |
| Purchase of financial assets at FVOCI | | (530,875,000) | (1,845,009,789) |
| Proceeds from sale or maturity of financial assets at FVOCI | | 7,750,000 | 2,308,069,804 |
| Proceeds from sale or maturity of financial assets measured at AC | | 236,810,521 | 182,898,798 |
| | | | - |
| Net payments for fixed deposits with maturity over three months | | (52,125,443) | (135,237,382) |
| Net cash generated from/(used in) investing activities | | <u>535,565,490</u> | <u>(403,427,699)</u> |
| Cash flows from financing activities | | | |
| Payment for reduction of shares | 20 | (1,937,500,000) | - |
| Proceeds from bank loans | 20 | - | 155,000,000 |
| Repayment of bank loans | 20 | (155,000,000) | (465,000,000) |
| Principal elements of lease payments | 20 | (12,724,139) | (13,691,105) |
| Interest paid on bank loans | 20 | (632,440) | (6,741,050) |
| Interest paid on lease payments | 7(b)/20 | (361,458) | (471,694) |
| Net cash used in financing activities | | <u>(2,106,218,037)</u> | <u>(330,903,849)</u> |
| Net decrease in cash and cash equivalents | | (1,489,415,612) | (737,807,242) |
| Cash and cash equivalents at 1 January | | <u>3,722,435,463</u> | <u>4,460,242,705</u> |
| Cash and cash equivalents at 31 December | | <u>2,233,019,851</u> | <u>3,722,435,463</u> |

Cash flow statement
for the year ended 31 December 2022 (continued)

(Expressed in Hong Kong dollars)

| | Note | 2022 \$ | 2021 \$ |
|---|------|-----------------------------|-----------------------------|
| Analysis of balances of cash and cash equivalents | | | |
| Cash and balances with banks | 20 | 2,448,066,180 | 3,885,356,350 |
| Less: fixed deposits (with original maturity over 3 months) | | <u>(215,046,329)</u> | <u>(162,920,887)</u> |
| Cash and cash equivalents at 31 December | | <u><u>2,233,019,851</u></u> | <u><u>3,722,435,463</u></u> |

The notes on pages 15 to 59 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 General information

Mirae Asset Securities (HK) Limited (the "Company") is a company incorporated in Hong Kong with limited liability. The registered office and principal place of business of the Company is located at Units 8501, 8507-8508, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The principal activities of the Company are investment holding and provision of securities brokerage, futures trading and wealth management services to clients. The Company is licensed under the Hong Kong Securities and Futures Ordinance to carry out the following regulated activities:

Type 1 - dealing in securities
Type 2 - dealing in futures contracts
Type 4 - advising on securities
Type 6 - advising on corporate finance
Type 9 - asset management

The Company is a wholly-owned subsidiary of Mirae Asset Securities Co., Ltd., a company incorporated under the Commercial Code of the Republic of Korea and listed in Korea Stock Exchange.

2 Significant accounting policies

(a) Statement of compliance

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance (Cap. 622), these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Report Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance (Cap. 622) that are relevant to the preparation of company level financial statements by an intermediate parent company.

As the Company is a holding company that is a wholly-owned subsidiary of another corporate body, it satisfies the exemption criteria set out in section 379(3)(a) of the Hong Kong Companies Ordinance (Cap. 622), and is therefore not required to prepare consolidated financial statements.

2 Significant accounting policies (continued)

(b) Basis of preparation of the financial statements

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10, *Consolidated financial statements* ("HKFRS 10"), so far as the preparation of consolidated financial statements of a holding company is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the group of which the Company is the parent. Furthermore, as these financial statements are prepared in respect of the Company only, certain sections of HKFRS 12, *Disclosure of interests in other entities*, do not apply to the financial statements.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income stated at their fair value as explained in the accounting policies set out in note 2(d) and 2(e).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

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 note 4.

A summary of the significant accounting policies adopted by the Company is set out below.

(c) Investments in subsidiaries

Subsidiaries are entities controlled by the Company. The Company 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 Company has power, only substantive rights (held by the group and other parties) are considered.

In the statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2 Significant accounting policies (continued)

(d) Investments in debts and equity securities

Investments are recognised/derecognised on the date the Company commits to purchase/sell the investments or they expire. Investments in debt and equity securities are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Company determines fair value of financial instruments, see note 32(e). These investments are subsequently accounted for as follows, depending on their classification:

(i) Investments other than equity investments

Non-equity investments held by the Company are classified as fair value through profit or loss (FVPL) when the contractual cash flows of the investment do not represent solely payments of principal and interest. Changes in the fair value of the investment (including interest) are recognised in profit or loss.

If the contractual cash flows of the non-equity investments held by the Company represent solely payments of principal and interest, the investment would be classified as amortised cost if the Company does not invest in such instruments other than principally to collect those contractual cash flows. Interest income from investments carried at amortised cost is calculated using the effective interest method (see note 2(o)). A loss allowance on investments carried at amortised cost would be recognised with reference to credit losses expected to arise on the instrument, discounted where the effect would be material, and taking into account whether the credit risk of the instrument had increased significantly since initial recognition.

If the contractual cash flows of the non-equity investments held by the Company represent solely payments of principal and interest, the investment would be classified as fair value through other comprehensive income (FVOCI) if the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Interest income from investments carried at amortised cost is calculated using the effective interest method (see note 2(o)). A loss allowance on investments carried at amortised cost would be recognised with reference to credit losses expected to arise on the instrument, discounted where the effect would be material, and taking into account whether the credit risk of the instrument had increased significantly since initial recognition.

(ii) Equity or fund investments

An investment in equity securities or fund investments is classified as FVPL unless the investment is an equity investment, is not held for trading purposes and on initial recognition of the investment the Company makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss.

2 Significant accounting policies (continued)

Dividends from an investment in equity securities or fund investments, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(o).

(e) *Derivatives financial instruments*

Derivatives 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 or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(f) *Properties and equipment*

Properties and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off their cost, less their estimated residual value, if any, over their estimated useful lives on a straight-line basis at the following annual rates:

| | |
|--------------------------|-----|
| - Office equipment | 25% |
| - Furniture and fixtures | 25% |

Both the useful life of an asset and its residual value, if any, are reviewed annually.

The carrying amounts of properties and equipment are reviewed for indications of impairment at the end of each reporting period. 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. The recoverable amount of an asset, or of the cash generating unit to which it belongs, 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. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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.

(g) *Leased assets*

At inception of a contract, the Company 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.

Where the contract contains lease component(s) and non-lease component(s), the Company 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.

2 Significant accounting policies (continued)

At the lease commencement date, the Company 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 which, for the Company, are primarily laptops and office furniture. When the Company enters into a lease in respect of a low-value asset, the Company 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.

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, except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value;
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

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 Company'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 Company 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.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 *Leases*. The Company adopted the practical expedient set out in paragraph 46A of HKFRS 16 for the change in consideration as if it were not a lease modification. The Company did not receive any rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19.

In the statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period. The Company presents right-of-use assets and lease liabilities separately.

2 Significant accounting policies (continued)

(h) Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses.

Subsequent expenditure on an intangible asset after its purchase or its completion is recognised as an expense when it is incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. If these conditions are met, the subsequent expenditure is added to the cost of the intangible asset.

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. 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.

(i) Accounts receivables

A receivable is recognised when the Company 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 Company 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 is measured at an amount equal to lifetime expected credit losses (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 Company'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 Company recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of trade and other receivables through a loss allowance account.

The gross carrying amount of a trade debtor or other receivable 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 Company 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.

2 Significant accounting policies (continued)

(j) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and on 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 Company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted to use.

(k) Accounts payables and other payables

Accounts and other payables are initially recognised at fair value. Accounts payables and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Employee benefits

- (i) 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) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as an expense in the statement of profit or loss as incurred.

(m) 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 differences which arise on initial recognition of assets and liabilities, 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.

2 Significant accounting policies (continued)

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.

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when 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 expenditures 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.

(o) Revenue and other income

Income is classified by the Company as revenue when it arises from the provision of services or the use by others of the Company's assets under leases in the ordinary course of the Company's business.

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 Company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. Where the contract contains a variable consideration, the Company estimates the amount of consideration which it will be entitled in exchange for transferring the promised goods or services to a customer and includes in the transaction price some or all of the variable consideration estimated, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Company, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Company 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.

2 Significant accounting policies (continued)

Further details of the Company's revenue and other income recognition policies are as follows:

- Commission and brokerage income is recognised on a trade date basis when the sale or purchase of securities are executed. Other commission income is recognised as the related services are performed.
- Placement and underwriting commission is recognised when the Company has fulfilled its obligations under the underwriting contract.
- 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.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend. Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Advisory fee income and other income are recognised as the related services are performed.

(p) *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 and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value 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.

(q) *Trust activities*

The Company commonly acts as fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts and other institutions. These assets and income arising thereon are excluded from these financial statements, as the Company does not control the assets.

(r) *Share-based compensation*

The Company operates an equity-settled, share-based compensation plan for the purpose of providing incentives and rewards to eligible participants including certain employees (including directors) of the Company.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of profit or loss over the vesting period, with a corresponding increase in equity as a contribution from the Company. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to become vested. The impact of the revision of original estimates is recognised in profit or loss and a corresponding adjustment is made to the contribution from the Company over the remaining vesting period.

