



中国银河证券股份有限公司
CHINA GALAXY SECURITIES CO.,LTD.

2023 ANNUAL REPORT



(A joint stock company incorporated in
the People's Republic of China with limited liability)
Stock Code : 06881

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DEFINITIONS

“A Share(s)”	domestic shares in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) listed on the SSE, subscribed for and traded in Renminbi
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“Board” or “Board of Directors”	the board of Directors of the Company
“BSE”	the Beijing Stock Exchange
“CG Code”	Corporate Governance Code set out in Appendix C1 to the Stock Exchange Listing Rules
“Company”, “we” or “us”	China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司), a joint stock limited company incorporated in the PRC on 26 January 2007, whose H Shares are listed on the Hong Kong Stock Exchange (Stock Code: 06881), the A Shares of which are listed on the SSE (Stock Code: 601881)
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“CSRC Beijing Bureau”	China Securities Regulatory Commission Beijing Bureau
“Directors”	the directors of the Company
“End of the Reporting Period”	31 December 2023
“ETF”	exchange-traded funds
“FICC”	fixed income, foreign currencies and commodities
“FOF”	fund of funds, a fund with funds as investment objectives
“Futures IB Business”	the business activities in which securities firms, as commissioned by futures companies, introduce clients to futures companies to provide futures brokerage and other related services
“Galaxy Capital”	Galaxy Capital Management Company Limited (銀河創新資本管理有限公司), owned as to 100% by the Company, a wholly-owned subsidiary of the Company
“Galaxy Derivatives”	Galaxy Derivatives Financial Service Co., Ltd. (銀河德睿資本管理有限公司), owned as to 100% by Galaxy Futures, an indirectly wholly-owned subsidiary of the Company
“Galaxy Financial Holdings”	China Galaxy Financial Holdings Company Limited (中國銀河金融控股有限責任公司), the controlling shareholder of the Company, which holds 47.43% of the issued share capital of the Company as at the End of the Reporting Period
“Galaxy Fund Management”	Galaxy Fund Management Company Limited (銀河基金管理有限公司), owned as to 50% by Galaxy Financial Holdings, a non-wholly-owned subsidiary of Galaxy Financial Holdings

“Galaxy Futures”	Galaxy Futures Company Limited (銀河期貨有限公司), owned as to 100% by the Company, a wholly-owned subsidiary of the Company
“Galaxy International Holdings”	China Galaxy International Holdings Company Limited (中國銀河國際控股有限公司), owned as to 100% by the Company, a wholly-owned subsidiary of the Company
“Galaxy Investment”	China Galaxy Investment Management Company Limited (中國銀河投資管理有限公司), owned as to 100% by Galaxy Financial Holdings, a wholly-owned subsidiary of Galaxy Financial Holdings
“Galaxy Jinhui”	Galaxy Jinhui Securities Assets Management Co., Ltd. (銀河金匯證券資產管理有限公司), owned as to 100% by the Company, a wholly-owned subsidiary of the Company
“Galaxy Yuanhui”	Galaxy Yuanhui Investment Co., Ltd. (銀河源匯投資有限公司), owned as to 100% by the Company, a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) listed on the Hong Kong Stock Exchange and subscribed for and traded in HK dollars
“HK\$” or “HK dollars” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huijin”	Central Huijin Investment Ltd. (中央滙金投資有限責任公司), which held an equity interest of 69.07% of Galaxy Financial Holdings as at the End of the Reporting Period
“IPO”	Initial Public Offering
“margin and securities refinancing”	a business in which securities firms can act as intermediaries to borrow funds or securities from the China Securities Finance Co., Ltd. and lend such funds and securities to their clients
“market share”	the portion of a market under control
“Model Code”	the Model Code for Securities Transactions by Directors of Issuers set out in the Appendix C3 to the Stock Exchange Listing Rules
“New OTC Board”	National Equities Exchange and Quotations for medium and small-sized enterprises
“QDII”	Qualified Domestic Institutional Investor
“QFII”	Qualified Foreign Institutional Investor
“Reporting Period”	the period from 1 January 2023 to 31 December 2023

DEFINITIONS

“REITs”	real estate investment trusts
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“RQFII”	Renminbi Qualified Foreign Institutional Investor, a pilot program launched in the PRC which allows Hong Kong subsidiaries of the PRC brokerage companies and fund houses to facilitate investments of offshore Renminbi into the PRC capital market
“SASAC”	the State-owned Assets Supervision and Administration Committee of the State Council (國務院國有資產監督管理委員會)
“Securities Law”	the Securities Law of the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“S\$” or “Singapore dollars”	Singapore dollars, the lawful currency of Singapore
“SHCI”	the Shanghai Composite Index
“SSE”	the Shanghai Stock Exchange
“SSE Listing Rules”	the Rules Governing the Listing of Securities on the Shanghai Stock Exchange (as amended from time to time)
“Stock Exchange Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
“Supervisors”	supervisors of the Company
“Supervisory Committee”	the supervisory committee of the Company
“SZCI”	the Shenzhen Component Index
“SZSE”	the Shenzhen Stock Exchange
“US\$” or “U.S. dollars” or “USD”	United States dollars, the lawful currency of the United States
“VaR”	Value at Risk, means the maximum possible loss of value of a financial asset or portfolio of securities in a given future period at a certain confidence level

Notes:

1. In this report, any discrepancies between totals and sums of amounts listed are due to rounding.
2. This report is prepared in both Chinese and English languages and in the event of any inconsistency, the Chinese version shall prevail.

SECTION I IMPORTANT NOTES

The Board of Directors, Supervisory Committee, Directors, Supervisors and senior management of the Company undertake that there is no misrepresentation, misleading statement or material omission in this report and they are jointly and severally liable for the authenticity, accuracy and completeness of the information contained in this report.

This report has been approved at the 25th meeting (regular) of the fourth session of the Board of Directors. No objection was put forward by Directors and Supervisors for this report.

The financial report for 2023 was prepared by the Company according to the International Financial Reporting Standards (“IFRS”) and the PRC Corporate Accounting Standards (“PRC GAAP”), which has been audited by Ernst & Young and Ernst & Young Hua Ming LLP and they have issued a standard auditors’ report with unqualified opinions. Unless otherwise stated, the amounts in this report are presented in RMB.

Mr. Wang Sheng, the chairman of the Company, Mr. Xue Jun, vice chairman, president and person in charge of the accounting affairs, hereby confirm that the financial report as disclosed in this report is true, accurate and complete.

The forward-looking statements such as future plans, development strategies contained in this report do not constitute substantive undertakings by the Company to investors who are advised to be cautious about investment risks. Business of the Company is highly dependent on the overall economy and market conditions of China and regions where our businesses are located. Any significant fluctuations in China and international capital markets will have a significant impact on the Company’s operating results.

The risks that the Company faces mainly include: legal and compliance risks as a result of our business management and norms failing to follow up in a timely manner to meet the adjustment in the national laws and regulations as well as the rules of regulatory policies; strategic risks arising from the implementation of strategy plan under profound changes in domestic and overseas capital markets; risks of internal operations and management arising from changes of business model transformation, commencement of innovative business and application of new technologies; market risk caused by price fluctuation in the market in which the Company holds positions of securities; credit risks arising from breach of contracts by borrowers or counterparties; liquidity risk arising from shortage of funds when the Company attempts to fulfil its obligations of payment; and operational risk arising from the omission of the internal process management, the failure of the information system or the improper conduct of practitioners. In addition, the Company is also exposed to risks from international competition and fluctuations in exchange rate, etc.

The Company will work on its organizational structure, management system, information technologies and other aspects to prevent the above mentioned risks. At the same time, the Company will optimize its business process to control operational risks, manage its exposure to market risk and credit risk, and will pay additional attention to managing and controlling risks arising from innovative businesses and products, etc.

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

I. COMPANY PROFILE

1. Name of the Company

Chinese Name: 中國銀河證券股份有限公司

Abbreviation of Chinese Name: 中國銀河

English Name: China Galaxy Securities Co., Ltd.

Abbreviation of English Name: CGS

2. Legal representative: Wang Sheng

General manager (president): Xue Jun

3. Registered Capital and Net Capital of the Company

Unit: yuan Currency: RMB

	End of the Reporting Period	End of Last Year
Registered Capital	10,137,258,757.00	10,137,258,757.00
Share Capital	10,934,402,256.00	10,137,279,676.00
Net Capital	100,100,154,912.51	79,078,332,752.04

Note: In 2023, the cumulative number of shares converted of the Company's A Shares convertible bonds was 797,122,580 shares, the share capital of the Company increased to 10,934,402,256 shares. The Company will complete the registration of changes in registered capital in a timely manner in accordance with relevant requirements.

4. Qualification of individual business

According to the Articles of Association, the scope of businesses of the Company includes: securities brokerage; securities investment advisory; financial advisory in relation to securities trading and securities investment; securities underwriting and sponsorship; proprietary securities trading; margin financing and securities lending business; agency sale of securities investment funds; intermediary services to futures companies; agency sale of financial products; concurrent insurance agency business; securities investment fund custody business; sale of precious metal products; market making trading of listed securities; market making of stock options; other businesses approved by relevant regulatory authorities.

In addition, the Company also qualifies to operate the following businesses:

1. Qualification of businesses approved or recognized by the CSRC: qualification for open-ended securities investment funds agency sales business, qualification for securities investment fund evaluation business, qualification for online securities entrustment business, qualification as registered sponsor, qualification for offering intermediary services for futures companies, qualified book builder for offline placements, qualification for pilot direct investment business, qualification for margin financing and securities lending business, qualification for stock-index futures trading business, qualification for engagement in foreign securities investment and management businesses as a QDII, qualification for financial products agency sales business, qualification for equity swap services, qualification for engagement in interest swap business, qualification for securities investment fund custody business, qualification for gold spot contract agency business, qualification for pilot cross-border business, qualification for non-equity return swaps business, qualification for national debts and futures market-maker, qualification for credit derivative business, qualification for pilot fund investment advisory business, qualification for proprietary trading for gold spot contract, qualification for pilot account management function optimization business, qualification for market-making trading business of listed securities, qualification for market-making business of stock options, and qualification for market-making business of commodity futures and options.

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

2. Qualification of businesses approved by exchanges: qualified warrant dealer, qualified primary dealer for ETF, membership of the SSE, membership of the SZSE, qualified block-trader of the SZSE, qualified block-trader of the SSE, qualified electronic platform of the SSE for IPO offline subscription, qualified electronic platform of the SZSE for EIPO offline issue, qualification for primary dealer at the SSE for fixed income integrated system, qualified block-trader investor of the SSE, qualification for pilot securities-based lending business, qualification for the SSE dealer-quoted bond repurchase business, authorized for securities-based lending transactions, qualification for stock lending business under margin and securities refinancing, authorized for dealer-quoted securities repurchase business transactions, authorized for dealer-quoted repurchase transactions, qualification for pilot securities-based lending business, authorized for Hong Kong Stock Connect business transactions, membership of Shanghai Gold Exchange, qualified of stock options trading participant of the SSE, authorized for Hong Kong Stock Connect business transactions under the Shenzhen-Hong Kong Stock Connect, qualification for commodity swap dealers, qualification for crude oil futures business, qualification for the SSE bond pledge agreed repurchase, qualification for the SSE listed fund primary market-maker, qualification for SZSE stock options trading participant, qualification for Credit Protection Certificate Creation Institution (SSE), qualification for pilot business of financing for exercising incentive share options of listed companies, membership of the BSE, qualification for interbank gold price asking transactions of the Shanghai Gold Exchange, Jijintong market maker on the SZSE, and Jijintong market maker on the SSE.
3. Qualification of businesses approved by the Securities Association of China: qualification for pilot business of private placement of bonds for small and medium-sized enterprises, qualification for OTC trading, qualification for pilot business of Internet securities, qualification for participant of quotation and service system for inter-institutional privately equity product, and qualification for OTC option business second-tier dealer.
4. Qualification of businesses approved by the People's Bank of China: qualification for national inter-bank lending business and qualification for spot bond market maker in the interbank bond market.
5. Other qualifications: qualification for warrant clearance business, clearing participant of China Securities Depository and Clearing Company Limited, qualification for offering comprehensive services for insurance institutional investors, qualification for offering debt financing instruments for non-financial companies as a lead underwriter, qualification for business engagement with special institutional clients of insurance institutions, qualification for chief agency broker in national share transfer system, qualification for digital certificate authentication agency business, qualification for engagement in relevant businesses at Zhejiang Equities Exchange Centre, qualification for pilot short selling business, qualification for pilot margin refinancing business, qualification for pilot margin and securities refinancing business, qualification for pilot consumption payment service for clients with securities funds, qualification of concurrent-business insurance agency, qualification for private equity fund manager, qualification for pilot OTC income certificates business, qualification for market making business for nationwide shares transfer system, qualification for options clearing business, innovative scheme for account opening through WeChat, qualification for engagement of debt financing instruments quotation business for non-financial corporations, membership of Asset Management Association of China, membership of China Futures Association, membership of Insurance Asset Management Association of China, filing qualification as outsourced services provider for private investment funds, qualification for sales of precious metal products, qualification for Science and Technology Innovation Board securities refinancing business, qualification for GEM securities refinancing business, qualification for Science and Technology Innovation Board market-making business.

5. Headquarters in the PRC

Registered address	: No. 101, 7/F-18/F, Building No.1, No. 8 Xiyiing Street, Fengtai District, Beijing, the PRC, 100073
Office address	: Qinghai Finance Building, Building No. 1, No. 8 Xiyiing Street, Fengtai District, Beijing, the PRC, 100073
Website of the Company	: www.chinastock.com.cn
Email address	: zgyh@chinastock.com.cn

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

6. Principal Place of Business in Hong Kong

20th Floor, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong

7. Secretary to the Board

Secretary to the Board : Liu Bing
Address : Qinghai Finance Building, Building No. 1, No. 8 Xiyong Street, Fengtai District, Beijing, the PRC, 100073
Telephone : 010-80926608
Fax : 010-80926725
E-mail : yhzd@chinastock.com.cn

Note: As at the date of disclosure of this report, the changes in the secretary of the Board of Directors of the Company are set out in “SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF – IV. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY” of this report.

8. Company Secretary

Ng Ka Man

9. Authorized Representatives of the Company

Wang Sheng, Ng Ka Man

10. Listing of H Shares: Hong Kong Stock Exchange

Stock Code: 6881 Stock Name: CGS

11. Listing of A Shares: SSE

Stock Code: 601881 Stock Name: CGS

12. Disclosure of Information on A Shares and Place for Inspection

Name of media designated for information disclosure of the Company: China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily

Website designated by the CSRC for publishing annual reports: <http://www.sse.com.cn>

Location designated for maintaining the Company’s annual report: Qinghai Finance Building, Building No. 1, No. 8 Xiyong Street, Fengtai District, Beijing, the PRC

13. Website for Disclosure of Information on H Shares

<http://www.hkexnews.hk>

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

II. HISTORY

In June 2005, according to Basic Thoughts on Restructuring of China Galaxy Securities Limited Liability Company, approved by the State Council, the State Council decided to implement restructuring of China Galaxy Securities Company Limited (中國銀河證券有限責任公司) through investment made by Huijin. On 8 August 2005, Huijin and the Ministry of Finance jointly established Galaxy Financial Holdings. On 22 December 2005, after having approved pursuant to the Reply on Approval of the Restructuring Proposal of China Galaxy Securities Co., Ltd. issued by CSRC (CSRC Ji Gou Zi [2005] No. 163), Galaxy Financial Holdings, as a main promoter, together with 4 domestic investors, namely Beijing Tsinghua Venture Capital Co., Ltd. (北京清華科技創業投資有限責任公司), Chongqing Water Holdings (Group) Co., Ltd. (重慶市水務控股(集團)有限公司), China General Technology (Group) Holding Limited (中國通用技術(集團)控股有限責任公司) and China National Building Material Company Limited (中國建材股份有限公司), jointly established China Galaxy Securities Co., Ltd.