2 Significant accounting policies (continued)

(s) Related parties

- (a) A person, or a close member of that person's family, is related to the Company if that person:
- (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or the Company's parent.
- (b) An entity is related to the Company if any of the following conditions applies:
- (i) The entity and the Company 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 Company or an entity related to the Company.
 - (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 Company or to the Company'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.

(t) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Company is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. The Company considers changes in the risk of default of the specified debtor since the issuance of the guarantee and ECL is measured as described in note 2(i).

2 Significant accounting policies (continued)

(u) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following non-financial assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property and equipment;
- intangible assets;
- investments in subsidiaries; and
- deposits and prepayments.

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 to sell 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 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 whenever 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 to sell, 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 impairment losses 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 Changes in accounting policies

The Company has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts - cost of fulfilling a contract*

The Company 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 HKFRSs are discussed below:

Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Company does not sell items produced before an item of property, plant and equipment is available for use.

Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts - cost of fulfilling a contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendments do not have a material impact on these financial statements as no onerous contracts are identified for the Company.

4 Accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

4 Accounting judgements and estimates (continued)

Sources of estimation uncertainty

Note 32 contains information about the assumptions and their risk factors relating to valuation of financial instruments. Other key sources of estimation uncertainty are as follows:

Impairment of investments in subsidiaries

Investments in subsidiaries are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of the investment's fair value less costs to sell and value in use. The value-in-use calculation requires the Company to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value. In making such estimate, the Company would consider factors such as performance, expected future cash flows and other financial information regarding the investees. In 2022, no impairment of investments in subsidiaries was made (2021: Nil). Further details are included in note 12.

5 Revenue

Revenue represents the commission income from broking and dealing in securities and futures.

6 Other income

| | 2022 \$ | 2021 \$ |
|--|--------------------|--------------------|
| Dividend income | 93,611,182 | 97,859,940 |
| Interest income from bank | 49,406,074 | 9,965,053 |
| Interest income from financial assets at fair value through profit or loss | 129,901,176 | 147,162,997 |
| Interest income from financial assets at fair value through other comprehensive income | 14,719,757 | 6,810,809 |
| Interest income from financial assets measured at amortised cost | 12,375,001 | 19,543,035 |
| Interest income from loans to subsidiaries | 11,413,597 | 24,806,027 |
| Other interest income | 7,617,029 | 5,202,090 |
| Research service fee income | 2,336,483 | 14,112,880 |
| Net (loss)/gain on financial assets at fair value through profit or loss | (117,011,154) | 326,561,801 |
| Net loss on financial assets at fair value through other comprehensive income | (10,850) | (16,755,314) |
| Net exchange loss | (39,583,626) | (63,564,437) |
| Investment banking income | 8,612,882 | 8,527,960 |
| Arrangement fee income | 362,438 | 380,119 |
| Commitment fee income | - | - |
| Underwriting fee income | 4,937,056 | 1,121,059 |
| Other income | 34,367,747 | 20,065,058 |
| | <u>213,054,792</u> | <u>601,799,077</u> |

7 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

| | 2022 \$ | 2021 \$ |
|--|-------------------|-------------------|
| (a) Staff costs | | |
| Salaries, bonuses and other benefits | 85,128,232 | 86,145,965 |
| Contributions to defined contribution plan | 1,160,454 | 1,100,245 |
| | <u>86,288,686</u> | <u>87,246,210</u> |
| (b) Other operating expenses | | |
| Auditor's remuneration | 1,360,800 | 1,296,000 |
| Depreciation on properties and equipment (Note 10(a)) | 2,149,681 | 4,345,319 |
| Depreciation on Right-of-use assets (note 10(b)) | 12,788,132 | 13,577,177 |
| Interest on lease liabilities | 361,458 | 471,694 |
| Interest on bank loans | 924,822 | 6,397,339 |
| Legal and professional fee | 4,354,827 | 8,511,883 |
| Release of impairment losses | (570,903) | (1,154,877) |
| Overseas withholding taxes | 8,220,663 | - |

8 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:

| | 2022 \$ | 2021 \$ |
|---|------------------|------------------|
| Salaries, allowances and benefits in kind | 7,005,657 | 3,955,421 |
| Discretionary bonuses | 2,471,150 | 2,688,400 |
| Retirement scheme contributions | 37,500 | 36,000 |
| | <u>9,514,307</u> | <u>6,679,821</u> |

During the year, there were no loans to directors and officers which are required to be disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefit of Directors) Regulation.

Options to acquire shares in the Company are granted by the Company to one of the Company's directors. Further details on the share option scheme are disclosed in Note 23.

9 Income tax in the statement of profit or loss and other comprehensive income

(a) Taxation (released)/charged to profit or loss:

| | 2022 \$ | 2021 \$ |
|--|---------------------|-------------------|
| Current tax-Hong Kong Profits Tax | | |
| Provision for the year | 10,490,453 | 39,829,634 |
| Over-provision in respect of prior years | (25,642,575) | (13,156,968) |
| | <u>(15,152,122)</u> | <u>26,672,666</u> |
| Deferred tax | | |
| Deferred tax (note 24) | (40,756) | (27,953) |
| | <u>(15,192,878)</u> | <u>26,644,713</u> |
| Overseas withholding taxes | - | 24,211,061 |
| | <u>(15,192,878)</u> | <u>50,855,774</u> |

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rate regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "Ordinance"). Under the two-tiered profits tax rate regime, the first HK\$2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The Ordinance is effective from the year of assessment 2018/19.

Accordingly, the provision for Hong Kong Profits Tax for the year ended 31 December 2022 is calculated in accordance with the two-tiered profits tax rate regime (2021: the two-tiered profits tax rate regime).

(b) Reconciliation between tax expense charged to profit or loss and accounting profit at applicable tax rates:

| | 2022 \$ | 2021 \$ |
|---|---------------------|--------------------|
| Profit before taxation | <u>102,147,905</u> | <u>539,280,237</u> |
| Notional tax on profit before taxation (note (i)) | 16,689,404 | 84,821,414 |
| Tax effect of non-taxable income | (16,067,508) | (63,625,518) |
| Tax effect of non-deductible expenses | 10,092,908 | 19,111,911 |
| Over-provision in respect of prior years | (25,642,575) | (13,156,968) |
| Statutory tax concession (note (ii)) | (6,000) | (10,000) |
| Others | (259,107) | (496,126) |
| Actual tax expense charged to profit or loss | <u>(15,192,878)</u> | <u>26,644,713</u> |

Note (i): For the year ended 31 December 2022, the notional tax is calculated in accordance with the two-tiered profits tax rate regime under which tax on the first HK\$2 million of profits is calculated at 8.25% and tax on the remaining profits is calculated at 16.5% (2021: the two-tiered profits tax rate regime under which tax on the first HK\$2 million of profits is calculated at 8.25% and tax on the remaining profits is calculated at 16.5%).

9 Income tax in the statement of profit or loss and other comprehensive income (continued)

Note (ii): The provision for Hong Kong Profits Tax for 2022 has also taken into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2022/23. The Company is eligible for the maximum reduction of \$6,000 (2021: a maximum reduction of \$10,000 was granted for the year of assessment 2021/22 and was taken into account in calculating the provision for 2021).

10 Property and equipment and right-of-use assets

(a) Property and equipment:

| | <i>Office equipment</i> \$ | <i>Furniture and fixtures</i> \$ | <i>Total</i> \$ |
|---|-----------------------------------|---|--------------------|
| Cost: | | | |
| At 1 January 2021 | 16,157,562 | 8,799,320 | 24,956,882 |
| Additions | 3,412,183 | 54,000 | 3,466,183 |
| Written off | (7,580,255) | - | (7,580,255) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2021 and 1 January 2022 | 11,989,490 | 8,853,320 | 20,842,810 |
| Additions | 1,247,825 | - | 1,247,825 |
| Written off | (235,985) | - | (235,985) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2022 | <u>13,001,330</u> | <u>8,853,320</u> | <u>21,854,650</u> |
| Depreciation: | | | |
| At 1 January 2021 | 12,902,962 | 6,392,624 | 19,295,586 |
| Charge for the year | 1,932,078 | 2,413,241 | 4,345,319 |
| Written off | (7,580,255) | - | (7,580,255) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2021 and 1 January 2022 | 7,254,785 | 8,805,865 | 16,060,650 |
| Charge for the year | 2,130,045 | 19,636 | 2,149,681 |
| Written off | (219,758) | - | (219,758) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2022 | <u>9,165,072</u> | <u>8,825,501</u> | <u>17,990,573</u> |
| Carrying amount: | | | |
| At 31 December 2022 | <u>3,836,258</u> | <u>27,819</u> | <u>3,864,077</u> |
| At 31 December 2021 | <u>4,734,705</u> | <u>47,455</u> | <u>4,782,160</u> |

10 Property and equipment and right-of-use assets (continued)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

| | 2022 \$ | 2021 \$ |
|--|-------------------|-------------------|
| Other properties leased for own use, carried at depreciated cost | <u>16,661,520</u> | <u>27,673,650</u> |

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

| | 2022 \$ | 2021 \$ |
|--|-------------------|-------------------|
| Depreciation charge of right-of-use assets | <u>12,788,132</u> | <u>13,577,177</u> |

During the year, additions and derecognition of right-of-use assets were \$1,887,692 (2021: \$34,663,495) and \$111,690 (2021: \$6,901,506) respectively.