According to the restructuring proposal approved by the State Council and relevant approvals from CSRC, China Galaxy Securities Co., Ltd. acquired the securities brokerage business, investment banking business and related assets from China Galaxy Securities Company Limited. The Company was duly established with registered capital of RMB6 billion after completion of its registration on 26 January 2007 pursuant to the Approval of Business Commencement of China Galaxy Securities Co., Ltd. (CSRC Ji Gou Zi [2006] No. 322) issued by CSRC. China Galaxy Securities Company Limited was renamed as “China Galaxy Investment Management Company Limited” and ceased to engage in securities business.

In 2010, China General Technology (Group) Holding Limited transferred its 2 million shares then held by it to Zhejiang Tianlang Investment Management Company Limited (浙江天朗投資管理有限公司). CSRC Beijing Bureau issued the Letter of No-Objection Concerning the Change of Shareholders with Less than 5% Shareholding of China Galaxy Securities Co., Ltd. (Jing Zheng Ji Gou Fa [2010] No. 226) in respect of the captioned transfer, and the Company completed relevant procedures concerning the change of equity rights according to related requirements.

In 2011, Beijing Qingyuan Defeng Venture Capital Co., Ltd. (北京清源德豐創業投資有限公司) transferred 2 million shares then held by it to Shougang Corporation (首鋼總公司). CSRC Beijing Bureau issued the Letter of No-Objection Concerning the Change of Shareholders with Less than 5% Shareholding of China Galaxy Securities Co., Ltd. (Jing Zheng Ji Gou Fa [2012] No. 2), and the Company completed relevant procedures concerning the change of equity interest according to related requirements in respect of the captioned transfer.

In 2012, Galaxy Financial Holdings transferred the economic interests attributable to an aggregate of 628.878017 million shares to 30 institutions including PICC P&C and 3 individuals. On 8 October 2012, 18 October 2012, 27 November 2012 and 10 December 2012, CSRC Beijing Bureau issued the Letter of No-Objection Concerning the Change of Shareholders with Less than 5% Shareholding of China Galaxy Securities Co., Ltd. (Jing Zheng Ji Gou Fa [2012] No. 149), Letter of No-Objection Concerning the Change of Shareholders with Less than 5% Shareholding of China Galaxy Securities Co., Ltd. (Jing Zheng Ji Gou Fa [2012] No. 158), Letter of No-Objection Concerning the Change of Shareholders with Less than 5% Shareholding of China Galaxy Securities Co., Ltd. (Jing Zheng Ji Gou Fa [2012] No. 166), and Letter of No-Objection Concerning the change of Shareholders with Less than 5% Shareholding of China Galaxy Securities Co., Ltd. (Jing Zheng Ji Gou Fa [2012] No. 171), respectively, and the Company completed relevant procedures concerning the changes of equity rights according to related requirements.

The Company successfully listed its H Shares on the Hong Kong Stock Exchange on 22 May 2013. Following the exercise of over-allotment option on 13 June 2013, there were 1,606,604,500 H Shares in issue, among which, 69,345,743 H Shares were sold by the National Council for Social Security Fund and the remaining 1,537,258,757 H Shares were new shares issued by the Company. The registered capital of the Company was increased to RMB7,537 million.

On 5 May 2015, the Company placed an aggregate of 2,000,000,000 H Shares and the total issued share capital of the Company was increased to RMB9,537 million.

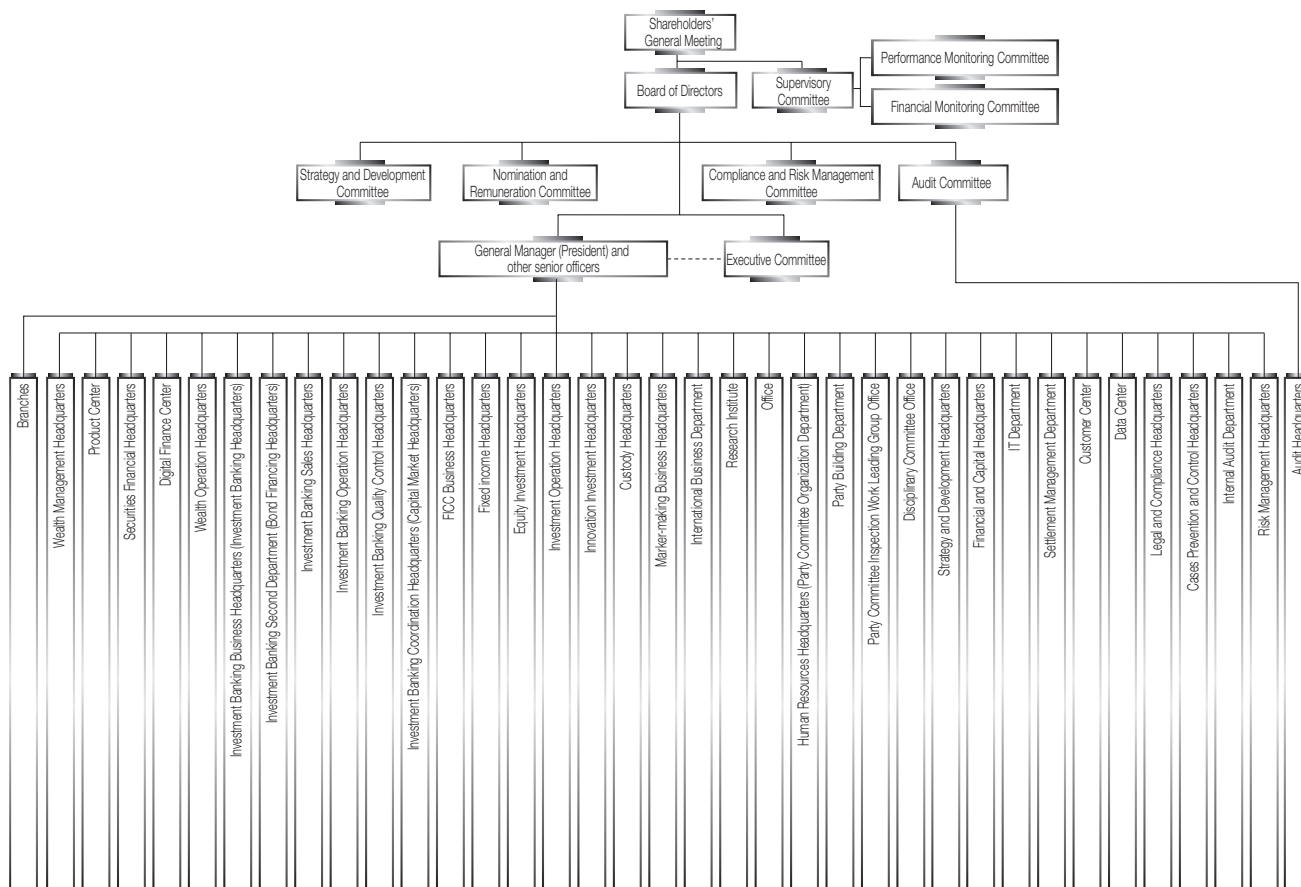
SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

In January 2017, the Company conducted an initial public offering of 600,000,000 A Shares, which became listed on the SSE on 23 January 2017. The Company's registered capital was increased to RMB10,137 million.

In March 2022, the Company completed the issuance of RMB7.8 billion worth of A-share convertible corporate bonds. The conversion of the A-share convertible bonds commenced on 30 September 2022. As at 19 December 2023, the redemption of the A-share convertible corporate bonds was completed and delisted, and 797,143,499 shares in aggregate arose from conversion, increasing the share capital of the Company to 10,934,402,256 shares.

III. ORGANIZATIONAL STRUCTURE

In accordance with the requirements of the Company Law, the Securities Law, the Guidelines for the Internal Control of Securities Companies, the relevant regulations and rules of CSRC, the Stock Exchange Listing Rules and the Articles of Association, the Company regulates its operations and constantly improves the operational and governance system for its general meeting, the Board of Directors, the Supervisory Committee and the management operations. The Company has established standardized and scientific governance structure, and set up an organizational structure that meets its development needs. The organizational structure of the Company is set out as follows:



SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

IV. NUMBER AND DISTRIBUTION OF SECURITIES BRANCHES

As at the End of the Reporting Period, the Company had 469 securities branches located in 31 provinces, autonomous regions and municipalities directly under the central government in the PRC. Among these branches, 72 are located in Guangdong Province, 67 in Zhejiang Province, 42 in Beijing, 39 in Shanghai, 31 in Jiangsu Province, 20 in Fujian Province, 17 in Shandong Province, 16 in Liaoning Province, 16 in Shanxi Province, 15 in Hubei Province, 15 in Sichuan Province, 12 in Anhui Province, 12 in Chongqing, 10 in Henan Province, 10 in Hunan Province, 9 in Hebei Province, 8 in Jiangxi Province, 7 in Heilongjiang Province, 6 in Guangxi Zhuang Autonomous Region, 6 in Yunnan Province, 6 in Shaanxi Province, 5 in Inner Mongolia Autonomous Region, 5 in Xinjiang Uygur Autonomous Region, 4 in Jilin Province, 4 in Gansu Province, 3 in Tianjin, 3 in Qinghai Province, 3 in Hainan Province, 3 in Ningxia Hui Autonomous Region, 2 in Guizhou Province and 1 in Tibet Autonomous Region.

Details of the securities branches of the Company are set out in Appendix.

V. SUBSIDIARIES AND BRANCHES

- (i) As at the End of the Reporting Period, the Company had 5 subsidiaries, in which the Company has 100% equity interest.

Name	Registered address	Date of incorporation	Registered capital	Legal representative/ Person in charge	percentage of shareholding	Telephone number
Galaxy Futures	Room 31012, Unit 2702, 31/F and Room 33010, Unit 2902, 33/F, Block 8, Jianguomen Outer Street, Chaoyang District, Beijing	25 December 2006	RMB4.5 billion	Yang Qing	100%	010-68569588
Galaxy Capital	101, 6/F, 101, 4-18/F, Building No.1, No. 8 Xiying Street, Fengtai District, Beijing	21 October 2009	RMB1.5 billion	Sun Jiao	100%	010-63369697
Galaxy International Holdings	20th Floor, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong	9 February 2011	HKD8.6 billion	Chang Yu	100%	(852) 36986888
Galaxy Jinhui	Room 201, Block A, No.1, Qianwan Road 1, Qianhai Shenzhen – Hong Kong Cooperative District, Shenzhen (Shenzhen Qianhai Commerce Secretariat Co., Ltd.)	25 April 2014	RMB1.0 billion	Wang Qing	100%	010-89623119
Galaxy Yuanhui	Room 3104, 31/F, 99 Fucheng Road, China (Shanghai) Pilot Free Trade Zone	10 December 2015	RMB5.0 billion	Wu Lihong	100%	021-60751758

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

- (ii) As at the End of the Reporting Period, the Company had 37 branches, each of which has working capital of RMB5 million. The details are as follows:

No.	Branches	Address	Name of person in charge	Date of incorporation shown on business license	Telephone number
1	Beijing Branch	Rooms 1502/1503/1504, 15/F, Financial Street International Hotel, No. 11 Financial Street, Xicheng District, Beijing	Zhang Kaihui	26 July 2011	010-89508777
2	Hunan Branch	2/F, No.279, Section 2, Middle Furong Road, Yuhua District, Changsha, Hunan Province	Jiang Jianjun	23 August 2011	0731-85536911
3	Shenzhen Branch	20th Floor, Zhongzhou Building, No. 3088 Jintian Road, Futian Street, Futian District, Shenzhen	Zeng Jun	21 June 2011	0755-82031998
4	Guangdong Branch	Room 2802 and 2801, Self-arranged Unit B, No. 235 Tianhe North Road, Tianhe District, Guangzhou	Shi Nan	22 July 2011	020-83953833
5	Tianjin Branch	Room 1707, 17/F, Luneng International Center, Intersection of Shuishang Park North Road and Shuishang Park East Road, Nankai District, Tianjin	Liu Jing	11 March 2013	022-83830348
6	Henan Branch	No. 202-206, 2/F, Li Feng International Building, No. 6 Shangxian Street, Longzihu, Zhengdong New Area, Zhengzhou, Henan Province	Wang Junzhao	4 March 2013	0371-63969218
7	Qinghai Branch	No. 106-26 Changjiang Road, Chengzhong District, Xining, Qinghai Province	Chen Wenyuan	11 March 2013	0971-8261669
8	Shanxi Branch	Units 01, 02, 03, 04B, 8/F, Block A, China Overseas International Center, No. 8, Section 1, Jinci Road, Wanballin District, Taiyuan, Shanxi Province	Wang Fu	14 March 2013	0351-8611197
9	Yunnan Branch	4/F, Xingyao Building, No. 393 Baita Road, Panlong District, Kunming City, Yunnan Province	Wang Anyuan	13 March 2013	0871-63645475
10	Dalian Branch	B, C, D, 5/F, East Tower, No. 620 Huanghe Road, Shahekou District, Dalian, Liaoning Province	Jiang Xuetao	13 March 2013	0411-84313089
11	Jilin Branch	9/F, Building A2, Jishang International Project, Qianjin Street, Chaoyang District, Changchun	Liu Xiaoyong	19 March 2013	0431-82707737
12	Inner Mongolia Branch	Shop 101, Block B, Boerdun Plaza, Ulanqab East Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region	Ren Wei	15 March 2013	0471-4955414

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

No.	Branches	Address	Name of person in charge	Date of incorporation shown on business license	Telephone number
13	Chongqing Branch	Unit 2, 24/F, No. 188 Minzu Road, Yuzhong District, Chongqing	Zhou Ming	18 March 2013	023-88128983
14	Hubei Branch	3/F, Business Conference Center, No. 1 Hongshan Road, Wuchang District, Wuhan, Hubei Province	Zhang Zhiqiang (Hubei)	12 March 2013	027-87841733
15	Hebei Branch	98 Hongqi Street, West Bridge District, Shijiazhuang	Zhao Yongwei	20 March 2013	0311-83998683
16	Heilongjiang Branch	3/F, Commercial Service, Floor 1-4 Blue Waterfront, No. 209 Zhongshan Road, Nangang District, Harbin, Heilongjiang Province	Li Naichen	25 March 2013	0451-53905568
17	Liaoning Branch	Units 1701, 1703-1, 1710, No. 59 Beizhan Road, Shenhe District, Shenyang	Wen Jiuyu	27 March 2013	024-23250200
18	Sichuan Branch	Room 401, 4/F, Block 1, No. 9 Jianshe Road, Chenghua District, Chengdu	Zhang Zhiqiang (Sichuan)	21 March 2013	028-84360387
19	Shaanxi Branch	2/F, Commercial Building of China Railway Group, No. 51 East Youyi Road, Beilin District, Xi'an, Shaanxi Province	Huang Yaguang	24 April 2013	029-87809443
20	Gansu Branch	3/F-1, Changye Jinzuo, No. 621 Donggang West Road, Chengguan District, Lanzhou, Gansu Province	Zhao Yan	8 May 2014	0931-8860653
21	Hainan Branch	1901-1 (South), 19/F, Shengda Business Plaza, No. 61, Guoxing Avenue, Meilan District, Haikou, Hainan Province	Chen Weihong	7 May 2014	0898-68500695
22	Ningxia Branch	No. 126, Jiefang West Street, Xingqing District, Yinchuan	Zhao Zhihao	29 April 2014	0951-5051318
23	Guangxi Branch	3/F, No. 12-2, Yuanhu South Road, Qingxiu District, Nanning	Xiong Wenfeng	14 May 2014	0771-5876608
24	Xinjiang Branch	No. 90, Jiankang Road, Jiefang North Road, Tianshan District, Urumqi, Xinjiang	Kong Lingguo	15 May 2014	0991-2333505
25	Guizhou Branch	Units 12, 13, 14, 15, 20/F, Building 5, Phase I Business Zone, Guiyang International Finance Center, northwestern corner of Lincheng Road and Changling Road, Guanshan Lake District, Guiyang, Guizhou Province	Shang Chao	22 May 2014	0851-87973558

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

No.	Branches	Address	Name of person in charge	Date of incorporation shown on business license	Telephone number
26	Tibet Branch	No. 32, 4/F, Building 2, Taihe International Cultural Plaza, No. 7 Jinzhu Middle Road, Chengguan District, Lhasa	Liu Wei	15 May 2014	0891-6344051
27	Shanghai Branch	Room 01, 31/F, 99 Fucheng Road, China (Shanghai) Pilot Free Trade Zone	Tian Min	29 July 2011	021-20252657
28	Shandong Branch	No. 175 Xinanhe Road, Zhifu District, Yantai	Zhang Huasheng	29 March 2013	0535-6626317
29	Qingdao Branch	No. 100E, Nanjing Road, Shinan District, Qingdao, Shandong Province	Cui Ning	15 April 2013	0532-82962152
30	Jiangsu Branch	Room 1701-1, No. 179 Yanshan Road, Jianye District, Nanjing	Wang Desheng	13 March 2013	025-84265536
31	Anhui Branch	Office 3801, 3802, Block C, Landmark Plaza, No. 288, Huaining Road, Shushan District, Hefei	Li Ding	22 March 2013	0551-62619935
32	Jiangxi Branch	201, 2/F, Comprehensive Laboratory Building, No. 555 Gaoxin Avenue, Nanchang Hi-Tech Industrial Development Zone, Nanchang, Jiangxi Province	Jin Zicheng	2 April 2013	0791-86283972
33	Zhejiang Branch	28/F, Building 3, Fanhai International Center, Jianggan District, Hangzhou, Zhejiang Province	Song Xiaojun	15 July 2011	0571-87043507
34	Ningbo Branch	32-1, No. 30 Anbo Road and No. 8 Jianning Street, Yinzhou District, Ningbo, Zhejiang Province	Zhou Hongliang	12 March 2013	0574-87681169
35	Fujian Branch	Shop 01, 2/F, 1# Building, Fuzhou Jiyou Plaza, No. 39 Fuma Road, Shuibu Street, Gulou District, Fuzhou	Huang Feilong	2 April 2013	0591-83350449
36	Xiamen Branch	Units C-D, 15/F, Block A, Portman Fortune Center, No. 81, Zhanhong Road, Siming District, Xiamen	Zeng Wenqing	21 March 2013	0592-2227159
37	Zhongshan Branch ^(Note)	Office 1-4 & 7, 3/F, Tower 2, Shangfeng Financial Business Centre, No.88 Zhongshan 4th Road, East District, Zhongshan	Wei Dan	19 March 2007	0760-88309888

Note: Zhongshan Branch was upgraded from Zhongshan Securities Branch in 2021. Zhongshan Securities Branch was established on 19 March 2007, and the upgrade and change of name on the Business License was completed on 16 August 2021.

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

VI. OTHER RELATED INFORMATION

Accounting firm engaged by the Company (domestic)	Name	Ernst & Young Hua Ming LLP
	Office address	16/F, Ernst & Young Tower, 1 East Changan Avenue, Dongcheng District, Beijing
	Names of signing accountants	Leung Shing Kit, Shi Yuxuan
Accounting firm engaged by the Company (overseas)	Name	Ernst & Young
	Office address	27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
	Names of signing accountants	Leung Shing Kit
Sponsors that conducted ongoing supervision during the Reporting Period	Name	Zheshang Securities Co., Ltd.
	Office address	No. 201 Wuxing Road, Hangzhou, Zhejiang Province
	Name of signing sponsor representatives	Pan Xun, Luo Jun
	Duration of ongoing supervision	From 10 May 2022 to 31 December 2023
Sponsors that conducted ongoing supervision during the Reporting Period	Name	CSC Financial Co., Ltd.
	Office address	9/F, Block B, Kaiheng Center, No. 2 Changyangmennei Avenue, Dongcheng District, Beijing
	Names of signing sponsor representatives	Pan Ke, Song Shuangxi
	Duration of ongoing supervision	From 10 May 2022 to 31 December 2023
Share registrars	Share registrar for A Shares	China Securities Depository and Clearing Company Limited
	Share registrar for H Shares	Computershare Hong Kong Investor Services Limited

Note: The Company issued A-share convertible corporate bonds, "China Galaxy Convertible Bonds", via public offering in 2022. As sponsors that conduct ongoing supervision, Zheshang Securities Co., Ltd. and CSC Financial Co., Ltd. performed the obligation of ongoing supervision from 10 May 2022 to 31 December 2023.

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

(I) Major Accounting Data and Financial Indicators for the Past Five Years

Profitability (RMB'000)

Item	2023		2023 (compared with 2022) increase/decrease	2021	2020	2019
	2023	2022 (Restated)				
Revenue and other income	44,962,115	43,781,051	2.70%	45,277,062	31,267,233	23,493,492
Total expenses	36,826,150	35,811,056	2.83%	32,532,645	22,171,139	16,674,249
Profit before income tax	8,133,649	7,970,867	2.04%	12,791,012	9,156,733	6,830,129
Profit for the year – attributable to owners of the Company	7,878,769	7,767,550	1.43%	10,430,238	7,243,654	5,228,429

Assets (RMB'000)

Item	2023/12/31		2023/12/31 (compared with 2022/12/31) increase/decrease	2021/12/31	2020/12/31	2019/12/31
	2023/12/31	2022/12/31 (Restated)				
Total assets	663,205,297	625,222,928	6.08%	560,135,033	445,730,215	315,665,878
Total liabilities	532,710,511	522,601,017	1.93%	461,156,982	363,722,157	243,744,179
Accounts payable to brokerage clients	120,261,793	129,645,925	-7.24%	128,400,821	97,670,919	80,508,860
Equity attributable to owners of the Company	130,466,361	102,598,726	27.16%	98,955,798	81,254,531	70,895,595
Total share capital	10,934,402	10,137,280	7.86%	10,137,259	10,137,259	10,137,259

Key Financial Indicators

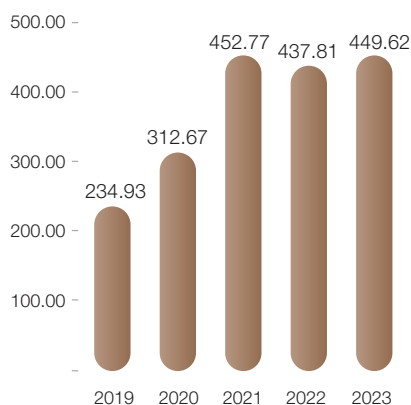
Item	2022		2021	2020	2019
	2023	(Restated)			
Basic earnings per share	0.67	0.70	0.97	0.71	0.52
Diluted earnings per share ^{Note 1}	0.65	0.67	0.97	0.71	0.52
Weighted average return on net assets	7.52%	8.22%	12.29%	9.84%	7.64%
Gearing ratio ^{Note 2}	75.97%	79.29%	77.07%	76.44%	69.42%

Notes:

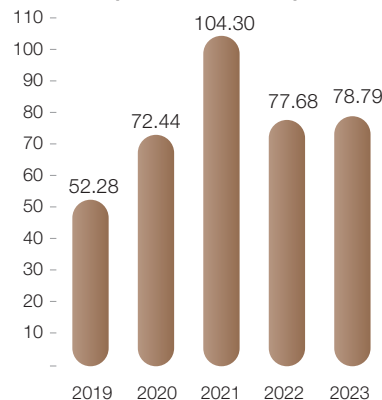
- There were no dilutive potential ordinary shares of the Company from 2019 to 2021.
- Gearing ratio = (total liabilities – accounts payable to brokerage clients – funds payable to securities issuers)/(total assets – accounts payable to brokerage clients – funds payable to securities issuers)
- The International Accounting Standards Board issued Amendments to International Accounting Standard (IAS) 12 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction in May 2021, which narrowed the scope of the initial recognition exception in IAS 12 so that the exception no longer applies to transactions, such as leases, that give rise to equal taxable and deductible temporary differences. The Group is therefore required to recognise a deferred tax asset (provided sufficient taxable profits are available) and a deferred tax liability in respect of temporary differences arising from such transactions. The amendments will be effective for annual reporting periods beginning on or after 1 January 2023. The Group has adjusted the relevant account data on the consolidated statement of financial position as at 31 December 2022 and the prior year comparative data on the consolidated statement of profit or loss in accordance with the cumulative effect of the amendments described above.

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

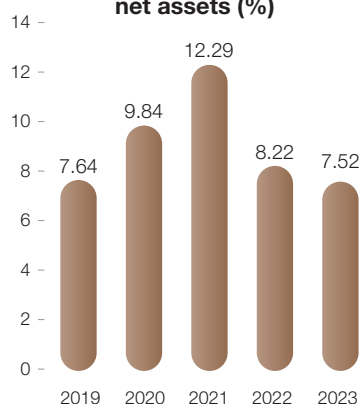
**Revenue and other income
(RMB100 million)**



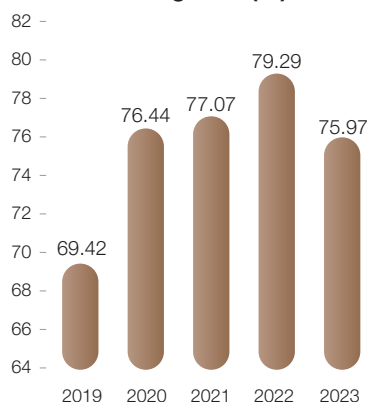
**Profit for the year - attributable
to owners of the Company
(RMB100 million)**



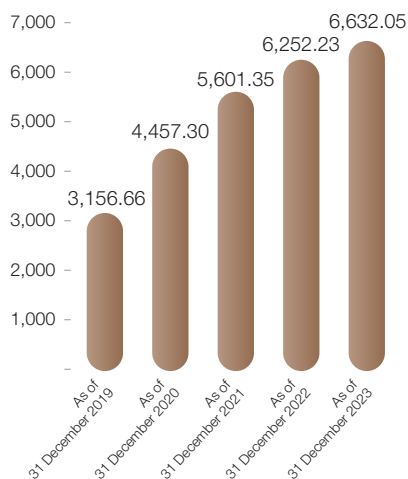
**Weighted average return on
net assets (%)**



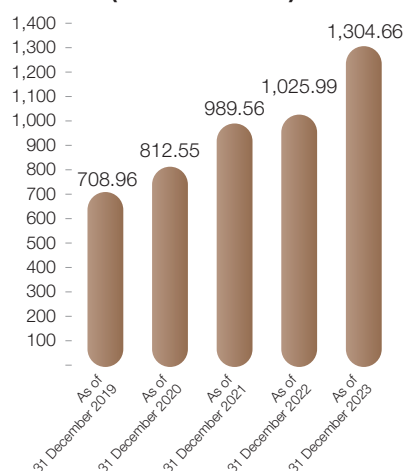
Gearing ratio (%)



Total assets (RMB100 million)



**Equity attributable to
owners of the Company
(RMB100 million)**



(II) Differences of Accounting Data Under Domestic and Foreign Accounting Standards

There was no difference between the net profit for 2023 and 2022 and the net assets as at 31 December 2023 and 31 December 2022 as presented in the Company's consolidated financial statements prepared in accordance with the International Financial Reporting Standards and the consolidated financial statements prepared in accordance with the China Accounting Standards for Business Enterprises.

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

VIII. NET CAPITAL AND RELEVANT RISK CONTROL INDICATORS OF PARENT COMPANY

During the Reporting Period, the risk control indicators for various businesses of the parent company complied with relevant provisions in the Measures for the Administration of Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》) issued by the CSRC.

As at the End of Reporting Period, the key risk control indicators of the parent company are as follows:

Item	2023	2022
Net capital (RMB)	100,100,154,912.51	79,078,332,752.04
Net assets (RMB)	126,594,428,575.06	99,247,339,423.44
Total risk capital provisions (RMB)	41,103,996,144.94	30,133,369,003.13
Risk coverage ratio ^{Note 1}	243.53%	262.43%
Capital leverage ratio ^{Note 2}	12.03%	12.42%
Liquidity coverage ^{Note 3}	289.15%	354.93%
Net stable funding ratio ^{Note 4}	129.20%	129.89%
Net capital/Net assets	79.07%	79.68%
Net capital/liabilities	26.83%	22.14%
Net assets/liabilities	33.94%	27.79%
Proprietary equity securities and their derivatives/Net capital	28.22%	36.69%
Non-proprietary equity securities and their derivatives/Net capital	273.87%	347.37%

Notes:

1. Risk coverage ratio = net capital/sum of capital provisions for risks × 100%
2. Capital leverage ratio = core net capital/total on-/off-balance sheet assets × 100%, where the core net assets include risk adjustment for contingent liabilities such as guarantees.
3. Liquidity coverage ratio = high-quality liquid assets/net cash outflows within next 30 days × 100%
4. Net stable funding ratio = available stable funding/required stable funding × 100%
5. In 2023, the parent company implemented the relevant provisions of the Interpretation No. 16 of the Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31), and therefore restated the net capital and related risk indicators for the end of the previous year.

SECTION III COMPANY BUSINESS OVERVIEW

I · DESCRIPTION OF PRINCIPAL BUSINESSES AND INDUSTRY IN WHICH THE COMPANY OPERATES DURING THE REPORTING PERIOD

(i) Primary Business Types of the Group

The Company is committed to building a reputable modern investment bank by focusing on marketisation, platformisation and digitisation. In 2023, the Company formally implemented a new round of strategic development planning, by clearly sticking to the strategic mission of “serving the country with finance and putting customers first” and the strategic goal of “building a first-class domestic and international modern investment bank”. The Company pushed forward the “five-in-one” business model, i.e., to provide integrated financial services including wealth management, investment banking, institutional business, international business, investment trading, and parent-subsidary integration business.

Wealth Management

This segment mainly provides clients with agency trading of stocks, funds, bonds, derivative financial instruments, etc., with financial services including investment advisory, portfolio advice, financial product sales and asset allocation, and offers them margin financing and securities lending, stock-pledged repurchases, agreed repurchase transactions and so forth.