The Company has obtained the right-of-use of other properties as its Hong Kong office and staff accommodation through tenancy agreements. The leases typically run for an initial period of 2 to 3 years. Lease payments are usually increased every 3 years to reflect market rentals.

The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company is not reasonably certain to exercise the extension options at lease commencement date, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

During 2021 and 2022, the Company did not receive any rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19.

11 Intangible assets

| | <i>Club debentures</i> \$ | <i>Trading rights</i> \$ | <i>Total</i> \$ |
|---|----------------------------------|-----------------------------|--------------------|
| Cost: | | | |
| At 1 January 2022 and 31 December 2022 | 4,430,000 | 1,020,000 | 5,450,000 |
| Accumulated impairment loss: | | | |
| At 1 January 2022 and 31 December 2022 | 1,421,200 | - | 1,421,200 |
| Net book value: | | | |
| At 31 December 2022 | 3,008,800 | 1,020,000 | 4,028,800 |
| Cost: | | | |
| At 1 January 2021 and 31 December 2021 | 4,430,000 | 1,020,000 | 5,450,000 |
| Accumulated impairment loss: | | | |
| At 1 January 2021 and 31 December 2021 | 1,421,200 | - | 1,421,200 |
| Net book value: | | | |
| At 31 December 2021 | 3,008,800 | 1,020,000 | 4,028,800 |

12 Investments in subsidiaries

| | 2022 \$ | 2021 \$ |
|--|---------------|---------------|
| Unlisted shares at cost at beginning of the year | 6,188,842,420 | 5,836,761,967 |
| Investments during the year | - | 386,733,348 |
| Share transfer made during the year | - | (3,711,387) |
| Subsidiary dissolved during the year | - | (30,941,508) |
| Net carrying value | 6,188,842,420 | 6,188,842,420 |

12 Investments in subsidiaries (continued)

Particulars of the Company's subsidiaries as at 31 December 2022 were as follows:

| <i>Name of subsidiaries</i> | <i>Place of incorporation and operation</i> | <i>Paid-up capital</i> | <i>Proportion of nominal value of issued capital held directly by the Company</i> | <i>Principal activities</i> |
|---|---|--|---|-----------------------------------|
| Mirae Asset Securities (Vietnam) Joint Stock Company | Vietnam | Registered capital of VND 6,590,500,000,000 | 99.8% | Broking and dealing of securities |
| Mirae Asset Wealth Management (Brazil) Corretora de Cambio, Titulos e Valores Mobiliarios Ltda. | Brazil | 165,898,739 shares and 1 nominee share | 99.9% | Broking and dealing of securities |
| Mirae Asset Securities (Singapore) Pte. Ltd. | Singapore | 50,410,000 ordinary shares | 100% | Broking and dealing of securities |
| PT Mirae Asset Sekuritas Indonesia | Indonesia | 176,418,000 ordinary shares of total registered capital of IDR 608,626,300,000 | 99.0% | Broking and dealing of securities |
| Mirae Asset Securities (Mongolia) UTsK LLC | Mongolia | Registered capital of MNT 3,387,830 | 83.16% | Broking and dealing of securities |
| Mirae Asset Capital Markets (India) Private Limited | India | 1,949,999,999 ordinary shares and 1 nominee share | 99.9% | Broking and dealing of securities |

13 Statutory deposits

| | 2022 \$ | 2021 \$ |
|---|-------------------|-------------------|
| Deposits with clearing houses | | |
| - Hong Kong Securities Clearing Company Limited | 10,536,896 | 16,393,768 |
| - HKFE Clearing Corporation Limited | 33,199,410 | 29,387,081 |
| - Hong Kong Exchanges and Clearing Limited | 1,500,000 | 1,500,000 |
| | <u>45,236,306</u> | <u>47,280,849</u> |

14 Financial assets/(liabilities) at fair value through profit or loss

| | 31 December 2022 \$ | 31 December 2021 \$ |
|---|---------------------------|---------------------------|
| Financial asset at fair value through profit or loss | | |
| <i>Listed or quoted in Hong Kong</i> | | |
| Investment funds | 336,530,301 | 4,488 |
| Equity securities | - | 213,182,638 |
| Debt securities | 99,185,076 | 1,441,851,233 |
| Index futures | 445,100 | - |
| | <u>436,160,477</u> | <u>1,655,038,359</u> |
| <i>Listed or quoted outside Hong Kong</i> | | |
| Investment funds | 61,700,859 | 73,015,225 |
| Equity securities | 25,689,960 | 63,297,400 |
| Debt securities | 180,622,177 | - |
| Index futures | 717,746 | 4,844 |
| | <u>268,730,742</u> | <u>136,317,469</u> |
| <i>Unlisted</i> | | |
| Investment funds | 3,717,726,997 | 3,154,910,162 |
| Equity securities | 775,402,921 | 599,692,525 |
| Debt securities | 1,299,855,080 | 1,575,360,018 |
| Foreign exchange forwards | 7,456,961 | 25,466,678 |
| OTC options | 21,364,806 | - |
| | <u>5,821,806,765</u> | <u>5,355,429,383</u> |
| Total assets | <u>6,526,697,984</u> | <u>7,146,785,211</u> |
| Financial liabilities at fair value through profit or loss | | |
| <i>Listed or quoted in Hong Kong</i> | | |
| Equity securities | (71,833,800) | - |
| Index futures | (5,161,050) | - |
| | <u>(76,994,850)</u> | <u>-</u> |
| <i>Listed outside Hong Kong</i> | | |
| Equity securities | (65,922,257) | - |
| Index futures | (83,955) | (660,146) |
| | <u>(66,006,212)</u> | <u>(660,146)</u> |

14 Financial assets/(liabilities) at fair value through profit or loss (continued)

| | 31 December 2022 \$ | 31 December 2021 \$ |
|---------------------------|---------------------------|---------------------------|
| Unlisted | | |
| Foreign exchange forwards | (137,942,518) | (5,869,265) |
| OTC options | (2,578,730) | - |
| | (140,521,248) | (5,869,265) |
| Total liabilities | (283,522,310) | (6,529,411) |

15 Financial assets measured at amortised cost

| | 2022 \$ | 2021 \$ |
|---------------------|------------|-------------|
| Debt securities | 37,603,352 | 274,873,484 |
| Less: ECL allowance | (441,116) | (900,727) |
| | 37,162,236 | 273,972,757 |

16 Financial assets at fair value through other comprehensive income

| | 2022 \$ | 2021 \$ |
|---|-------------|-------------|
| Equity investment securities designated as at FVOCI (note) | 207,802,800 | 276,582,600 |
| Debt investment securities measured at FVOCI listed or quoted in Hong Kong | 94,965,865 | - |
| Debt investment securities measured at FVOCI listed or quoted outside Hong Kong | 516,532,059 | 135,802,219 |
| | 819,300,724 | 412,384,819 |

Note: The Company has designated certain investments as equity securities as at FVOCI. The FVOCI designation was made because the investments are expected to be held for long-term strategic purposes. No dividend income was recognised during the year (2021: \$19,121,393).

17 Account receivables

| | 2022 | 2021 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Account receivables arising from the ordinary course of business of dealing in securities: | | |
| Brokers | 1,159,684,132 | 404,363,012 |
| Clearing house (note (a)) | 1,116,601,120 | 720,084,970 |
| Cash clients (note (b)) | 39,546,937 | 159,787,473 |
| | <u>2,315,832,189</u> | <u>1,284,235,455</u> |

The majority of the Company's account receivables, particularly those arising from the ordinary course of business of dealing and broking, are revolving in nature.

Note (a): As at 31 December 2022, amount of account receivables from clearing houses of HK\$133,029,497 (2021: nil) is subject to legally enforceable and offsetting arrangement (Note 31). The remaining balance was not subject to any legally enforceable and offsetting arrangement.

Note (b): As at 31 December 2022, account receivables from cash clients included \$15,454,944 (2021: \$110,874,012) due from the immediate holding company, \$2,346,409 (2021: nil) due from subsidiaries and \$7,875,337 (2021: \$54,067,849) due from related companies in the normal course of the Company's business. The Company measures loss allowances for trade receivables at an amount equal to lifetime ECLs (see note 2(i)).

A maturity analysis of the account receivables as at the end of the reporting period, is as follows:

| | 2022 | 2021 |
|-----------------|----------------------|----------------------|
| | \$ | \$ |
| Within 3 months | <u>2,315,832,189</u> | <u>1,284,235,455</u> |

18 Prepayments, deposits and other receivables

| | 2022 | 2021 |
|---------------------------|-------------------|-------------------|
| | \$ | \$ |
| Prepayments | 4,645,658 | 2,208,344 |
| Rental and other deposits | 4,081,997 | 4,152,098 |
| Dividend receivable | 2,905,444 | 3,013,053 |
| Interest receivable | 22,867,781 | 81,214,340 |
| Commission receivable | 260,456 | 800,182 |
| Other receivables | 1,787,735 | 1,574,287 |
| | <u>36,549,071</u> | <u>92,962,304</u> |

19 Amounts due from/to immediate holding company, subsidiaries and fellow subsidiaries

The amounts due from/to immediate holding company, subsidiaries and fellow subsidiaries are unsecured, interest-free and repayable on demand.