Investment Banking

It provides one-stop investment banking services for a variety of corporate and government clients, including equity financing, bond financing, structured financing, financial advisory, asset securitisation and diversified financing solutions.

Institutional Business

It is principally engaged in the provision of prime brokers, seat leasing, custody outsourcing, investment research, sales and trading for institutional clients.

International Business

It primarily provides brokerage and sales, investment banking, research and asset management services to global institutional clients, corporate clients and retail clients through Galaxy International Holdings, CGS-CIMB and other business platforms.

Investment Trading

It is engaged in investment trading of equity securities, fixed-income securities, commodities and derivative financial instruments with its own funds, and provides integrated financial solutions for clients’ investment, financing and risk management.

Parent-subsidary Integration Business

Focusing on “client demand”, “professional development” and “collaborative income generation”, the Group actively integrates the business platforms of subsidiaries, such as futures, private equity investment management, alternative investment and asset management, with the above-mentioned five business lines, in a bid to strengthen business collaboration and resources connection, and continuously offer integrated financial services for clients.

SECTION III COMPANY BUSINESS OVERVIEW

(ii) Development Characteristics of the Industry in Which the Group Operates

Since 2023, China's economy and society have fully returned to normalcy. Thanks to effective macroeconomic policies, the national economy has rebounded and improved, demonstrating steady growth and high-quality development. In the first half of the year, under the influence of factors such as the expected improvement in economic recovery and the implementation of the full registration system, investor sentiment warmed up, the equity market recovered marginally, and the securities industry showed resilience in performance, with an overall improvement in the industry environment. In the second half of the year, with a series of favourable policies for the capital market launched, coupled with the advancement of constructing China with strong financial strengths proposed at the Central Financial Work Conference, securities firms, as important intermediaries in the capital market, have welcomed new development opportunities. Due to the fluctuation of the capital market, the trading activity declined and as a result, the proprietary investment, investment banking and other businesses were under pressure.

Operating revenue and net profit of the securities industry increased by 3.15% and decreased by 2.93% year on year to RMB313.819 billion and RMB113.339 billion, respectively, according to the unaudited financial data of parents of brokerage firms for the third quarter of 2023 released by the Securities Association of China. The scale and strength of the securities industry continued to expand. As at the end of the third quarter of 2023, brokerage firms posted total assets of RMB11.442994 trillion, net assets of RMB2.894051 trillion and net capital of RMB2.130865 trillion, a year-on-year increase of 3.45%, 3.82% and 1.90%, respectively.

SECTION III COMPANY BUSINESS OVERVIEW

II. SIGNIFICANT CHANGES IN MAJOR ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

As at 31 December 2023, Group had total assets of RMB663.205 billion, an increase of 6.08% as compared with the end of last year. Among which, monetary capital amounted to RMB113.625 billion, a decrease of 2.04% as compared with the end of last year, which was mainly due to the decrease in customer fund deposits; provision of settlement funds amounted to RMB27.900 billion, a decrease of 29.92% as compared with the end of the previous year, which was mainly due to the decrease in provision of settlement funds for customers; lending to clients amounted to RMB91.218 billion, an increase of 8.17% as compared with the end of last year, which was mainly due to the expansion of lending business; derivative financial assets amounted to RMB8.405 billion, an increase of 219.52% as compared with the end of the last year, which was mainly due to the expansion in the OTC derivatives business and the price fluctuation; refundable deposits amounted to RMB22.261 billion, an increase of 38.53% as compared with the end of last year, which was mainly due to the increase in performance security deposits and transaction deposits; financial assets held under resale agreements amounted to RMB22.749 billion, an increase of 12.10% as compared with the end of last year, which was mainly due to the growth in the stock pledge repurchase business; financial assets held for trading amounted to RMB206.183 billion, an increase of 19.93% as compared with the end of last year, which was mainly due to the increase in the investment in bonds and equities; debt investments amounted to RMB2.298 billion, a decrease of 15.14% from the end of last year, which was mainly due to the decrease in debt investments; other debt investments amounted to RMB97.358 billion, a decrease of 10.95% as compared with the end of last year, which was mainly due to the decrease in bond investments; investment in other equity instruments amounted to RMB45.173 billion, an increase of 17.65% as compared with the end of last year, which was mainly due to the increase in the investment in non-transactional interests; long-term equity investment amounted to RMB245 million, an increase of 296.27% as compared with the end of last year, which was mainly due to the increase in the investment of the long-term equity; fixed assets amounted to RMB535 million, a decrease of 7.57% as compared with the end of last year, which was mainly due to the decrease in fixed assets such as electronic and communication equipment; deferred tax assets amounted to RMB276 million, a decrease of 30.06% as compared with the end of last year, which was mainly due to the changes in fair value of financial instruments, impairment provisions, accrued unpaid compensation for employees and accrued unpaid interest expenses.

Among them: overseas assets amounted to RMB37.576 billion, accounting for 5.67% of the total assets.

SECTION III COMPANY BUSINESS OVERVIEW

III. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

As an important securities finance platform under Huijin and one member of the ‘national team’ in the securities sector and capital market, the Company can grasp the national development policies in a timely manner and enjoy the synergy of resources. After years of development, the Company has established significant competitive advantages as follows:

- (i) The Company has sound operation management. The Company has always adhered to the principle of basing on risk control and prioritising compliance, insisted on the prudent and robust risk appetite, and upheld the compliance concept of “three ‘never’ and one ‘pursuing’” (never touching the red line, never stepping on the gray zone, never playing edge ball and pursuing liabilities for violation of disciplines and regulations). With the optimisation of the comprehensive risk management capability and support for the effective synergy of internal controls, the Company continuously improved the professional tools of internal controls, perfected the penetrating and full-coverage risk management operation mechanism covering subsidiaries and off-balance-sheet businesses, and enhanced the proactivity, professionalism and foresight of internal controls, so as to firmly hold the bottom line of avoiding any major financial risk and provide a solid foundation and guarantee for the Company’s steady development.
- (ii) The Company has a distinctive business system. Specialising in retail business, the Company has established a client-centric wealth management service system covering branch offices and securities branches. It is a leading provider of services in stockbroking, agency sale of financial products, credit business and futures business. The Company leverages its offline network and client scale to get a head start in wealth management transformation, allowing it to maintain a leading position in retail services. As for its international business, the Company puts focus in Southeast Asia and has built a sound international service chain. It broke into the top three players in terms of market share in core regions, such as Singapore and Malaysia. The international business has been increasingly mature, which will become an important growth point in the future.
- (iii) The Company has a good brand image. The Company was a wholly state-owned securities company with the largest registered capital in China at the time of establishment. It is now still a leading securities company with the highest state ownership. The Company listed shares on both the H-share and A-share markets in 2013 and 2017, respectively. It has been awarded numerous honours and titles by governmental departments and professional organisations. The Company’s core businesses have long stayed top of the industry rankings. It actively serves the national strategies and the real economy, helps the capital market establish an endogenous stability mechanism, and actively integrates into the “dual circulation” pattern. It enjoys a high visibility and reputation in China’s capital market, especially in the field of household wealth management.
- (iv) The Company has the most extensive channel network. The Company has constantly stepped up its presence in the domestic market. After years of development, the Company had 37 branch offices and 469 securities branches in 31 provinces, autonomous regions, municipalities as at the End of the Reporting Period, allowing it to conveniently satisfy the needs of all kinds of clients for integrated financial services. With the deepening of the Belt and Road Initiative, the Company, through the merger and acquisition with CIMB, expanded its international business network from Hong Kong to Singapore, Malaysia, Indonesia, Thailand, South Korea, the United Kingdom, etc., marking its all-round entry in Southeast Asia and making it a Chinese brokerage with the most extensive network in Asia.
- (v) The Company has rich client resources. As at the End of the Reporting Period, the Company had more than 15.50 million clients, with RMB4.18 trillion of securities under custody. Benefitting from its sound client base, the Company has significant potential for synergistic growth among its business lines.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

I. MANAGEMENT DISCUSSION AND ANALYSIS

(i) Overall Business Situation

In 2023, despite the complex and volatile international situation and challenging market environment, the Company actively implemented the theme of education of the Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era and embraced the spirit of the 20th National Congress of the Communist Party of China (CPC). Under the solid leadership of the Company and with the unwavering efforts of all cadres, the Company remained committed to high-quality development. Being confident and hard working, the Company overcame difficulties and strived for progress. It promoted the steady and orderly progress of various tasks with efficient and systematic strategic execution, detailed as follows: We deepened the transformation and development of wealth management, expanded our service offerings, and resolutely implemented the regulatory requirements to "lower charges, provide concessions to the public, and reduce transaction costs." Additionally, we constantly enhanced the refinement of investment and advisory services for our clients. We pushed forward the professionalisation reform of our investment banking business by grasping the opportunity of the full registration system, improving the management system and mechanism, and strengthening our professional capability. We focused on improving the quality and efficiency of the investment business, continued to broaden the scope of business cooperation and optimised asset allocation by closely grasping the rhythm of the market, and maintained a stable overall investment scale. We launched new institutional businesses while fully accelerating platform construction and enhancing our full-chain customer service system and capabilities. We deepened the integrated and synergistic development at home and abroad and continued to explore new modes of financial services for the Belt and Road Initiative. These efforts laid a solid foundation to maintain the Company's dominant position in the core market of Southeast Asia. We promoted the steady development of our subsidiaries and optimised our business structure. Adhering to risk control and compliance, we strengthened risk management and internal governance by constantly reinforcing the construction of the internal control system to effectively prevent and resolve various risks. The Company recognised the importance of meeting political and people's needs in financial work. As a financial state-owned enterprise, the Company focused on serving major national strategies and the real economy, leveraging its increasingly perfect strengths to contribute to the Five Major Sectors: "science and technology finance, green finance, inclusive finance, pension finance, and digital finance".

In 2023, the Company's operating results grew steadily, maintaining its solid industry position. The Group realised revenue and other income of RMB44,962 million and a net profit attributable to owners of the Company of RMB7,879 million. The Company's total assets and net assets have grown steadily, with its total assets of RMB663.205 billion and net assets of RMB130,495 million as at the end of the period, indicating that its strategic goal of becoming a first-class, international and modern investment bank has gotten off to a solid start.

(ii) Analysis of Principal Businesses of the Company

The Company is primarily engaged in the wealth management business, investment banking business, institutional business, international business, investment trading business and parent-subsidiary integration business.

1. Wealth Management

(1) Retail Brokerage and Wealth Management

In 2023, the overall market sentiment of the A-share market showed a fluctuating downward trend, with a decline in trading activity. Compared to the same period in 2022, the rate of decline in the various segments of the stock market narrowed, with the BSE showing structural growth at the end of the year. According to the statistics of stock exchanges, the annual trading volume (excluding Shanghai Stock Connect, Shenzhen Stock Connect and exchange-traded money market funds) on the SSE, the SZSE and the BSE was approximately RMB220.77 trillion in 2023, with an average daily trading volume of RMB0.9 trillion, representing a decrease of 3.09% as compared with that of 2022.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

In 2023, for its customer-oriented wealth management business, the Company continued to optimise the wealth management system in various aspects, including “customer classification, investment and advisory classification, service level, product diversification, and technology support”, and actively promoted scenario-based operations and multi-channel customer acquisition. To serve as a professional financial advisor for the people, the Company met investors’ increasing demand for wealth management by providing “professional”, “supportive”, and “agile” wealth management services. The Company continued to strengthen the foundation of its retail business, promoted its digital operations, and revitalised customer assets by exploring existing clients’ needs. We continued to strengthen our customer base management capabilities while actively promoting multi-channel cooperation. By leveraging our professional strengths, we provided physical support to our customers through the effective implementation of investor suitability management and the coordinated promotion of the organic integration of investor education and business. The Company has effectively upgraded its integrated wealth management service platform, strengthened its scenario layout and operation, and fully utilised its strengths in technological empowerment. It focused on cultivating, expanding and strengthening a quality customer base to promote the high-quality development of its retail business. According to statistics unveiled by the Securities Association of China. The Company’s market share of net income from agency trading of securities was 4.79% in the first three quarters of 2023, ranking 3rd in the industry. As at the end of 2023, the total number of clients of the Company exceeded 15.5 million, of which the Company ranked first in the industry in terms of the number of qualified investors acquired by the Company on the BSE, and the total market capitalisation of securities under custody of the Company’s clients amounted to RMB4.18 trillion. As at the end of 2023, the Company had 3,798 investment advisors, representing an increase of 5.85% from the end of 2022. The number of contractors of Galaxy Jinyi, the Company’s high-net-worth client service brand, reached 5,456, representing an increase of 156% from the end of 2022. The net assets of high-net-worth clients exceeded RMB160 billion, representing an increase of 195% from the end of 2022.

(2) Financial Product Sales

According to the statistics from the Asset Management Association of China, net value of China’s public equity funds amounted to RMB27,599.296 billion at the end of 2023, an increase of 6.02% from RMB26,031.189 billion at the end of 2022.

The Company has been focusing on the Five Major Sectors, fully leveraging its financial service advantages, actively assuming responsibility of serving national strategies, and promoting product supply reforms in light of the market environment, in order to provide customers with a full spectrum of multi-level quality wealth management products and services. In the investment advisory business, the Company focused on building a buyer-oriented system and providing clients with more comprehensive asset portfolios and solutions. It also continuously enriched and perfected the marketing service system, comprehensively strengthened the business empowerment of its branches, and enhanced its ability to provide physical support to clients. In 2023, the Company’s sales of financial products amounted to RMB94.988 billion, representing an increase of 2.64% from 2022. The total amount of sales of financial products on a commission basis increased for four consecutive years, reaching a monthly average amount of RMB203.626 billion in 2023, representing an increase of 6.15% from 2022.

(3) Credit Business

According to the statistics from WIND, as at the end of 2023, the balance of margin financing and securities lending accounts in the market was RMB1,650.9 billion, representing an increase of 7.17% from the end of 2022. Among these, the margin financing balance was RMB1,579.3 billion, representing an increase of 9.33% from the end of 2022; the securities lending balance was RMB71.6 billion, representing a decrease of 25.33% from the end of 2022.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

In 2023, the Company focused on serving national strategies and the real economy by fully utilising credit instruments. In alignment with the “new situation, new landscape and new requirements”, it explored “the new ideas, new directions and new strategies” for its business development by taking comprehensive measures to promote the high-quality development of credit business. The Company has actively embraced capital market reforms, followed the direction of regulatory policies, positioned itself properly, and conducted its business in a prudent and compliant manner. The Company adhered to a customer-centric approach, strengthened the empowerment of financial technology, and focused on tapping professional and institutional investors. By continuously enriching the service model for small and medium-sized investors, it provided differentiated and precise services and products for various customers, including individuals, corporations, and institutions. A sound risk prevention and control system was established to improve risk management and prevention capabilities. The Company continuously tracked market dynamics, expanded business outreach and innovated the business model to actively boost the growth of new businesses, such as funding for exercise of share options. It built a competitive “credit + X” business cluster to provide diverse integrated financial services to listed companies and their shareholders and various professional investment institutions. As at the end of 2023, the balance of the Company’s margin financing and securities lending business was RMB84.1 billion, with an average maintenance margin ratio of 247%. The outstanding balance of its stock pledge business was RMB20.6 billion, with a performance security ratio of 252%. Risks were generally under control.

2. Investment Banking

In 2023, the capital market reform continued to deepen with the improved basic system when opportunities and challenges co-existed with the implementation of the full registration system and the phased slowdown of IPOs. According to the statistics from WIND, in 2023, the equity financing in China amounted to RMB1,134.430 billion, a year-on-year decrease of 32.80%. Among them, the IPO financing amounted to RMB356.539 billion, a year-on-year decrease of 39.25%; the refinancing amounted to RMB744,575 million (excluding exchangeable bonds), a year-on-year decrease of 29.62%. In 2023, China’s bond issuance totalled RMB71.04 trillion, a year-on-year increase of 15.45%. As at the end of 2023, the onshore bond market was valued at RMB155.73 trillion, representing an increase of RMB13.77 trillion from the end of 2022.

In 2023, the Company was determined to implement a new three-year development plan, by closely focusing on the key business strategy of “being an investment banking specialist trusted by entrepreneurs” and deepening the reform of investment banking specialisation. It continued to optimise the team setup, replenished and equipped the professional staff, perfected the management system and mechanism, and expanded the client resources in order to lay a solid foundation for the development of the business. (1) The Company strengthened the project reserve of the equity financing business, and improved the project contracting standard and comprehensive service capability. It had 2 IPO projects approved at listing committee meetings of stock exchanges, and completed 4 refinancing projects (including convertible bond financing), 10 New OTC Board recommended listing projects, 2 New OTC Board directional issuance projects, and 4 M&A restructuring financial advisory projects. Furthermore, the Company had completed 2 refinancing projects which were issued but not yet listed, and it had 2 directional issuance projects on the New OTC Board which had obtained the consent letter from the stock transfer corporation but had not yet been completed. In 2023, the Company’s equity underwriting amounted to RMB3,765 million. (2) By strengthening synergies for the bond financing business segment, the Company further explored business opportunities in local government bonds, financial bonds, short-term financing margins, targeted instruments and medium-term notes. The growth in bond underwriting was higher than the average industry growth rate. According to the statistics from WIND, in 2023, the Company underwrote a total of 1,102 bonds with an underwriting amount of RMB357.954 billion, a year-on-year growth of 41.75%, ranking 12th in the industry. Specifically, the Company’s development in the local government bonds and financial bonds was in a positive momentum, with the underwriting amount of local government bonds of RMB191.299 billion, ranking 8th in the industry, and the underwriting amount of financial bonds of RMB107.807 billion, ranking 11th in the industry.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

The Company was awarded the 2023 China Securities Industry Jun Ding Award for Serving Private Enterprises (2023 中國證券業服務民營企業君鼎獎) at the 2023 China Financial Institutions Annual Summit of Securities Times, the Best Investment Banking Elite Team (IPO Project) (最佳投行業務精英團隊 (IPO 項目)), the Best Investment Banking Elite Team (Corporate Bond Project) (最佳投行業務精英團隊 (公司債項目)), and the Most Creative Project (最具創造力項目) in the 16th New Fortune Best Investment Bank Awards.

3. Institutional Business

According to the statistics of Asset Management Association of China, as at the end of 2023, net value of public equity funds and private equity funds in China amounted to RMB27,599,296 million and RMB20,315,596 million, representing a year-on-year growth of 6.02% and 0.17%, respectively, indicating that the power of institutional investors continued to grow with increasing influence.

In 2023, the Company established a new institutional business line to coordinate the integrated development of institutional investment trading, institutional sales, custody outsourcing and market making. It launched the Galaxy Sky Bow (銀河天弓) one-stop institutional service platform, with the total coverage rate of key institutional clients reaching 68.4%. The Company has been actively building a service ecosystem chains to include three types of institutions – “peers, private equity enterprises, and corporates”, to enhance its comprehensive service capabilities. By relying on two business platforms – the Xingyao Digital Intelligence Service Platform and the Corporate Comprehensive Financial Service Platform – the Company strived to become “a full-chain service provider relied on by its institutional clients”, with a focus on investment and research transactions, share repurchase, share incentives, employee shareholding plans, and share increase/decrease services. By launching the Star Goodness Program (星善計劃) public welfare brand, the Company actively implemented the national policy of promoting common prosperity and serving the real economy. The Company established the Star Management Club (星耀管理人俱樂部) brand to provide one-stop full chain services to private equity clients. Relying on the Group’s distinctive self-research strategies and investment research analysis, we deepened TDC (TDC refers to strategy services provided for suitable professional trading investors and supported by our distinctive self-research strategies and research analysis) institutional investment consulting and provided professional strategy services for institutional and high-net-worth clients.

In terms of over-the-counter (OTC) business, with the help of natural language processing, cloud computing, robot process automation and other digital financial technologies, the Company was committed to building a series of industry-leading business systems such as a new generation of flexible pricing engine, WeChat inquiry and order placing robots, and customer OTC access service platform. It continuously polished and upgraded the OTC derivatives trading service platform, so as to provide professional institutional investors with the full lifecycle of OTC derivatives services, ranging from contract entry and inquiry, to investment and trading, valuation and clearing.

In terms of market making, the Company has actively participated in the high-quality construction of the BSE, being one of the first batch to be licensed with the market-making qualification for stocks on the BSE and to participate in the market-making trading on the BSE. The Company is currently providing market-making services for the stocks of 12 companies listed on the BSE, serving the high-quality development of innovative small and medium-sized enterprises. In addition, the Company actively participated in stock and fund market making on the Science and Technology Innovation Board, playing an important role in activating the capital market and serving technological innovation.

In terms of custody and fund services, the Company actively expanded its client resources and launched the Galaxy Custody ZhiTuoXing (智托星) service sub-brand, achieving continuous growth in business scale. The Company has passed the ISAE 3402 international accreditation for two consecutive years and was awarded the title of the Excellent Private Placement Custody Growth Brokerage Firm Demonstration Institution (優秀私募託管成長券商示範機構) in 2023 organised by China Fund. As at the end of 2023, the scale of the Company’s custody and fund services amounted to RMB282,702 million, representing a year-on-year growth of 5.29%, with the number of products of 4,013, representing an increase of 9.26% year-on-year.

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In terms of research business, the Company has driven the overall development of industry research with macro research and introduced industrial leading talents. The number of research reports released achieved continuous year-on-year growth with significant improvement in quality. The portfolio of outstanding stocks were top-ranked in the market in terms of returns. We actively expanded and served external institutional investors by increasing the frequency of services. We also provided timely and efficient research services to institutional investors through various means such as research reports, special topics, research studies, roadshow exchanges, research salons, media releases, and teleconferences, etc., so as to promote the confidence of the market. We strengthened the influence of professional fund appraisal and contributed to the national public fund infrastructure, by launching the comprehensive appraisal services for annuities, facilitating the development of the “second pillar” for retirement.

4. International Business

In 2023, Hong Kong’s stock market experienced a continuous downturn while the average daily trading volume of stock markets in Southeast Asian decreased significantly. In particular, the average daily trading volume of the Hong Kong stock market amounted to HK\$105.2 billion, a decrease of 16% year-on-year. Equity financing activities in Hong Kong’s capital markets were weak, with total annual equity financing of HK\$150.7 billion, a decrease of 40% year-on-year. Hong Kong’s capital market saw 73 initial public offerings (IPOs), a decrease of 19% year-on-year, with a total IPO financing of HK\$46.3 billion, a decrease of 56% year-on-year.

Galaxy International Holdings has made solid strides in high-quality development by focusing firmly on its main responsibilities and businesses. In particular, the brokerage business continued to maintain its dominant position in the core regions of Southeast Asia. The investment banking business achieved growth under the adverse market condition, completing 15 Hong Kong IPOs and underwriting 133 bonds in 2023. We won a number of investment banking awards, including the 2023 Jun Ding Award for Overseas Investment Banks in China’s Securities Industry (2023 中國證券業境外投行君鼎獎), the Underwriting Contribution Award (承銷貢獻獎) for the Macau bond market, and the Growth Potential Award (年度成長潛力獎) at the election of annual Institutions for China-funded Offshore Bonds organised by CSCI Technology. Wealth management and asset management businesses accelerated the pace of their full product line deployment and further enhanced their product and service capabilities. In 2023, Galaxy International Holdings completed the second right-to-purchase transaction in respect of Galaxy-Commonwealth Holdings Pte Ltd (“Galaxy-Commonwealth Holdings”) and CGS-CIMB Holdings Sdn. Bhd. (“CGS-CIMB Holdings”), realising a 100% shareholding in these companies, which will help the Company maintain its leading position in the core markets of South-East Asia, and better leverage on the strengths of the Company’s presence in the Southeast Asian region.

5. Investment Trading

In 2023, the Company responded promptly to market conditions by adjusting and optimising its asset allocation. This led to steady growth in the fixed income investment business and strict control of risk exposure in equity investments. Simultaneously, the Company vigorously expanded its innovative investment trading business based on customer needs, aiming to enhance its ability to serve customers in asset allocation and risk management.

In terms of equity investment, the Company adhered to the principle of “low risk and absolute return”, and in particular, with the dividend strategy, the Company achieved good investment results, contributing to its stable performance and net asset appreciation.

In respect of fixed income investments, the Company adhered to a prudent investment strategy while optimising its position structure to stabilise the scale of interest rate bonds, which was achieved by allocating more stable income investment products and steadily developing its investments such as ABS, notes, REITs and offshore fixed income products. The Company enhanced credit risk management and control, explored the investment value of credit bonds, and improved the safety margin of underlying assets. It vigorously developed market-making business and quote repurchase, expanding off-balance sheet and customised business. We also exported comprehensive

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

investment capabilities to clients based on our research, trading and risk management capabilities. In 2023, the Company was awarded the first prize of the Best Contribution Award for the 10th Anniversary of the Listing of Treasury Bond Futures (國債期貨上市十週年最佳貢獻獎) under proprietary trading, the Golden Award for the Outstanding Market Maker for Treasury Bond Futures (國債期貨優秀做市商金獎) and the Outstanding Treasury Bond Futures Trading Team Award (國債期貨優秀交易團隊獎) by the China Financial Futures Exchange; the Market Influence Award of the Year (年度市場影響力獎) and the Market Innovation Award (市場創新獎) under the Renminbi market transaction by the National Interbank Funding Center; the Outstanding Proprietary Bond Investment Institution Award (自營類優秀債券投資機構獎) and the Outstanding Bond ETF Market Maker Award by the SSE; the Outstanding Bond Investment Trading Institution Award (優秀債券投資交易機構獎) by the SZSE; the Innovation Institution of the Year Award (年度創新機構獎) at the 9th China Securitization Forum Annual Conference; the 8th CNABS Asset Securitization Annual Conference cum “Jingui Award” Market Leading Investment Institution Award (第八屆CNABS資產證券化年會暨「金桂獎」市場領先投資機構獎); the 9th Structured Financing and Asset Securitization Forum Jiefu Award for “Outstanding ABS Institutional Investor” and “Outstanding Bond Market Investment Team” (第九屆結構性融資與資產證券化論壇介甫獎「優秀ABS機構投資人」·「優秀債券市場投資團隊」), etc. The Company has actively applied for and obtained the qualification of the principal market maker for the first batch of bonds on the SSE and the SZSE, the qualification of principal market maker for 30-year treasury bond futures on the China Financial Futures Exchange, and the qualification of market maker for commodity futures and options. The Company has become one of the first organizations to create and quote “bond baskets” on the China Foreign Exchange Trade System. The Company issued the market’s first “Local Bond” bond basket in Western China in 2023 and the market’s first joint market-making “Local Bond” bond basket, and completed the market’s first “CFETS Interbank Yangtze River Delta Bond Index (CFETS 銀行間長三角區域債券指數)” swap transaction.

In terms of derivative investment, the Company has been enriching its financial service matrix by expanding its derivatives business to meet the personalized financial service needs of different clients. The Company has actively pursued applications to become a quotation agency for interest rate options at the China Foreign Exchange Trade System, a forward quotation agency for China Development Bonds (CDB) and Agricultural Development Bonds (ADB), as well as a member of the centralized clearing and quotation group for credit default swaps at the Shanghai Clearing House. In 2023, the Company successfully completed its first and second domestic OTC derivatives transactions linked to the Bloomberg China Dollar Bond Index (彭博中資美元債指數), effectively supporting the offshore financing business of physical enterprises. The Company completed its first OTC interest rate option business with a real enterprise, meeting the more refined hedging needs of clients.

6. *Other Parent-subsidiary Integration Businesses*

(1) *Futures business*

According to the statistics from the China Futures Association, the futures trading volume in China totalled 8.501 billion lots in 2023, a year-on-year increase of 25.60%, with a cumulative turnover amounted to RMB568.51 trillion (unilaterally calculated), a year-on-year increase of 6.28%.

Galaxy Futures promoted business development and steadily enhanced the quality and efficiency of its operations. The company persisted in driving growth through the dual-wheel approach of traditional brokerage business and innovative derivatives business, fostering synergies between on-market and off-market activities, as well as futures and spot futures. This strategic focus aimed to establish a stable foundation for development. We have made significant efforts to develop our industrial and institutional client base in the brokerage business while strengthening synergies between our parent and subsidiary companies. Additionally, we have prioritized digital transformation to cater to a younger futures client base. Simultaneously, we have explored operations in the private sector to establish new avenues of business growth, aiming to solidify our leading position in the brokerage industry. In asset management, we continued to build and incubate active management products, and innovated and improved our low-risk product lines.

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As Galaxy Futures' subsidiary specialising in risk management, Galaxy Derivatives shoulders the responsibility of offering financial services to serve the real economy through innovation in OTC, spot & futures and so forth, achieving steady growth in revenue generating capacity. In the OTC derivatives business, we launched the WeChat Auto Quotation System, which realised the automatic quotation of equity vanilla options and commodity put and buy structures, effectively enhancing our business capacity and bringing good customer experience. The launch of Galaxy Derivatives DMA (direct market access) system also met clients' needs for A-share linear business trading and cross-border swap business, further enhancing our market competitiveness. For market making business, as of the end of 2023, the Company possessed 63 market maker qualifications, becoming one of the futures subsidiaries with licenses to conduct market-making activities for the most complete varieties of products. In terms of futures and spots business, with new business varieties such as lithium carbonate, industrial silicon and chemical coke, we broadened the service scope of the real economy. Through the "Factory + Business" model, we have opened up the trading business of the entire alloy industry chain, assisting the real economy in solving challenging problems.

(2) *Asset management business*

According to the statistics from Securities Association of China, as at the end of the third quarter of 2023, the entrusted funds of securities companies totalled RMB8.95 trillion, representing a decrease of 8.26% as compared to the end of 2022.

In 2023, Galaxy Jinhui continued to strengthen its investment and research capabilities, fostering integrated capacity building in research, investment, and trading. The company systematically reinforced its foundational management practices and pursued ongoing optimisation of its business structure. A number of products have performed well and continue to be recognised by the market, highlighting the pursuit of absolute return as the hallmark of the fixed income brand. At the same time, Galaxy Jinhui accelerated its specialty product presence expansion, actively researched and developed equity and hybrid products. Also, the company completed the creation of ESG-based products, dividend-based products and other thematic products in line with its own management characteristics, further improving the product spectrum and effectively enhancing the quality of product creation. The company will continue to leverage its resource strengths, establish a comprehensive and well-coordinated institutional mechanism with professional division of labour, and develop a service ecosystem centered around customer needs. We have been continuously improving our marketing pipeline to expand our reach to peer institutions, retail customers, and corporate clients. To support the national strategy and the real economy, Galaxy Jinhui remained dedicated to meeting the financing requirements of micro, small and medium-sized enterprises. The company aims to bolster the availability of financial resources, elevate the quality of financial services, and contribute to the high-quality development of enterprises. As of the end of 2023, Galaxy Jinhui had a total of 260 existing management products, with a total entrusted scale amounted to RMB94.566 billion.