20 Cash and balances with banks

| | 2022 \$ | 2021 \$ |
|------------------------|----------------------|----------------------|
| Cash and bank balances | <u>2,448,066,180</u> | <u>3,885,356,350</u> |

Deposits have been pledged as security against overdraft facilities granted to the Company by banks with total facility limit up to \$527,500,000 (2021: \$450,000,000) and a revolving loan facilities with a limit up to \$355,000,000 (2021: nil). The Company is required to maintain its account balances with the banks at not less than \$250,000,000 (2021: \$250,000,000). The Company had no overdraft as at the year-end date (2021: nil).

As at 31 December 2022, the Company maintained client trust monies of \$216,715,636 (2021: \$432,809,068) in segregated bank in accordance with the provision of Hong Kong Securities and Futures (Client Money) Rules. Client monies were not included in the cash and balances with banks of the Company.

Reconciliation of liabilities arising from financing activities:

The table below details changes in the Company'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.

| | <i>Lease liabilities</i> HK\$ | <i>Bank loans</i> HK\$ | <i>Other payable and accruals</i> HK\$ | <i>Total</i> HK\$ |
|---|----------------------------------|---------------------------|---|----------------------|
| At 1 January 2022 | 27,806,744 | 155,000,000 | 76,221,417 | 259,028,161 |
| Changes from financing cash flows: | | | | |
| Repayment of bank loans | - | (155,000,000) | - | (155,000,000) |
| Principal elements of lease payments | (12,724,139) | - | - | (12,724,139) |
| Interest paid on bank loans | - | - | (632,400) | (632,400) |
| Interest paid on lease payments | (361,458) | - | - | (361,458) |
| Total changes from financing cash flows | <u>(13,085,597)</u> | <u>(155,000,000)</u> | <u>(632,400)</u> | <u>(168,717,997)</u> |

20 Cash and balances with banks (continued)

| | Lease liabilities HK\$ | Bank loans HK\$ | Other payable and accruals HK\$ | Total HK\$ |
|---|---------------------------|----------------------|---------------------------------------|----------------------|
| Other changes | | | | |
| Increase in lease liabilities from entering into new leases during the period | 1,887,692 | - | - | 1,887,692 |
| Derecognition of lease liabilities | (116,003) | - | - | (116,003) |
| Interest accrued | 361,458 | - | 924,822 | 1,286,280 |
| Others | - | - | (22,312,035) | (22,312,035) |
| Total other changes | 2,133,147 | - | (21,387,213) | (19,254,066) |
| At 31 December 2022 | 16,854,294 | - | 54,201,804 | 71,056,098 |
| At 1 January 2021 | 13,981,104 | 465,000,000 | 107,822,379 | 586,803,483 |
| Changes from financing cash flows: | | | | |
| Proceeds from bank loans | - | 155,000,000 | - | 155,000,000 |
| Repayment of bank loans | - | (465,000,000) | - | (465,000,000) |
| Principal elements of lease payments | (13,691,105) | - | - | (13,691,105) |
| Interest paid on bank loans | - | - | (6,741,050) | (6,741,050) |
| Interest paid on lease payments | (471,694) | - | - | (471,694) |
| Total changes from financing cash flows | (14,162,799) | (310,000,000) | (6,741,050) | (330,903,849) |
| Other changes | | | | |
| Increase in lease liabilities from entering into new leases during the period | 34,663,495 | - | - | 34,663,495 |
| Derecognition of lease liabilities | (7,146,750) | - | - | (7,146,750) |
| Interest accrued | 471,694 | - | 6,397,339 | 6,869,033 |
| Others | - | - | (31,257,251) | (31,257,251) |
| Total other changes | 27,988,439 | - | (24,859,912) | 3,128,527 |
| At 31 December 2021 | 27,806,744 | 155,000,000 | 76,221,417 | 259,028,161 |

21 Account payables

| | 2022 \$ | 2021 \$ |
|---|----------------------|--------------------|
| Account payables arising from the ordinary course of business of dealing in securities: | | |
| Brokers | 107,763,177 | 64,525,346 |
| Clearing house | 360,627 | 69,781,970 |
| Cash clients (note) | 1,212,345,291 | 834,431,791 |
| | 1,320,469,095 | 968,739,107 |

21 Account payables (continued)

Note: As at 31 December 2022, account payables to cash clients included \$602,177,238 (2021: \$591,941,027) due to the immediate holding company, \$7,023,857 (2021: \$31,210,369) due to subsidiaries and \$83,103,354 (2021: \$88,115,618) due to a related company in the normal course of the Company's business.

22 Other payables and accruals and lease liabilities

(a) Other payables and accruals

All other payables and accruals are unsecured and are expected to be settled within one year.

(b) Lease liabilities

The following table shows the remaining contractual maturities of the Company's lease liabilities:

| | <u>31 December 2022</u> | | <u>31 December 2021</u> | |
|--------------------------------------|--|-----------------------------------|--|-----------------------------------|
| | <i>Present value of the lease payments</i> \$ | <i>Total lease payments</i> \$ | <i>Present value of the lease payments</i> \$ | <i>Total lease payments</i> \$ |
| Within 1 year | 12,107,432 | 12,276,984 | 12,020,865 | 12,360,984 |
| After 1 year but within 2 years | 4,746,862 | 4,764,410 | 11,157,802 | 11,316,984 |
| After 2 years but within 5 years | - | - | 4,628,077 | 4,645,410 |
| | <u>4,746,862</u> | <u>4,764,410</u> | <u>15,785,879</u> | <u>15,962,394</u> |
| | <u>16,854,294</u> | | <u>27,806,744</u> | <u>28,323,378</u> |
| Less: total future interest expenses | | (187,100) | | (516,634) |
| Present value of lease liabilities | | <u>16,854,294</u> | | <u>27,806,744</u> |

23 Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors. The Scheme became effective on 2 April 2008 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. On 2 April 2018, the Company extended the maturity by 5 years to 2 April 2023.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 0.59% (2021: 0.51%) of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The exercise period of the share options granted is determinable by the directors, and commences after the date falling 3 months from 2 April 2008, the Offer Day, and ends on a date which is not later than fifteen years from the date of offer of the share options or the expiry date of the Scheme, if earlier. The offer of the grant of share options were accepted by the 3 grantees on the Offer Date, with no consideration being payable by the grantee.

The exercise price of share options is determinable by the directors, but may not be less than the nominal value of shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The fair value of the share options was determined at the date of grant on 2 April 2008 and the share options were fully vested in 2008. The fair value was subsequently remeasured when the Company extended the maturity by 5 years to 2 April 2023.

There were no new share options granted during the year (2021: Nil) under the Scheme.

No share options were exercised during the year (2021: Nil) and therefore no issue of new ordinary shares of the Company (2021: Nil).

At the end of the reporting period, the Company had 49,800,000 (2021: 49,800,000) share options outstanding under the Scheme, which represented approximately 0.40% (2021: 0.34%) of the Company's shares in issue as at that date. The options are unlisted. Each option gives the holder the right to subscribe for one ordinary share of the Company.

24 Income tax in the statement of financial position

(a) *Current taxation (recoverable)/ payable in the statement of financial position represents:*

| | 2022 | 2021 |
|--|-------------------|--------------------|
| | \$ | \$ |
| Provision for Hong Kong Profits Tax for the year | 10,490,453 | 39,829,634 |
| Balance of Profits Tax provision relating to prior years | (54,119,620) | 107,648,707 |
| | <u>43,629,167</u> | <u>147,478,341</u> |

24 Income tax in the statement of financial position (continued)

(b) Deferred tax assets and liabilities recognised:

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

| | <i>Depreciation allowances in excess of related depreciation</i> | \$ |
|--|--|----|
| Deferred tax arising from: | | |
| At 1 January 2022 | (881,970) | |
| Credited to the profit or loss (note 9(a)) | (40,756) | |
| | <u>(922,726)</u> | |
| At 31 December 2022 | | |
| At 1 January 2021 | (854,017) | |
| Credited to the profit or loss (note 9(a)) | (27,953) | |
| | <u>(881,970)</u> | |
| At 31 December 2021 | | |

25 Commitments

The outstanding capital commitment for fund investments not provided for in the financial statements as at 31 December 2022 is \$716,842,643 (2021: \$1,023,670,301).

26 Contingent liabilities

Financial guarantee

Financial guarantee outstanding at 31 December 2022 not provided for in the financial statements is as follows:

| | <u>2022</u> | | <u>2021</u> | |
|-------------------|--------------------|----------------------|--------------------|----------------------|
| | US\$ | \$ | US\$ | \$ |
| Guaranteed amount | <u>415,995,200</u> | <u>3,223,962,801</u> | <u>421,105,484</u> | <u>3,263,567,501</u> |

The guarantee relates to the revolving credit facility agreements and letter of undertaking entered into by the Company's subsidiaries and certain banks where the Company is acting as the guarantor for payment of the credit facility.

27 Loan to subsidiaries

| | 2022 | 2021 |
|----------------------|-------------|-------------|
| | \$ | \$ |
| Loan to subsidiaries | 116,250,000 | 775,000,000 |

During the year, Mirae Asset Securities (Vietnam) Joint Stock Company and PT Mirae Asset Sekuritas Indonesia, subsidiaries of the Company, repaid the loans of US\$70,000,000 and US\$15,000,000 respectively. The outstanding balance represents loan facility of US\$15,000,000 to PT Mirae Asset Sekuritas Indonesia.

At 31 December 2022, the aggregate amount of the outstanding loan is repayable on demand. Interest rate is fixed of 2.8% per annum.

28 Bank loans

| | 2022 | 2021 |
|------------------------|------|-------------|
| | \$ | \$ |
| Bank loans - unsecured | - | 155,000,000 |

As at 31 December 2022, there was an unsecured banking facility with an aggregate limit of \$155,000,000 (2021: \$465,000,000). As at 31 December 2021, \$155,000,000 of the limit was utilised. During 2022, the utilised amount was repaid.

29 Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Company had the following transactions with related parties during the year:

| | <i>Holding company</i> | | <i>Subsidiaries</i> | | <i>Related entities</i> | |
|--|------------------------|------|---------------------|------|-------------------------|------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ | \$ | \$ |

Related party balances included in the statement of financial position:

Assets

| | | | | | | |
|---|------------|-------------|-------------|-------------|---------------|---------------|
| Account receivables (note 17) | 15,454,944 | 110,874,012 | 2,346,409 | - | 7,875,337 | 54,067,849 |
| Other receivables (note 18) | 1,772,551 | 800,102 | - | - | - | - |
| Financial assets at fair value through profit or loss (note 14) | - | - | - | - | 3,772,199,851 | 2,909,796,233 |
| Loan to subsidiaries (note 27) | - | - | 116,250,000 | 775,000,000 | - | - |
| Amount due from immediate holding company | 1,994,195 | 57,084 | - | - | - | - |
| Amount due from a subsidiary | - | - | 51,098,186 | 9,403,697 | - | - |
| Amount due from fellow subsidiaries | - | - | - | - | 2,811,104 | 2,130,376 |
| | - | - | - | - | 2,811,104 | 2,130,376 |

29 Related party transactions (continued)

| | <i>Holding company</i> | | <i>Subsidiaries</i> | | <i>Related entities</i> | |
|---|------------------------|-------------|---------------------|------------|-------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Liabilities | | | | | | |
| Account payables (note 21) | 602,177,238 | 591,941,027 | 7,023,857 | 31,210,369 | 83,103,354 | 88,115,618 |
| Other payables and accruals (note 22) | - | - | - | - | 97,821 | - |
| Amount due to immediate holding company | 147,569,862 | 110,315 | - | - | - | - |
| Amount due to subsidiaries | - | - | 45,662 | 845,759 | - | - |
| Amount due to fellow subsidiaries | - | - | - | - | 1,162,500 | 2,483,539 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,162,500</u> | <u>2,483,539</u> |

Related party transactions included in profit or loss:

| Revenue | | | | | | |
|-------------------------------------|------------|------------|------------|------------|------------------|------------|
| Commission income (a) | 19,921,534 | 61,314,357 | 1,314,556 | 312,197 | 13,903,858 | 32,158,244 |
| Other interest income | 86,938 | 54,127 | 11,413,597 | 18,657,694 | - | - |
| Consulting and advisory fee income | 136,177 | 137,417 | - | - | 2,259,125 | 3,293,115 |
| Dividend income | - | - | 26,332,624 | 5,043,996 | 39,148,847 | - |
| Other income | 7,362,500 | 7,750,000 | 25,849,848 | 14,559,531 | 6,364,870 | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,898,750</u> | <u>-</u> |
| Expense | | | | | | |
| Commission expenses (b) | 695,577 | - | 49,244 | 2,001,905 | 2,288 | 782,014 |
| Consulting and advisory fee expense | - | - | - | - | 9,555 | 2,903,369 |
| Interest expense | 1,542,464 | - | - | - | - | - |
| Other operating expenses | - | - | - | - | 1,898,750 | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,898,750</u> | <u>-</u> |

Note (a): The Company's commission income from the immediate holding company, fellow subsidiaries and related companies represents rebate charged at 3 to 20 basis point based on the monetary amount of securities traded for the clients.

Note (b): The Company's commission expenses to the immediate holding company represents rebate shared on a ratio of 50% of the commission income received from clients.

30 Share capital and reserve

(a) Issued share capital

| | 2022 | | 2021 | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | No. of shares | \$ | No. of shares | \$ |
| Ordinary shares, issued and fully paid: | | | | |
| At 1 January | 14,497,000,000 | 14,582,950,000 | 14,497,000,000 | 14,582,950,000 |
| Shares reduced | (2,017,000,000) | (1,937,500,000) | - | - |
| At 31 December | <u>12,480,000,000</u> | <u>12,645,450,000</u> | <u>14,497,000,000</u> | <u>14,582,950,000</u> |

30 Share capital and reserve (continued)

Pursuant to the Board of Director's resolutions passed on 25 August 2022, the Company reduced a total of 2,017,000,000 shares for consideration amounting to \$1,937,500,000. There was no issuance of shares in 2022.

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

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.

(b) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of financial assets measured at FVOCI until the assets are derecognised or reclassified.

(c) Amalgamation reserve

Amalgamation reserve represents the share capital and reserves of Daewoo Securities (Hong Kong) Limited (the non-surviving amalgamated company) recognised on the date of the amalgamation.

(d) Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity plus long-term debentures and any loans from other group companies with no fixed terms of repayment, less unaccrued proposed dividends. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the Company as capital.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the group, to the extent that these do not conflict with the directors' fiduciary duties towards the Company or the requirements of the Hong Kong Companies Ordinance.

The Company is also subject to regulatory capital requirement imposed by the Hong Kong Securities and Futures Commission (the "SFC") 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 requirement under the SF(FR)R at each reporting date throughout the periods ended 31 December 2022 and 31 December 2021.

30 Share capital and reserve (continued)

The Company currently has a legally enforceable right to set-off the Continuous Net Settlement ("CNS") money obligations receivables and payables with Hong Kong Securities Clearing Company Limited ("HKSCC"); and the Company intends to settle on a net basis as account receivables from or account payables to HKSCC. For the net amount of CNS money obligations receivables or payables with HKSCC and Guarantee Fund placed with HKSCC, they do not meet the criteria for offsetting in the financial statements and the Company does not intend to settle the balances on a net basis.

31 Offsetting financial assets and financial liabilities

- (i) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

As at 31 December 2022

| Type of financial asset | Gross amount of recognised financial assets \$ | Gross amount of recognised financial liabilities offset in the statement of financial position \$ | Related amounts not offset in the statement of financial position | | Net amount \$ |
|---|---|--|---|--------------------------------|------------------|
| | | | Net amount of financial assets presented in the statement of financial position \$ | Cash collateral received \$ | |
| Account receivables due from clearing house (note 17) | 167,767,241 | (34,737,744) | 133,029,497 | - | 133,029,497 |

As at 31 December 2021

| Type of financial asset | Gross amount of recognised financial assets \$ | Gross amount of recognised financial liabilities offset in the statement of financial position \$ | Related amounts not offset in the statement of financial position | | Net amount \$ |
|---|---|--|---|--------------------------------|------------------|
| | | | Net amount of financial assets presented in the statement of financial position \$ | Cash collateral received \$ | |
| Account receivables due from clearing house (note 17) | 98,669,836 | (98,669,836) | - | - | - |

31 Offsetting financial assets and financial liabilities (continued)

As at 31 December 2022

| Type of financial liability | Gross amount of recognised financial liabilities \$ | Gross amount of recognised financial assets offset in the statement of financial position \$ | Related amounts not offset in the statement of financial position | | Net amount \$ |
|---|--|---|--|-------------------------------|------------------|
| | | | Net amount of financial liabilities presented in the statement of financial position \$ | Cash collateral pledged \$ | |
| Account payable due to clearing house (note 21) | <u>(34,737,744)</u> | <u>34,737,744</u> | <u>-</u> | <u>-</u> | <u>-</u> |

As at 31 December 2021

| Type of financial liability | Gross amount of recognised financial liabilities \$ | Gross amount of recognised financial assets offset in the statement of financial position \$ | Related amounts not offset in the statement of financial position | | Net amount \$ |
|---|--|---|--|-------------------------------|--------------------|
| | | | Net amount of financial liabilities presented in the statement of financial position \$ | Cash collateral pledged \$ | |
| Account payable due to clearing house (note 21) | <u>(102,974,213)</u> | <u>98,669,836</u> | <u>(4,304,377)</u> | <u>-</u> | <u>(4,304,377)</u> |

- (ii) The tables below reconcile the "net amounts of financial assets and financial liabilities presented in the statement of financial position", as set out above, to the accounts receivable and accounts payable.

| | 2022 | 2021 |
|--|------------------------|-----------------------|
| Net amount of financial assets after offsetting as stated above | \$ 133,029,497 | \$ - |
| Financial assets not in scope of offsetting disclosure | <u>983,571,623</u> | <u>720,084,970</u> |
| | <u>\$1,116,601,120</u> | <u>\$ 720,084,970</u> |
| Net amount of financial liabilities after offsetting as stated above | \$ - | \$ 4,304,377 |
| Financial liabilities not in scope of offsetting disclosure | <u>360,627</u> | <u>65,477,593</u> |
| | <u>\$ 360,627</u> | <u>\$ 69,781,970</u> |

32 Financial risk management objectives and policies

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Company's business. The Company is also exposed to equity price risk arising from its equity investments in other entities.