The table below presents the scale and income of the asset management business of the Company:

Currency: RMB Unit: 100 million yuan

	As at the end of 2023		As at the end of 2022	
	Number of products	Entrusted scale	Number of products	Entrusted scale
Collective asset management	100	407.16	101	442.00
Single asset management	155	521.57	163	672.11
Specialized asset management	5	16.93	5	35.88

Source: Galaxy Jinhui Business Statistics, of which the information on the entrusted scale of asset management products in 2023 is unaudited.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

(3) Alternative investment business

Galaxy Yuanhui actively integrated with and served the national development strategy, investing in high-tech industries and positioning itself in high-growth areas proactively in 2023. The company also diversified its allocation of financial products to strengthen the resilience of its performance, thereby achieving an improved investment return rate. In 2023, Galaxy Yuanhui invested in five new high-tech enterprises with independent innovation attributes. The company also completed the listing and issuance of two new equity projects on the Science and Technology Innovation Board, with four new projects having their IPO applications accepted by stock exchanges. Additionally, the company gradually withdrew from certain listed projects.

(4) Private equity investment management

According to the statistics from Asset Management Association of China, as at the end of 2023, it had registered 12,893 private equity/venture capital fund managers, managing 54,648 private equity investment funds with a fund size of RMB14.33 trillion, representing an increase of 4.07% as compared with the end of 2022.

In 2023, leveraging the unique advantages of private equity funds as long-term and patient capital, Galaxy Capital prioritised serving the “Five Major Sectors”. The company aimed to achieve alignment between its business development and national strategies. In 2023, the total amount of new investment was RMB1.082 billion, mainly allocated to the “Five Major Sectors” to comprehensively build a new development pattern. Hainan Free Trade Port Construction Investment Fund Co. Ltd (海南自由貿易港建設投資基金有限公司) (known as the “Hainan Free Trade Port Construction Investment Fund”) focuses on the three main investment fields of the Hainan Free Trade Port: “key industries, key parks, and major projects”. The fund has established 8 sub-funds with a total size of RMB6.173 billion, providing strong support for the high-quality construction of the Hainan Free Trade Port. As at the end of 2023, Galaxy Capital managed 20 private equity funds, focusing on strategic national regions such as the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, the Hainan Free Trade Port, Western China, and Northeast China. The total registered scale of these funds amounted to RMB25.724 billion. In 2023, Galaxy Capital was awarded the title of Top 30 Provincial Government-Led Funds with the Best Risk Control (省級政府引導基金最佳風控 TOP30) and Top 30 Best Government-Led Funds (Provincial) (最佳政府引導基金(省級)TOP30) by Fund of Funds Research Center (china-fof.com).

II. ANALYSIS OF OPERATION DURING THE REPORTING PERIOD

(i) Profitability Analysis of the Company during the Reporting Period

As at the End of the Reporting Period, the total assets of the Group amounted to RMB663.205 billion, representing an increase of 6.08% from the end of 2022, and equity attributable to owners of the Company amounted to RMB130.466 billion, representing an increase of 27.16% from the end of 2022. In 2023, the Group realised total revenue and other income of RMB44.962 billion, representing a year-on-year increase of 2.70%, and net profit attributable to owners of the Company of RMB7.879 billion, representing a year-on-year increase of 1.43%. The weighted average return on net assets was 7.52%, a decrease of 0.70 percentage point year-on-year.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

(ii) Asset Structure and Quality

As at the end of 2023, the Group had total assets of RMB663.205 billion, representing an increase of 6.08% from RMB625.223 billion at the end of 2022; total liabilities of RMB532.711 billion, representing an increase of 1.93% from RMB522.601 billion at the end of 2022; and equity attributable to owners of the Company of RMB130.466 billion, representing an increase of 27.16% from RMB102.599 billion at the end of 2022.

Asset structure remained stable while asset quality and liquidity remained satisfactory. As at 31 December 2023, the Group's total assets consisted of monetary capital of RMB113.625 billion, accounting for 17.13% of the total assets; provision of settlement funds of RMB27.900 billion, accounting for 4.21% of total assets; lending to clients of RMB91.218 billion, accounting for 13.75% of total assets; financial assets held for trading of RMB206.183 billion, accounting for 31.09% of total assets; other debt investments of RMB97.358 billion, accounting for 14.68% of total assets; and investments in other equity instruments of RMB45.173 billion, accounting for 6.81% of total assets. The Group's assets were highly liquid with reasonable structure. In addition, according to its accounting policy, the Group made provision for corresponding impairment of financial instruments and confirmed loss reserves based on expected credit losses, and the asset quality was favourable.

As at the End of the Reporting Period, the total liabilities of the Group amounted to RMB532.711 billion, and the Group's own liabilities, after deducting the securities trading and underwriting agency fees, amounted to RMB412.449 billion. Among them, its own current liabilities amounted to RMB335.831 billion, accounting for 81.42%; its owned non-current liabilities amounted to RMB76.618 billion, accounting for 18.58%. Its own liabilities were mainly short-term financing payables of RMB26.410 billion, accounting for 6.40%; financial liabilities held for trading of RMB39.654 billion, accounting for 9.61%; financial assets sold under repurchase agreements of RMB161.353 billion, accounting for 39.12%; bond payables, including long-term subordinated bonds, long-term corporate bonds and long-term income certificates, of RMB100.546 billion, accounting for 24.38%; other liabilities of RMB45.157 billion, accounting for 10.95%. The Group did not have any matured unpaid debts, and its business was in sound conditions with strong profitability and good long-term and short-term solvency as well as favourable liquidity.

The gearing level and operating leverage slightly decreased from the beginning of the year. As at the end of 2023, the gearing ratio of the Group was 75.97%, representing a decrease of 3.32 percentage points as compared with 79.29% as at the end of 2022. (Note: gearing ratio = (total liabilities – accounts payable to brokerage clients – funds payable to securities issuers)/(total assets – accounts payable to brokerage clients – funds payable to securities issuers)); operating leverage ratio was 4.16 times, representing a decrease of 0.67 from 4.83 times as at the end of 2022. (Note: operating leverage ratio = (total assets – accounts payable to brokerage clients – funds payable to securities issuers)/equity attributable to owners of the Company).

(iii) Financing Channels and Capability

The Company maintains a long-term and prudent financial policy, focuses on management of asset liquidity and guarantees smooth financing channels. During the Reporting Period, the Company raised short-term funding primarily by means of interbank lending, repurchase, short-term commercial papers, short-term income certificates and re-lending. Meanwhile, it may borrow long-term funds through issuance of corporate bonds, subordinated bonds, perpetual subordinate bonds and other ways approved by the competent authorities according to the market environment and its own needs. At present, the Company has secured a line of credit from several commercial banks. It may employ the foregoing debt financing instruments to borrow funds according to its own business needs.

As at the End of the Reporting Period, the line of credit granted to the Company amounted to more than RMB400.0 billion.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

(iv) Cash Flows

In 2023, excluding the effect of the change in securities trading agency fees, the net change in cash and cash equivalents of the Group amounted to RMB-0.444 billion during the Reporting Period, as compared to RMB7.138 billion for the same period of 2022, which was mainly attributable to the decrease in net cash flows generated from operating activities and the increase in net cash flows generated from investing activities.

Net cash flows from operating activities amounted to RMB-30.193 billion in 2023, as compared to RMB28.826 billion for the same period of 2022, representing a year-on-year decrease in net inflows of RMB59.019 billion, which was mainly attributable to year-on-year decreases in net cash inflows from financing and repurchase operations.

Net cash flows from investing activities amounted to RMB12.624 billion in 2023, as compared to RMB-24.811 billion for the same period of 2022, representing a year-on-year increase in net inflows of RMB37.435 billion, which was mainly attributable to the year-on-year increase in net cash flows from other debt investments.

Net cash flows from financing activities amounted to RMB17.031 billion in 2023, as compared to RMB2.458 billion for the same period of 2022, representing a year-on-year increase in net inflows of RMB14.573 billion, which was mainly attributable to the year-on-year increase in cash inflows received from the issuance of long-term bonds by the Company during the Reporting Period.

(v) Analysis of Financial Statements

1. Items of income statement

Highlights of financial results

In 2023, net profit attributable to owners of the Company amounted to RMB7.879 billion, representing a year-on-year increase of 1.43%. The key financial results are as follows:

Unit: RMB in million

Item	2023	2022	Change	Year-on-year growth rate
Revenue				
Commission and handling fee income	7,582.0	8,514.0	-932.0	-10.95%
Interest income	14,448.4	14,289.7	158.7	1.11%
Net investment gains	7,657.9	5,590.1	2,067.8	36.99%
Total revenue	29,688.2	28,393.8	1,294.4	4.56%
Income from bulk commodity trading	14,891.7	15,054.1	-162.4	-1.08%
Other income and gains	382.2	333.1	49.1	14.73%
Total revenue and other income	44,962.1	43,781.1	1,181.0	2.70%
Total expenses	-36,826.2	-35,811.1	-1,015.1	2.83%
Including: expenses on bulk commodity trading	-14,705.2	-15,072.4	367.2	-2.44%
Share of results of associates	-2.3	0.9	-3.2	-365.60%
Profit before income tax	8,133.6	7,970.9	162.7	2.04%
Income tax expense	-249.6	-202.4	-47.2	23.35%
Profit for the year	7,884.0	7,768.5	115.5	1.49%
Net profit attributable to Owners of the Company	7,878.8	7,767.6	111.2	1.43%

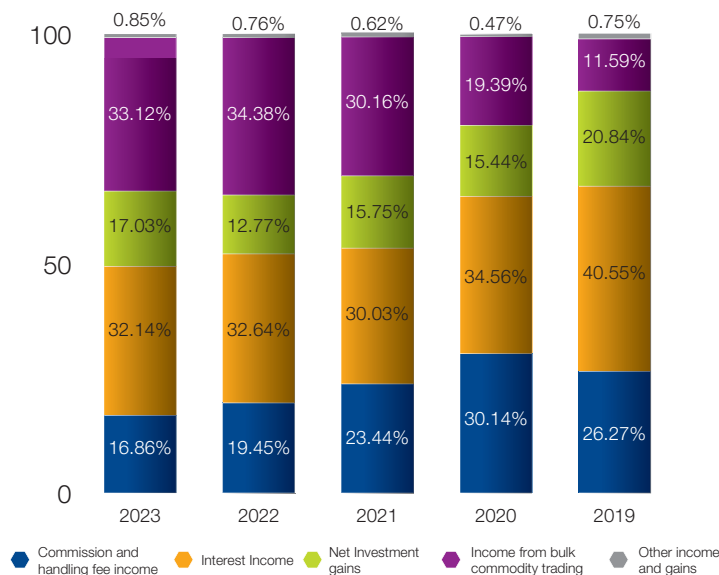
SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Revenue breakdown

In 2023, the Group realised a total revenue and other income of RMB44.962 billion, representing an increase of 2.70% year-on-year. Among them, commission and handling fee income accounted for 16.86%, a decrease of 2.59 percentage points year-on-year; interest income accounted for 32.14%, a decrease of 0.50 percentage point year-on-year; net investment gains accounted for 17.03%, an increase of 4.26 percentage points year-on-year; income from bulk commodity trading accounted for 33.12%, a decrease of 1.26 percentage points year-on-year; and other income and gains accounted for 0.85%, an increase of 0.09 percentage point year-over-year. Breakdown of the Group's revenue for the recent five years is as follows:

Item	2023	2022	2021	2020	2019
Commission and handling fee income	16.86%	19.45%	23.44%	30.14%	26.27%
Interest income	32.14%	32.64%	30.03%	34.56%	40.55%
Net investment gains	17.03%	12.77%	15.75%	15.44%	20.84%
Income from bulk commodity trading	33.12%	34.38%	30.16%	19.39%	11.59%
Other income and gains	0.85%	0.76%	0.62%	0.47%	0.75%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

The comparison of the revenue breakdown is shown in the bar chart below:



From the perspective of change in revenue breakdown, the proportion of revenue from the Company's capital-light business which mainly generates commission and handling fee income decreased while the proportion of revenue from the Company's capital-heavy business which mainly generates interest income and net investment gains remained rather stable.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Commission and handling fee income

Breakdown of the Group's commission and handling fee income in 2023 is as follows:

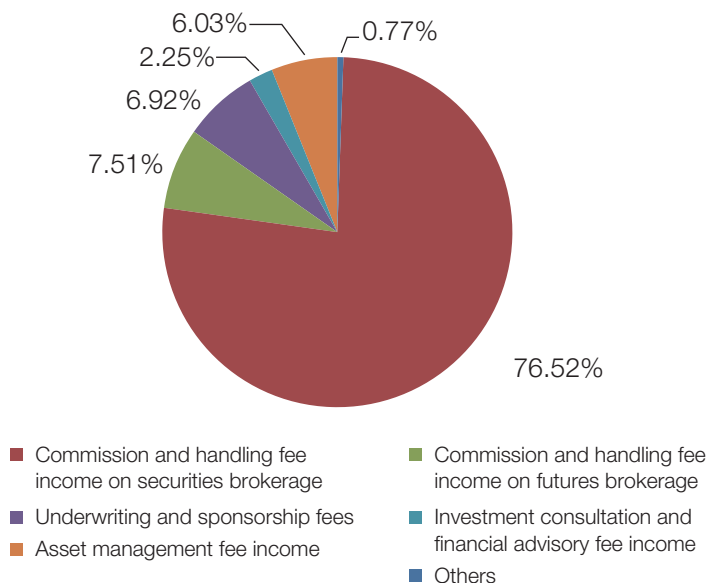
Unit: RMB in million

Item	2023	2022	Change	Year-on-year growth rate
Commission and handling fee income				
Commission and handling fee income on securities brokerage	5,802.0	6,712.8	-910.8	-13.57%
Commission and handling fee income on futures brokerage	569.5	561.0	8.5	1.52%
Underwriting and sponsorship fees	524.5	638.1	-113.6	-17.80%
Investment consultation and financial advisory fee income	170.9	156.1	14.8	9.48%
Asset management fee income	457.1	441.2	15.9	3.60%
Others	57.9	4.8	53.1	1,106.25%
Total commission and handling fee income	7,582.0	8,514.0	-932.0	-10.95%
Commission and handling fee expense	1,027.1	996.9	30.2	3.03%
Net commission and handling fee income	6,554.9	7,517.1	-962.2	-12.80%

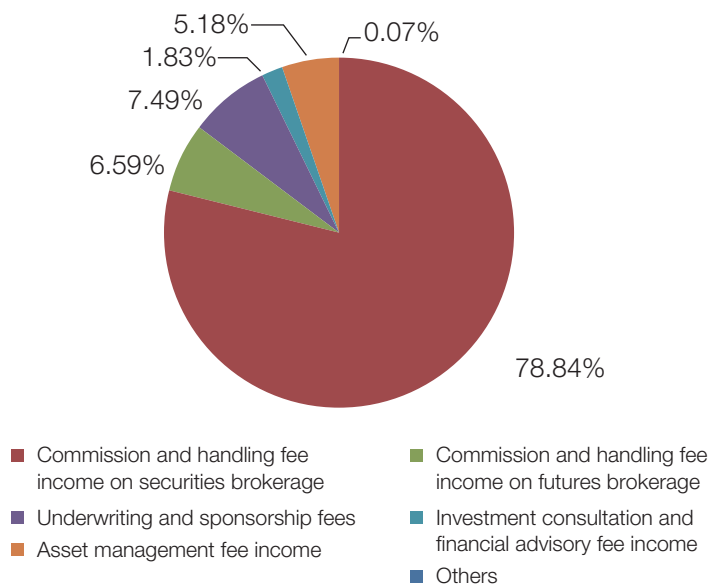
SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

The chart below illustrates the breakdown of the Group's commission and handling fee income in 2023 and 2022:

Breakdown of commission and handling fee income in 2023



Breakdown of commission and handling fee income in 2022



In 2023, the Group realised net commission and handling fee income of RMB6,555 million, representing a decrease of 12.80% as compared with 2022, which was largely due to the decline in commission and handling fee income on securities brokerage.