These risks are limited by the Company's financial management policies and practices described below:

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's credit risk is primarily attributable to debt securities, over-the-counter derivatives, accounts receivables, deposits and other receivables, amount due from immediate holding company, amount due from fellow subsidiaries, amount due from a subsidiary, loan to a subsidiary and cash at bank and non-bank financial institutions.

For investments in debt securities, management regularly reviews the latest credit standing of counterparties and did not expect any investment counterparties to fail to meet its obligations as at 31 December 2022 and 31 December 2021. In addition, all purchase and disposal decisions are supervised by the management.

At the end of the reporting period, all the debt securities are issued by corporate entities with sound credit rating. Management considers the Company is not exposed to any significant credit risk on debt securities.

In respect of over-the-counter derivatives, management considers credit risk is not significant due to the high credit standing of the counterparties.

The Company's cash and deposit balances at banks are placed with licensed banks with sound reputation. Management does not expect any failure on the part of the counterparties in meeting the obligations.

In respect of cash at non-bank financial institutions, accounts receivables and deposits and other receivables, management considers credit risk is not significant due to the high credit standing of counterparties and good credit history of making payments when the amounts fall due.

Management considers the Company is not exposed to any significant credit risk on exposure from amount due from immediate holding company, amount due from fellow subsidiaries and amount due from a subsidiary as these companies are under same group with strong financial background.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

Except for the financial guarantee given by the Company in respect of a loan to subsidiaries of the Company as disclosed in note 26, the Company does not provide any other guarantees which would expose the Company to credit risk. The maximum exposure to credit risk in respect of the financial guarantee at the end of the reporting period is disclosed in note 26.

32 Financial risk management objectives and policies (continued)

(b) Liquidity risk

As a licensed corporation registered under the Hong Kong Securities and Futures Ordinance, the Company is required to regularly monitor its current and expected liquidity requirements to ensure compliance with liquid capital requirements of the SF(FR)R. The Company maintains sufficient reserves of cash and adequate committed lines of funding from reputable financial institutions to meet its liquidity requirements in the short and longer term.

The table below analyses the Company's financial liabilities by remaining contractual maturities at the end of the reporting period, except for the financial liabilities at fair value through profit or loss since they are part of the trading portfolio and are short-term in nature.

| | On demand \$ | Less than 3 months \$ | 3 to less than 12 months \$ | Over 1 year \$ | Total \$ |
|--|----------------------|-----------------------------|--------------------------------------|-------------------|----------------------|
| 31 December 2022 | | | | | |
| Bank loans | - | - | - | - | - |
| Account payables | 1,320,469,095 | - | - | - | 1,320,469,095 |
| Other payables and accruals | 235,032 | 17,728,057 | 36,238,715 | - | 54,201,804 |
| Lease liabilities | - | 3,093,628 | 9,013,804 | - | 12,107,432 |
| Amount due to immediate holding company | - | 147,569,862 | - | - | 147,569,862 |
| Amount due to subsidiaries | - | 45,662 | - | - | 45,662 |
| Amount due to fellow subsidiaries | - | 232,500 | 930,000 | - | 1,162,500 |
| | <u>1,320,704,127</u> | <u>168,669,709</u> | <u>46,182,519</u> | <u>-</u> | <u>1,535,556,355</u> |
| 31 December 2021 | | | | | |
| Bank loans | - | - | 155,000,000 | - | 155,000,000 |
| Account payables | 968,739,107 | - | - | - | 968,739,107 |
| Other payables and accruals | 530,426 | 9,359,856 | 66,331,135 | - | 76,221,417 |
| Lease liabilities | - | 3,139,681 | 8,881,184 | 15,785,879 | 27,806,744 |
| Amount due to immediate holding company | - | 110,315 | - | - | 110,315 |
| Amount due to fellow subsidiaries | - | 1,553,539 | 930,000 | - | 2,483,539 |
| Amount due to subsidiaries | - | 845,759 | - | - | 845,759 |
| Tax payable | - | - | 160,635,309 | - | 160,635,309 |
| | <u>969,269,533</u> | <u>15,009,150</u> | <u>391,777,628</u> | <u>15,785,879</u> | <u>1,391,842,190</u> |

32 Financial risk management objectives and policies (continued)

(c) Interest rate risk

The Company's interest rate risk arises primarily from investments in debt instruments and bank deposits. The fair value of the Company's fixed rate securities will be affected by changes in prevailing external interest rates. The cash flows receivable from the Company's investments in variable rates securities will vary with changes in prevailing external interest rates.

(i) Interest rate profile

The following table details the interest rate profile of the Company's interest-bearing financial instruments at the end of the reporting period:

| | 2022 | | 2021 | |
|--|--------------------------|----------------|--------------------------|----------------|
| | Effective interest rate | Amount | Effective interest rate | Amount |
| Assets | | | | |
| <i>Fixed rate instruments</i> | | | | |
| Debt instruments classified as financial assets at FVOCI | 1.00% - 4.60% | \$ 238,456,479 | 1.55% - 4.85% | \$ 135,802,219 |
| Debt instruments classified as financial assets at fair value through profit or loss | 0.90% - 7.50% | 562,350,349 | 0.52% - 8.65% | 3,017,211,251 |
| Debt instruments classified as financial assets measured at amortised cost | N/A | - | 3.38% - 10.00% | 274,873,484 |
| Loan to subsidiaries | 2.80% | 116,250,000 | 2.80% | 775,000,000 |
| Bank deposits | 3.20% - 5.20% | 1,545,603,132 | 0.01% - 2.80% | 3,343,082,384 |
| <i>Variable rate instruments</i> | | | | |
| Debt instruments classified as financial assets at FVOCI | 4.37% - 5.12% | \$ 373,041,445 | 1.29% | \$ 7,633,595 |
| Debt instruments classified as financial assets at fair value through profit or loss | 4.50% - 5.70% | 885,763,217 | 0.35% - 4.03% | 1,447,158,487 |
| Debt instruments classified as financial assets measured at amortised cost | LIBOR (3 months) + 3.25% | 37,162,236 | LIBOR (3 months) + 3.25% | 37,773,970 |
| Bank deposits | 0.01% - 0.40% | 902,463,048 | 0.01% - 0.05% | 542,273,966 |
| Liabilities | | | | |
| <i>Variable rate borrowings</i> | | | | |
| Bank loans | N/A | - | LIBOR (3 months) + 1.3% | 155,000,000 |

32 Financial risk management objectives and policies (continued)

(ii) Sensitivity analysis

At 31 December 2022, it is estimated that a general increase/(decrease) of 50 basis points in interest rates, with all other variables held constant, would increase/(decrease) the profit before tax and other components of equity by approximately \$20,247,960/(20,247,960) and \$3,057,490/\$(3,057,490) (2021: \$39,762,205/\$(39,762,205) and \$679,011/\$(679,011)) respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The general increase of 50 basis points (2021: 50 basis points) represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2021.

(d) Foreign currency risk

The Company is exposed to currency risks primarily arising from financial instruments that are denominated in United States dollars ("USD"). As the Hong Kong dollars ("HKD") is pegged to the USD, the Company considers the risk of movements in exchange rates between the HKD and the USD to be insignificant. In respect of financial instruments denominated in other currencies, the Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The following table details the Company'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.