Commission and handling fee income on securities brokerage fell by RMB911 million or 13.57% as compared with 2022, which was largely due to the downward trend of the fluctuating stock market index and the decreased trading volume of stocks and funds.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Interest income

In 2023, the Group realised net interest income of RMB4,163 million, representing a year-on-year decline of 19.38%. Breakdown of the Group's net interest income in 2023 is as follows:

Unit: RMB in million

Item	2023	2022	Change	Year on year growth rate
Interest income				
Deposits and bank balances with exchanges and non-bank financial institutions	3,844.3	3,457.5	386.8	11.19%
Advances to financing customers and securities lending	5,734.0	5,879.1	-145.1	-2.47%
Financial assets held under resale agreements	1,000.8	1,038.6	-37.8	-3.64%
Debt instruments measured at fair value through other comprehensive income	3,734.4	3,688.6	45.8	1.24%
Debt instruments measured at amortised cost	104.9	109.5	-4.6	-4.20%
Others	30.0	116.6	-86.6	-74.27%
Total interest income	14,448.4	14,289.7	158.7	1.11%
Interest expenses	10,285.6	9,126.6	1,159.0	12.70%
Net interest income	4,162.7	5,163.1	-1,000.4	-19.38%

Interest income from deposits and bank balances with exchanges and non-bank financial institutions increased by RMB387 million or 11.19% as compared with 2022, mainly due to increase in average daily balance of deposits.

Interest income from advances to financing customers and securities lending dropped by RMB145 million or 2.47% as compared with 2022, which was primarily attributable to the decrease in daily average scale of financing.

Interest income from financial assets held under resale agreements slumped by RMB38 million or 3.64% as compared with 2022, which was mainly due to the decrease in interest income of stock pledge repurchases.

Interest income from debt instruments measured at fair value through other comprehensive income grew by RMB46 million or 1.24% as compared with 2022.

Interest expenses rose by RMB1,159 million or 12.70% as compared with 2022, which was mainly due to the increase in scale of business financing.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Net investment gains

In 2023, the Group realised net investment gains of RMB7,658 million, representing a year-on-year increase of RMB2,068 million. Breakdown of the Group's net investment gains in 2023 is as follows:

Unit: RMB in million

Item	2023	2022	Change	Year-on-year growth rate
Investment gain/(loss) from the following items				
Debt instruments measured at amortised cost	–	78.5	-78.5	-100.00%
Financial assets measured at fair value through profit or loss	5,480.7	-2,560.4	8,041.1	314.06%
Derivatives	1,503.5	2,874.3	-1,370.8	-47.69%
Debt instruments measured at fair value through other comprehensive income	1,055.9	997.2	58.7	5.89%
Equity instrument designated at fair value through other comprehensive income	1,988.1	2,056.4	-68.3	-3.32%
Others	-2,370.4	2,144.1	-4,514.5	-210.55%
Total	7,657.9	5,590.1	2,067.8	36.99%

Investment gains from financial assets measured at fair value through profit or loss increased by RMB8,041 million or 314.06% as compared with 2022, mainly due to higher net investment income as a result of fluctuations in the value of financial products.

Investment gains from derivatives decreased by RMB1,371 million or 47.69% as compared with 2022, mainly due to the increased hedges of the Company in 2023 and the decrease in gains resulting from market price volatility.

Investment gains from debt instruments measured at fair value through other comprehensive income jumped by RMB59 million or 5.89% as compared with 2022, mainly attributable to the increase in disposal income from such debentures.

Investment gains from equity instruments measured at fair value through other comprehensive income decreased by RMB68 million or 3.32% as compared with 2022, mainly due to the decrease in the income from such investments during the holding term.

Other investment gains decreased by RMB4,515 million or 210.55% as compared with 2022, mainly due to the increase in the size of financial liabilities held for trading and the impact of value fluctuations.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Operating expenses

In 2023, the Group's operating expenses (excluding handling fee and commission expenses and interest expenses) amounted to RMB25,513 million, representing a decrease of RMB174 million as compared with 2022. Breakdown of the Group's operating expenses in 2023 is mainly as follows:

Unit: RMB in million

Item	2023	2022	Change	Year-on-year growth rate
Operating expenses				
Depreciation and amortisation	1,099.0	970.4	128.6	13.25%
Staff costs	7,144.9	7,130.1	14.8	0.21%
Bulk commodity trading expenses	14,705.2	15,072.4	-367.2	-2.44%
Other operating expenses	2,510.6	2,373.8	136.8	5.76%
Impairment losses	53.6	140.8	-87.2	-61.93%
Total	25,513.4	25,687.5	-174.1	-0.68%

Depreciation and amortisation increased by RMB129 million or 13.25% as compared with 2022, mainly due to the increase in capital investment including fixed assets and intangible assets in 2023.

Bulk commodity trading expense decreased by RMB367 million or 2.44% as compared with 2022, mainly due to the decrease in bulk commodity trading business.

Impairment losses decreased by RMB87 million or 61.93% as compared with 2022, mainly due to the decrease in impairment losses on receivables and other receivables.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Impairment losses

Impairment losses amounted to RMB54 million, representing a decrease of RMB87 million as compared with 2022, details of which are presented as follows:

Unit: RMB in million

Item	2023	2022	Change	Year-on-year growth rate
Impairment losses				
Impairment losses on accounts receivable	5.1	89.1	-84.0	-94.28%
Impairment losses on other receivables	15.3	271.6	-256.3	-94.37%
Impairment losses on margin financing and securities lending business	49.6	52.1	-2.5	-4.80%
Impairment losses/(reversal) on financial assets held under resale agreements	-60.1	-232.1	172.0	74.11%
Credit impairment losses/(reversal) on financial assets measured at amortised cost	38.7	-46.3	85.0	183.59%
Credit impairment losses/(reversal) on debt instruments measured at fair value through other comprehensive income	-14.2	18.6	-32.8	-176.34%
Credit impairment losses/(reversal) on cash and bank balances	-0.9	-	-0.9	N/A
Impairment loss/(reversal) on inventories	21.0	-13.0	34.0	261.54%
Impairment loss/(reversal) on intangible assets	-0.9	0.9	-1.8	-200.00%
Total	53.6	140.8	-87.2	-61.93%

In 2023, impairment losses on assets amounted to RMB54 million, mainly due to the provision made by the Company for expected credit impairment losses. The Company's provision for impairment losses on accounts receivable and other receivables decreased, mainly due to the risk reduction of expected credit impairment losses on accounts receivable and other receivables. The Company uses an expected credit loss model to measure credit impairment losses on financial assets. Relevant model and its parameters are presented in Note 57.1 "Credit Risk" to "SECTION XI CONSOLIDATED FINANCIAL STATEMENTS".

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

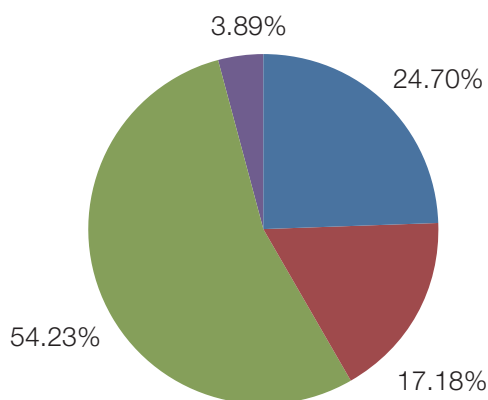
2. Asset items

As at 31 December 2023, the total assets of the Group amounted to RMB663.205 billion, representing a year-on-year increase of 6.08%, among which, cash assets amounted to RMB163.787 billion, a year-on-year decrease of 4.71%; financing assets amounted to RMB113.967 billion, representing a year-on-year increase of 8.93%; financial investment assets amounted to RMB359.662 billion, representing a year-on-year increase of 10.65%; and other operational assets such as properties and equipment, mainly including accounts receivable, other receivables and prepayments, right-of-use assets and goodwill, amounted to RMB25.789 billion, representing a year-on-year increase of 8.90%. Major changes in the Group's total assets are as follows:

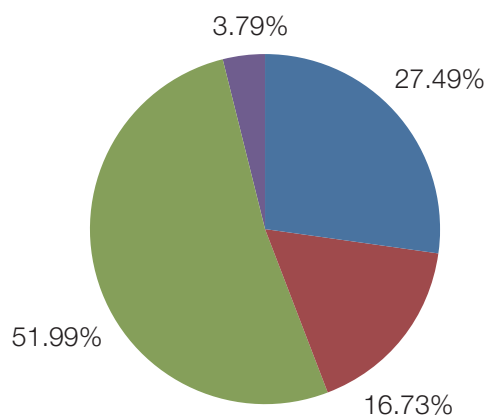
Unit: RMB in million

Item	31 December 2023	31 December 2022	Change	Year-on-year growth rate
Cash assets	163,786.6	171,876.1	-8,089.5	-4.71%
Financing assets	113,967.1	104,622.7	9,344.4	8.93%
Financial investment assets	359,662.4	325,043.0	34,619.4	10.65%
Other operational assets such as properties and equipment	25,789.2	23,681.1	2,108.1	8.90%
Total	663,205.3	625,222.9	37,982.4	6.08%

Breakdown analysis of assets in 2023



Breakdown analysis of assets in 2022



■ Cash assets ■ Financing assets ■ Financial investment assets ■ Other operational assets such as properties and equipment

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Cash assets

As at 31 December 2023, the Group's cash assets decreased by RMB8.09 billion, or 4.71% year-on-year, accounting for 24.70% of the Group's total assets. Breakdown of the Group's cash assets is as follows:

Unit: RMB in million

Item	31 December 2023	31 December 2022	Change	Year-on-year growth rate
Cash assets				
Bank balances	113,625.2	115,995.3	-2,370.1	-2.04%
Provision of settlement fund	27,900.2	39,811.1	-11,910.9	-29.92%
Reserves and deposits with exchanges and other financial institutions	22,261.2	16,069.7	6,191.5	38.53%
Total	163,786.6	171,876.1	-8,089.5	-4.71%

Cash assets mainly include bank balances, settlement fund provisions and reserves and deposits with exchanges and other financial institutions.

Bank balances amounted to RMB113.625 billion, a decrease of RMB2.370 billion or 2.04% year-on-year, mainly due to the decrease in customers' deposits.

Provision of settlement funds amounted to RMB27.900 billion, a year-on-year decrease of RMB11.911 billion, or 29.92%, mainly due to the decrease in provision of settlement funds for clients.

Reserves and deposits with exchanges and other financial institutions grew by RMB6.192 billion or 38.53% year on year to RMB22.261 billion, which was primarily due to the rise in performance security deposits and transaction deposits.

Financing assets

As at 31 December 2023, the Group's financing assets increased by RMB9.344 billion, or 8.93% year-on-year, accounting for 17.18% of the Group's total assets. Breakdown of the Group's financing assets is as follows:

Unit: RMB in million

Item	31 December 2023	31 December 2022	Change	Year-on-year growth rate
Financing assets				
Advances to financing customers	91,217.9	84,329.3	6,888.6	8.17%
Financial assets held under resale agreements	22,749.2	20,293.4	2,455.8	12.10%
Total	113,967.1	104,622.7	9,344.4	8.93%

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Advances to financing customers amounted to RMB91.218 billion, representing a year-on-year increase of 8.17%, which was mainly attributable to the expansion of the Group's financing business as at the End of the Reporting Period.

Financial assets held under resale agreements amounted to RMB22.749 billion, representing a year-on-year increase of 12.10%, which was mainly attributable to the expansion of stock pledge repurchase business as at the End of the Reporting Period.

Financial investment assets

As at 31 December 2023, the Group's financial investment assets increased by RMB34.619 billion, representing a year-on-year increase of 10.65% and accounting for 54.23% of the Group's total assets. The table below sets forth the breakdown of the Group's financial investment assets:

Unit: RMB in million

Item	31 December 2023	31 December 2022	Change	Year-on-year growth rate
Financial investment assets				
Investment in joint ventures	244.8	61.8	183.0	296.12%
Financial assets measured at fair value through profit or loss	206,183.5	171,922.8	34,260.7	19.93%
Financial instruments measured at amortised cost	2,298.0	2,707.9	-409.9	-15.14%
Debt instruments measured at fair value through other comprehensive income	97,357.9	109,325.0	-11,967.1	-10.95%
Equity instruments measured at fair value through other comprehensive income	45,173.1	38,395.0	6,778.1	17.65%
Derivative financial assets	8,405.0	2,630.5	5,774.5	219.52%
Total	359,662.4	325,043.0	34,619.4	10.65%

Investment in joint ventures increased by RMB183 million or 296.12% year-on-year, which was mainly attributable to the increase in investment in joint ventures.

Financial assets measured at fair value through profit or loss increased by RMB34.261 billion or 19.93% year-on-year, which was mainly attributable to the increase in investments in bonds and stocks.

Financial instruments measured at amortised cost fell by RMB410 million or 15.14% year-on-year, which was mainly due to the decrease in scale of investments in bonds.

Debt instruments measured at fair value through other comprehensive income decreased by RMB11.967 billion or 10.95% year-on-year, which was mainly due to the decrease in bond investments.