32 Financial risk management objectives and policies (continued)

| | Exposure to foreign currencies (expressed in Hong Kong dollars) | | | | | | | | | |
|---|---|---------------|--------------|------------|-------|-----|------------|---------|--------------|-------------|
| | AUD | RMB | EUR | KRW | GBP | NZD | IDR | SGD | JPY | VND |
| Statutory deposits | | | | | | | | | | |
| Financial assets at fair value through profit or loss | - | 16,756,982 | - | - | - | - | - | - | - | - |
| Financial assets measured at amortised cost | - | - | 73,237,093 | 8,172,727 | - | - | 11,058,075 | - | 19,632,233 | 90,808,279 |
| Account receivables | - | 391,412,166 | 2,446,109 | 16,198,603 | - | - | - | - | 1,364,590 | - |
| Prepayments, deposits and other receivables | - | 76,768 | 61,884 | 260,456 | - | - | - | - | 4 | 30,908,193 |
| Cash and balance with banks | - | 108,559,469 | 1,584,574 | - | 2,810 | 1 | 7,056 | - | 79,280,119 | - |
| Amount due from fellow subsidiaries | - | - | - | - | - | - | - | 129,944 | - | - |
| Financial liabilities at fair value through profit or loss | - | - | - | - | - | - | - | - | (68,500,987) | - |
| Accounts payable | - | (386,914,006) | (68,110,458) | - | - | - | - | - | (31,522,083) | (466,475) |
| Tax payable | - | - | - | (11,466) | - | - | - | - | - | - |
| Other payables and accruals | - | - | - | - | - | - | - | - | - | - |
| Net exposure arising from recognised assets and liabilities | - | 131,891,379 | 9,219,202 | 24,620,320 | 2,810 | 1 | 11,065,131 | 129,944 | 253,876 | 121,229,997 |

| | Exposure to foreign currencies (expressed in Hong Kong dollars) | | | | | | | | | |
|---|---|---------------|--------------|---------------|---------|-----------|-------|---------|--------------|------------|
| | AUD | RMB | EUR | KRW | GBP | NZD | IDR | SGD | JPY | VND |
| Statutory deposits | | | | | | | | | | |
| Financial assets at fair value through profit or loss | - | 11,633,659 | - | - | - | - | - | - | - | - |
| Financial assets measured at amortised cost | 225,152,000 | - | 22,159,915 | 1,618,657,399 | - | - | - | - | 27,329,055 | 94,018,355 |
| Account receivables | 95,760,813 | - | - | - | - | - | - | - | - | - |
| Prepayments, deposits and other receivables | 2,113,823 | 208,344,086 | 2,809,508 | 94,783,479 | - | - | - | - | - | - |
| Cash and balance with banks | - | 188,412 | 66,270 | - | 12,585 | - | 7,860 | 473,435 | 15,142,355 | 1 |
| Amount due to fellow subsidiaries | 2,260,337 | 251,509,213 | 7,782,599 | - | 645,413 | 1,096,188 | - | - | - | - |
| Accounts payable | - | (144,669,189) | (21,496,813) | - | - | - | - | - | - | (503,672) |
| Tax payable | - | - | - | - | - | - | - | - | (43,028,533) | - |
| Other payables and accruals | (4,628,071) | - | - | (262,675) | - | - | - | - | - | - |
| Net exposure arising from recognised assets and liabilities | 320,658,902 | 326,986,181 | 11,321,479 | 1,713,178,203 | 657,998 | 1,096,188 | 7,860 | 473,435 | (557,123) | 93,514,684 |

32 Financial risk management objectives and policies (continued)

Sensitivity analysis

The following table indicates the instantaneous change in the Company's profit before tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Company 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 not be materially affected by any changes in movement in value of the United States dollar against other currencies.

| | 2022 | | 2021 | |
|-----|--|---|--|---|
| | Increase/ (decrease) in exchange rate | Effect on profit before taxation and retained profits \$ | Increase/ (decrease) in exchange rate | Effect on profit before taxation and retained profits \$ |
| AUD | 5% (5)% | - - | 5% (5)% | 16,032,945 (16,032,945) |
| RMB | 5% (5)% | 6,594,569 (6,594,569) | 5% (5)% | 16,349,309 (16,349,309) |
| EUR | 5% (5)% | 460,960 (460,960) | 5% (5)% | 566,074 (566,074) |
| KRW | 5% (5)% | 1,231,016 (1,231,016) | 5% (5)% | 85,658,910 (85,658,910) |
| IDR | 5% (5)% | 553,257 (553,257) | 5% (5)% | 393 (393) |
| NZD | 5% (5)% | - - | 5% (5)% | 54,809 (54,809) |
| SGD | 5% (5)% | 6,497 (6,497) | 5% (5)% | 23,672 (23,672) |
| GBP | 5% (5)% | 140 (140) | 5% (5)% | 32,900 (32,900) |
| JPY | 5% (5)% | 12,694 (12,694) | 5% (5)% | (27,856) 27,856 |
| VND | 5% (5)% | 6,061,500 (6,061,500) | 5% (5)% | 4,675,734 (4,675,734) |

32 Financial risk management objectives and policies (continued)

(e) Fair value measurement

Financial instruments carried at fair value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 - Quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques. Valuation techniques include net asset value as provided by investment fund managers, net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price of the financial instrument that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the reporting date.

The Company uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over-the-counter (OTC) derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

32 Financial risk management objectives and policies (continued)

For more complex instruments, the Company uses proprietary valuation models, which usually are developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain OTC structured derivatives and certain securities for which there is no active market. 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, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

| | 2022 | | | Total \$ |
|--|----------------------|----------------------|----------------------|----------------------|
| | Level 1 \$ | Level 2 \$ | Level 3 \$ | |
| Assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Long positions in listed investment funds | 398,231,160 | - | - | 398,231,160 |
| - Long positions in quoted debt securities | 15,474,115 | 264,333,138 | - | 279,807,253 |
| - Long positions in listed equity securities | 25,689,960 | - | - | 25,689,960 |
| - Long positions in unquoted debt securities | - | - | 1,299,855,080 | 1,299,855,080 |
| - Long positions in unlisted equity securities | - | - | 775,402,921 | 775,402,921 |
| - Long positions in unlisted investment funds | - | - | 3,717,726,997 | 3,717,726,997 |
| - Positive fair value of derivatives | 1,162,847 | 28,821,766 | - | 29,984,613 |
| | <u>440,558,082</u> | <u>293,154,904</u> | <u>5,792,984,998</u> | <u>6,526,697,984</u> |
| Financial assets valued at fair value through OCI | | | | |
| - Long positions in quoted debt securities | 38,067,225 | 573,430,699 | - | 611,497,924 |
| - Long positions in listed equity securities | 207,802,800 | - | - | 207,802,800 |
| | <u>245,870,025</u> | <u>573,430,699</u> | <u>-</u> | <u>819,300,724</u> |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| - Short positions in listed equity securities | (137,756,057) | - | - | (137,756,057) |
| - Negative fair value of derivatives | (5,245,005) | (140,521,248) | - | (145,766,253) |
| | <u>(143,001,062)</u> | <u>(140,521,248)</u> | <u>-</u> | <u>(283,522,310)</u> |

32 Financial risk management objectives and policies (continued)

| | 2021 | | | Total \$ |
|--|--------------------|----------------------|----------------------|----------------------|
| | Level 1 \$ | Level 2 \$ | Level 3 \$ | |
| Assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Long positions in listed investment funds | 73,019,713 | - | - | 73,019,713 |
| - Long positions in quoted debt securities | - | 1,441,851,233 | - | 1,441,851,233 |
| - Long positions in listed equity securities | 276,480,038 | - | - | 276,480,038 |
| - Long positions in unquoted debt securities | - | - | 1,575,360,018 | 1,575,360,018 |
| - Long positions in unlisted equity securities | - | - | 599,692,525 | 599,692,525 |
| - Long positions in unlisted investment funds | - | - | 3,154,910,162 | 3,154,910,162 |
| - Positive fair value of derivatives | 4,844 | 25,466,678 | - | 25,471,522 |
| | <u>349,504,595</u> | <u>1,467,317,911</u> | <u>5,329,962,705</u> | <u>7,146,785,211</u> |
| Financial assets valued at fair value through OCI | | | | |
| - Long positions in quoted debt securities | - | 135,802,219 | - | 135,802,219 |
| - Long positions in listed equity securities | 276,582,600 | - | - | 276,582,600 |
| | <u>276,582,600</u> | <u>135,802,219</u> | <u>-</u> | <u>412,384,819</u> |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| - Negative fair value of derivatives | - | 6,529,411 | - | 6,529,411 |

During the year there were no significant transfers between instruments in Level 1 and Level 2.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the unquoted debt securities is determined by discounting the future coupons and principal amount. The discount rate used is derived with reference to debt securities with similar risk profile.

The fair value of the call options on convertible bonds is the estimated amount that the fair value of the underlying convertible bonds exceeds the strike price of the call options at the end of the reporting period, taking into account the value of the conversion option embedded in the underlying convertible bonds.

The fair value of the foreign currency forward contracts is the discounted amount that the group would receive or pay at maturity date, taking into account the current interest rates of the underlying currencies and the creditworthiness of the counterparty.

32 Financial risk management objectives and policies (continued)

Valuation techniques and significant unobservable inputs used in Level 3 fair value measurements

| | <i>Fair value at 31 December 2022 \$</i> | <i>Valuation technique</i> | <i>Unobservable input</i> |
|---------------------------|--|--|--|
| Private equity securities | 775,402,921 | Discounted cash flow/recent transaction price/comparable multiples | Forecast cash flows, discount rate, lease encumbered value, estimated equity value |
| Unlisted investment funds | 3,717,726,997 | Net asset value | Valuation of underlying investments |
| Unquoted debt securities | 1,299,855,080 | Discounted cash flow/recent transaction price | Forecast cash flows, discount rate |

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

| | 2022 \$ | 2021 \$ |
|--|------------|---------------|
| Unlisted financial assets at fair value through OCI: | | |
| At 1 January | - | 417,425,865 |
| Add: net unrealised gains recognised in other comprehensive income during the year | | - |
| Less: disposal of financial assets at fair value through OCI during the year | - | (417,425,865) |
| At 31 December | - | - |
| Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period | - | - |

The net unrealised gains arising from the remeasurement of the unlisted equity securities at fair value through OCI are recognised in fair value reserve in other comprehensive income.

32 Financial risk management objectives and policies (continued)

| | 2022 \$ | 2021 \$ |
|---|----------------------|----------------------|
| Financial assets at fair value through profit or loss: | | |
| At 1 January | 5,329,962,705 | 3,702,313,307 |
| Additions during the year | 758,476,326 | 2,440,137,964 |
| Disposals during the year | (265,854,797) | (642,738,815) |
| Net (losses)/gains recognised in profit or loss during the year | (176,102,172) | 73,890,174 |
| Transfer to level 1 (note) | - | (133,314,875) |
| Exchange gains/(losses) | 146,502,936 | (110,325,050) |
| At 31 December | <u>5,792,984,998</u> | <u>5,329,962,705</u> |
| Total losses for the year included in profit or loss for assets held at the end of the reporting period | <u>(29,599,236)</u> | <u>(36,434,876)</u> |

Note: The shares of the investee companies were listed in The Stock Exchange of Hong Kong and New York Stock Exchange during the year and the fair value of these investment at 31 December 2021 was based on quoted market price. No transfer of investment from level 3 to level 2 or level 1 as at 31 December 2022.

The change in fair value of the financial liabilities at fair value through profit or loss is presented in "other income" in the statement of profit or loss.

Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Company's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2022 and 31 December 2021.

(f) **Specific instruments**

(i) Securities sold short

When the Company sells securities, which it does not possess, it has to cover this short position by acquiring the securities at a later date and is therefore exposed to price risk of those securities sold short. The sales agreement is usually settled by delivering borrowed securities. However, the Company is required to return those borrowed securities at a later date.

(ii) Futures and forward contracts

Futures and forward contracts are commitments either to purchase or sell a designated financial instrument, currency, commodity or an index at a specified future date for a specified price and may be settled in cash or another financial asset. Futures contracts have little credit risk because the counterparties are futures exchanges. Forward contracts result in credit exposure to the counterparty.

32 Financial risk management objectives and policies (continued)

Futures and forward contracts both result in exposure to market risk based on changes in market prices relative to contracted amounts. Market risks arise due to the possible movement in foreign currency exchange rates, indices, and securities' values underlying these instruments. In addition, because of the low margin deposits normally required in relation to notional contract sizes, a high degree of leverage may be typical of a futures or forward trading account. As a result, a relatively small price movement in an underlying of a futures or forward contract may result in substantial losses to the Company. Forward contracts are generally subject to liquidity risk.

Notional amounts are the underlying reference amounts to stock exchange indices, equities and foreign currencies upon which the fair value of the futures, and forward contracts traded by the Company are based. While notional amounts do not represent the current fair value and are not necessarily indicative of the future cash flows of the Company's futures and forward contracts, the underlying price changes in relation to the variables specified by the notional amounts affect the fair value of these derivative financial instruments.

(iii) Swap agreements

A swap involves the exchange by the Company with another party of their respective commitments to pay or receive cash flows. Swap agreements and similar transactions can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structures, swap agreements may increase or decrease the Company's exposure to long-term or short-term interest rates, foreign currency values, mortgage securities, corporate borrowing rates, or other factors such as security prices, inflation rates or the volatility of an index or one or more securities.

33 Immediate parent and ultimate controlling party

The directors consider the immediate parent and ultimate controlling party to be Mirae Asset Securities Co., Ltd., which is incorporated in the Republic of Korea. Mirae Asset Securities Co., Ltd. produces consolidated financial statements which are available for public use.

34 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2022

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Company.

| | <i>Effective for accounting periods beginning on or after</i> |
|--|---|
| HKFRS 17, <i>Insurance contracts</i> | 1 January 2023 |
| Amendments to HKAS 1, <i>Presentation of financial statements</i> and HKFRS Practice Statement 2, <i>Making materiality judgements: Disclosure of accounting policies</i> | 1 January 2023 |
| Amendments to HKAS 8, <i>Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates</i> | 1 January 2023 |
| Amendments to HKAS 12, <i>Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction</i> | 1 January 2023 |
| Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i> | 1 January 2024 |
| Amendments to HKAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants</i> | 1 January 2024 |
| Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i> | 1 January 2024 |

The Company is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Company has concluded that the adoption of these new accounting standards does not have a material impact to the Company.

APPENDIX II

INFORMATION RELATING TO THE ISSUER

This section supersedes in its entirety “Information relating to the Issuer” of the Base Listing Document.

1. Information relating to Mirae Asset

Mirae Asset is a company incorporated in Hong Kong with limited liability. Its registered office and principal place of business is located at Units 8501, 8507-8508, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. Mirae Asset belongs to Mirae Asset Group which is a global financial group consisting of asset management, investment banking and life insurance.

2. Organisational Structure/Major Shareholders

Mirae Asset is wholly owned by Mirae Asset Securities Co., LTD. (together with its subsidiaries, “**Mirae Asset Group**”), a company incorporated under the Commercial Code of the Republic of Korea and listed in Korea Stock Exchange. (KRX: 006800).

Mirae Asset Group is a financial services group headquartered in Seoul, South Korea. Mirae Asset Group provides comprehensive financial services including asset management, wealth management, investment banking, life insurance, venture investment and others. Mirae Asset Group was founded by Hyeon Joo Park in 1997 and introduced the very first mutual funds to Korean retail investors in 1998. On a global consolidated basis, Mirae Asset Group’s total equity capital was approximately US\$15.3 billion as of September 2023. Mirae Asset Group has global presence in Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Indonesia, Korea, Mongolia, Singapore, the United Kingdom, United States and Vietnam.

Please refer to the website at <https://global.miraeasset.com/> for more information relating to Mirae Asset Group.

3. Share Capital

As of 31 December 2023, the issued share capital of Mirae Asset is USD 1,363,129,578.

4. Business Overview/Principal Activities/Principal Markets

Mirae Asset’s principal activities are brokerage (including participating dealer) services, placing & underwriting securities, advising on corporate finance, structuring and selling financial products, participate in overseas alternative investment, asset management services. Mirae Asset is licensed under the Hong Kong Securities and Futures Ordinance to carry out the following regulated activities:

- Type 1 – dealing in securities
- Type 2 – dealing in futures contracts
- Type 4 – advising on securities
- Type 6 – advising on corporate finance
- Type 9 – asset management

Mirae Asset has the following business segments:

Market Creation and Brokerage

- i. Mirae Asset provides brokerage services for domestic and global stocks, bonds, and derivatives as well as ETF market creation based on its expertise and infrastructure.
- ii. The main securities dealing business includes securities, derivatives and structured product brokerage service such as; China Stock Connect, subscription of initial public offering stocks, participant dealer of exchanged traded funds, and leveraged and inverse products, securities placing and underwriting services.
- iii. In addition, the Company provides electronic trading service to institutional investors to trade listed securities, derivatives and structured products on stock exchanges.

Investment Banking

- i. Corporate Finance: IBD focuses on offering advisory services in capital structures with asset & liability management to private companies. IBD also provides financing activities to companies mainly located in Korea and China, but continually growing within emerging markets. IBD could act as the financial advisor or arranger, mostly advising the companies on financing structure and commercial terms of the investment. On occasions, IBD could also act as placement agent to liaise with companies and potential investors.
- ii. Equity Capital Markets: IBD assists in syndication of Korean Initial Public Offerings and other financial issuances, i.e. rights issues, block sales, convertible bonds, bond with warrants or exchangeable bond, to overseas institutional professional investors, mostly in Hong Kong and Singapore. IBD could also get involved in making pitch books and management presentations involving extensive valuation, industry research, capital markets analysis and strategic opportunities to clients from various industries.
- iii. Debt Capital Markets: IBD focuses on assisting institutional clients in communicating with foreign clients as a coordinator and executing transactions related to debt financing. This could take the form of Eurobonds or other types of bonds depending on the needs of the client as well as the credit environment, at the time, of issuance and placement. IBD could also advise clients on structuring debt instruments to enhance the possibility of successful placements.
- iv. Investment Management: IBD sources potential global investment opportunities using global networks and provide customized investment solutions to institutional professional clients in Korea. IBD also directly invests in potential transactions after screening and analyzing the transactions by each asset class. These transactions include real estate, aircraft financing, acquisition/leveraged financing and secondary loans.

Trading

- i. Mirae Asset manages a wide range of financial products that are linked to domestic and overseas stock, bonds, futures, foreign exchanges, derivatives & OTC products. Mirae Asset also takes the role as an AP (Authorized Participant) in the ETF (Equity

Traded Fund) market, market making as an LP (Liquidity Provider), hedge trading, securities borrowing & lending and financing for investors.

5. Administration and Management of Mirae Asset

| Name | Position |
|----------------|--|
| Jung Ho Rhee | Director, Chief Executive Officer |
| Kyoung Tae Kye | Director, Head of Global Business Management Division/ Mirae Asset Securities Co., LTD |

6. Indebtedness

As of 31 December 2023, Mirae Asset has the total indebtedness of USD 390,649,655.

7. Auditor

The Auditor of Mirae Asset is KPMG.

REGISTERED OFFICE OF THE ISSUER

Mirae Asset Securities (HK) Limited
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KPMG
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WARRANT AGENT

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(As to Singapore law)

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