Derivative financial assets increased by RMB5.775 billion or 219.52% year-on-year, which was mainly due to the expansion in the OTC derivatives business and the price fluctuation.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

As at 31 December 2023, the Group's financial assets measured at fair value through profit or loss increased by RMB34.261 billion or 19.93% year-on-year, accounting for 31.09% of the Group's total assets, which was mainly attributable to the increase in investments in bonds, stocks and others. The table below sets forth the breakdown of the Group's financial assets measured at fair value through profit or loss:

Unit: RMB in million

Item	31 December 2023	31 December 2022	Change	Year-on-year growth rate
Financial assets measured at fair value through profit or loss				
Debt securities	107,821.2	90,965.6	16,855.6	18.53%
Equity securities	30,278.8	14,756.3	15,522.5	105.19%
Funds	27,039.0	30,924.4	-3,885.4	-12.56%
Trust schemes	1,214.9	538.3	676.6	125.69%
Other investments	39,829.6	34,738.3	5,091.3	14.66%
Total	206,183.5	171,922.8	34,260.7	19.93%

Other operational assets such as properties and equipment

As at 31 December 2023, the Group's other operational assets such as properties and equipment amounted to RMB25.789 billion, representing an increase of RMB2.108 billion or 8.90% year-on-year, accounting for 3.89% of the Group's total assets. The table below sets forth the breakdown of the Group's other operational assets such as properties and equipment:

Unit: RMB in million

Item	31 December 2023	31 December 2022	Change	Year-on-year growth rate
Other operational assets such as properties and equipment				
Property and equipment	669.6	688.0	-18.4	-2.67%
Goodwill	1,033.0	1,046.2	-13.2	-1.26%
Other intangible assets	820.5	750.3	70.2	9.36%
Deferred tax assets	276.2	394.8	-118.6	-30.04%
Accounts receivable	12,943.2	10,481.4	2,461.8	23.49%
Tax recoverable	322.4	785.1	-462.7	-58.94%
Other receivables and prepayments	8,060.8	7,839.9	220.9	2.82%
Right-of-use assets	1,656.3	1,688.0	-31.7	-1.88%
Investment properties	7.2	7.4	-0.2	-2.70%
Total	25,789.2	23,681.1	2,108.1	8.90%

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Other intangible assets increased by RMB70 million, representing a year-on-year increase of 9.36%, mainly due to the increase in software investment.

Deferred tax assets decreased by RMB119 million, or 30.04% year-on-year, mainly due to the impact of changes in the fair value of financial instruments, accrued and unpaid employee compensation and accrued and unpaid interest expenses on deferred tax assets.

Accounts receivable increased by RMB2.462 billion, representing a year-on-year increase of 23.49%, which was mainly due to the increase in the amount of securities clearing by brokerage firms.

Tax recoverable decreased by RMB463 million, representing a year-on-year decrease of 58.94%, which was mainly due to the decrease in prepaid tax.

3. Liability items

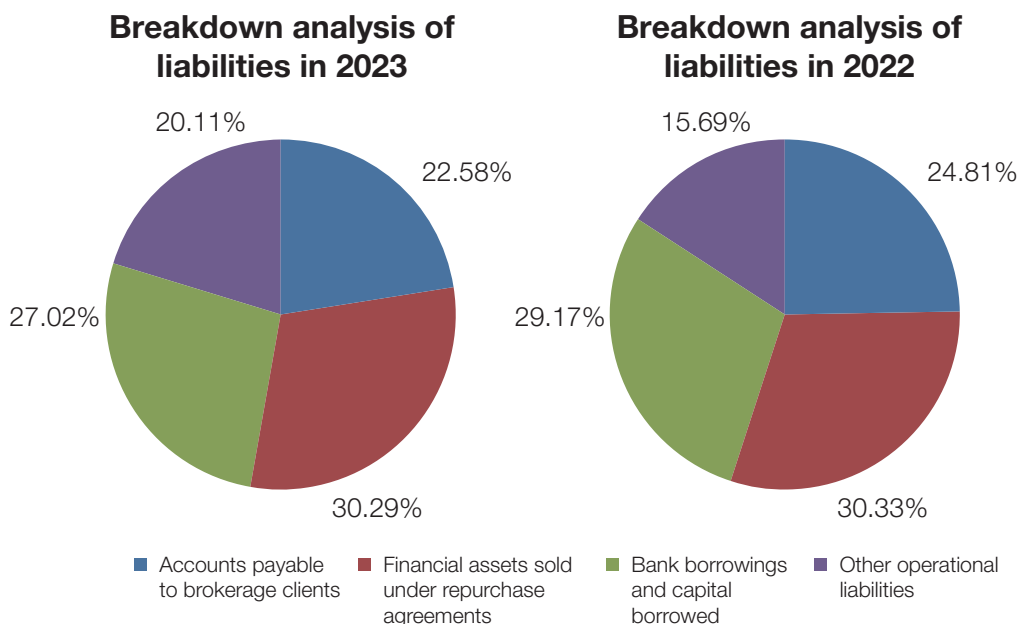
As at 31 December 2023, the Group's total liabilities amounted to RMB532.711 billion, representing a year-on-year increase of RMB10.110 billion or 1.93%. In order to vigorously develop the capital intermediary market, the Company utilises a variety of channels to expand the scale of financing. As at 31 December 2023, accounts payable to brokerage clients amounted to RMB120.262 billion, representing a year-on-year decrease of 7.24%; financial assets sold under repurchase agreements amounted to RMB161.353 billion, representing a year-on-year increase of 1.80%; bank borrowings and capital borrowed amounted to RMB143.913 billion, representing a year-on-year decrease of 5.60%; and other operating liabilities amounted to RMB107.183 billion, representing a year-on-year increase of 30.69%. The table below sets forth the major changes in the Group's total liabilities:

Unit: RMB in million

Item	31 December 2023	31 December 2022	Change	Year-on-year growth rate
Liabilities				
Accounts payable to brokerage clients	120,261.8	129,645.9	-9,384.1	-7.24%
Financial assets sold under repurchase agreements	161,352.6	158,495.4	2,857.2	1.80%
Bank borrowings and capital borrowed	143,912.8	152,449.3	-8,536.5	-5.60%
Other operational liabilities	107,183.4	82,010.4	25,173.0	30.69%
Total	532,710.5	522,601.0	10,109.5	1.93%

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

The chart below illustrates the breakdown of the Group's total liabilities as at the date indicated:



Bank borrowings and capital borrowed

Unit: RMB in million

Item	31 December 2023	31 December 2022	Change	Year-on-year growth rate
Bank borrowings and capital borrowed				
Amounts payable to banks and other financial institutions	16,956.9	27,423.6	-10,466.7	-38.17%
Debt instruments	28,537.3	29,599.9	-1,062.6	-3.59%
Bonds payable	98,418.6	95,425.8	2,992.8	3.14%
Total	143,912.8	152,449.3	-8,536.5	-5.60%

Amounts payable to banks and other financial institutions decreased by RMB10.467 billion, or 38.17% year-on-year, mainly attributable to the decrease in funds borrowed from China Securities Finance Corporation Limited and funds borrowed from banks.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Other operating liabilities

Unit: RMB in million

Item	31 December 2023	31 December 2022	Change	Year-on-year growth rate
Other operational liabilities				
Accrued staff costs	6,043.8	5,677.3	366.5	6.46%
Other payables and accruals	53,889.4	38,029.8	15,859.6	41.70%
Income tax liabilities	175.1	153.2	21.9	14.30%
Financial liabilities measured at fair value through profit or loss	39,654.2	33,637.8	6,016.4	17.89%
Lease liabilities	1,695.7	1,724.0	-28.3	-1.64%
Derivative financial liabilities	5,515.9	2,597.9	2,918.0	112.32%
Deferred tax liabilities	209.3	190.4	18.9	9.93%
Total	107,183.4	82,010.4	25,173.0	30.69%

Other payables and accruals increased by RMB15.860 billion, representing a year-on-year increase of 41.70%, which was mainly due to the increase in performance deposits payable to customers.

Income tax liabilities increased by RMB22 million, representing a year-on-year increase of 14.30%, which was mainly attributable to the increase in corporate income tax payable.

Financial liabilities measured at fair value through profit or loss jumped by RMB6.016 billion, representing a year-on-year increase of 17.89%, which was mainly due to the increase in bond lending and index-linked floating income certificates.

Derivative financial liabilities increased by RMB2.918 billion, representing a year-on-year increase of 112.32%, which was mainly due to the impact of the increase in business scale and the price fluctuations, of OTC derivatives.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

4. Equity items

As at 31 December 2023, the Group's total equity amounted to RMB130.495 billion, representing a year-on-year increase of 27.16%. The table below sets forth the breakdown of the Group's equity as at the dates indicated:

Unit: RMB in million

Item	31 December 2023	31 December 2022	Change	Year-on-year growth rate
Share capital	10,934.4	10,137.3	797.1	7.86%
Other equity instruments	29,828.3	15,935.7	13,892.6	87.18%
Reserves	59,434.6	48,551.4	10,883.2	22.42%
Retained earnings	30,269.0	27,974.4	2,294.6	8.20%
Non-controlling interests	28.4	23.2	5.2	22.60%
Total	130,494.8	102,621.9	27,872.9	27.16%

Other equity instruments increased by RMB13.893 billion, or 87.18% year-on-year, mainly due to the issuance of RMB15.0 billion perpetual subordinated bonds as well as the conversion of convertible bonds during the year.

5. Segment results

A business segment is a group of assets and operations relating to the provision of products or services and different business segments are subject to different risks and rewards. In 2023, the Company officially implemented a new round of strategic development plan. In 2023, in accordance with the new strategic development plans, the Group's operations present our financial results by six business segments, which include wealth management business, investment banking business, institutional business, international business, investment trading business and other parent-subsidiary integration business. Other segments primarily record the interest income from our own bank deposits and our capital management activities, as well as staff costs and administrative expenses related to the management functions of our headquarters, and so on.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

The table below sets forth the segment revenue and other income (including inter-segment revenue) for the periods indicated:

Unit: RMB in million

	2023		2022	
	Amount	Percentage	Amount	Percentage
Wealth management business	12,534.6	27.88%	12,618.1	28.82%
Investment banking business	532.0	1.18%	625.8	1.43%
Institutional business	201.9	0.45%	679.6	1.55%
International business	3,827.1	8.51%	3,125.8	7.14%
Investment trading business	11,888.2	26.44%	7,618.5	17.40%
Other parent-subsidiary integration business	17,609.1	39.16%	18,570.3	42.42%
Others	793.3	1.76%	918.2	2.10%
Inter-segment eliminations	-2,424.0	-5.38%	-375.2	-0.86%
Total	44,962.1	100.00%	43,781.1	100.00%

The table below sets forth the segment expenses (including inter-segment expenses) for the periods indicated:

Unit: RMB in million

	2023		2022	
	Amount	Percentage	Amount	Percentage
Wealth management business	8,221.4	22.33%	7,618.8	21.28%
Investment banking business	475.9	1.29%	449.9	1.26%
Institutional business	27.4	0.07%	337.4	0.94%
International business	3,507.4	9.52%	3,074.0	8.58%
Investment trading business	6,452.9	17.52%	5,426.7	15.15%
Other parent-subsidiary integration business	16,630.9	45.16%	17,193.2	48.01%
Others	1,966.3	5.34%	1,667.5	4.66%
Inter-segment eliminations	-456.1	-1.23%	43.4	0.12%
Total	36,826.2	100.00%	35,811.1	100.00%

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

The table below sets forth the segment results (i.e., profit/loss before income tax) for the periods indicated. Results of each segment are calculated as segment revenue and other income (including inter-segment revenue) after deducting segment expenses (including inter-segment expenses), plus the share of results of joint ventures.

Unit: RMB in million

	2023		2022	
	Amount	Percentage	Amount	Percentage
Wealth management business	4,313.2	53.03%	4,999.2	62.72%
Investment banking business	56.1	0.69%	175.9	2.21%
Institutional business	174.4	2.14%	342.2	4.29%
International business	319.7	3.93%	51.8	0.65%
Investment trading business	5,435.3	66.83%	2,191.8	27.50%
Other parent-subsidiary integration business	975.9	12.00%	1,379.9	17.31%
Others	-1,173.0	-14.42%	-751.2	-9.43%
Inter-segment eliminations	-1,968.0	-24.20%	-418.6	-5.25%
Total	8,133.6	100.00%	7,970.9	100.00%

(vi) Contingent Liabilities

Nil

(vii) Analysis of Investment

Unit: RMB in million

Item	Opening balance	Closing balance	Changes for the period	Amount of impact on profit for the period
Financial assets measured at fair value through profit or loss	171,922.8	206,183.5	34,260.7	5,480.7
Debt instruments measured at fair value through other comprehensive income	109,325.0	97,357.9	-11,967.0	4,790.3
Equity instruments measured at fair value through other comprehensive income	38,395.0	45,173.1	6,778.1	1,988.1
Financial liabilities measured at fair value through profit or loss	33,637.8	39,654.2	6,016.4	-2,370.4
Derivative financial assets	2,630.5	8,405.0	5,774.5	1,503.5
Derivative financial liabilities	2,597.9	5,515.9	2,918.1	

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(viii) Analysis of Major Controlled Companies and Investees

1. Galaxy Futures Company Limited has a registered capital of RMB4.5 billion, in which the Company holds 100% equity interest. It mainly provides commodity futures brokerage, financial futures brokerage, futures investment advisory, assets management and sales of funds. According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, as at 31 December 2023, the total assets and net assets of Galaxy Futures were RMB86.648 billion and RMB6.572 billion, respectively. In 2023, it achieved operating revenue and net profit of RMB16.466 billion and RMB503 million, respectively.
2. Galaxy Capital Management Company Limited has a registered capital of RMB1.5 billion, in which the Company holds an equity interest of 100%. It is primarily engaged in asset management, project investment and investment management. According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, as at 31 December 2023, the total assets and net assets of Galaxy Capital were RMB1.834 billion and RMB1.665 billion, respectively. In 2023, it achieved operating revenue, net profit and net profit attributable to the parent company of RMB1 million, RMB-24 million and RMB-29 million, respectively.
3. China Galaxy International Holdings Company Limited has a registered capital of HK\$8.600 billion, in which the Company holds 100% equity interest. It is primarily engaged in, through a number of subsidiaries, the provision of securities and futures brokerage, research and analysis, investment banking, margin financing and securities lending, asset management, wealth management, foreign exchange trading and derivatives, etc. in regions and countries, such as Hong Kong, Singapore, Malaysia, Indonesia, Thailand, South Korea, the United Kingdom, the United States and Mauritius. According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, as at 31 December 2023, the total assets and net assets of Galaxy International Holdings were RMB37.523 billion and RMB8.165 billion, respectively. In 2023, it achieved operating revenue and net profit of RMB2.006 billion and RMB248 million, respectively.
4. Galaxy Jinhui Securities Assets Management Co., Ltd. has a registered capital of RMB1.0 billion, in which the Company holds an equity interest of 100%. Its primary business is securities asset management. According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, as at 31 December 2023, the total assets and net assets of Galaxy Jinhui were RMB1.713 billion and RMB1.392 billion, respectively. In 2023, it achieved operating revenue and net profit of RMB439 million and RMB42 million, respectively.
5. Galaxy Yuanhui Investment Co., Ltd. has a registered capital of RMB5.0 billion, in which the Company holds 100% equity interest. It is primarily engaged in proprietary equity or debt investment to enterprises, or investment in other investment funds related to equity and debt investment. According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, as at 31 December 2023, the total assets and net assets of Galaxy Yuanhui were RMB4.609 billion and RMB4.341 billion, respectively. In 2023, it achieved operating revenue and net profit of RMB302 million and RMB189 million respectively.

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(ix) Structured Entities Controlled by the Company

As at End of the Reporting Period, the Group consolidated 116 structured entities, including asset management schemes, partnerships and funds. When determining whether a structured entity should be consolidated, the Group needs to assess a combination of factors according to the terms of the related contracts, including its power over the structured entity, all variable returns obtained including investment income and management's remuneration, the circumstances under which the managers of the relevant structured entity can be removed, etc. It identifies the right of control over certain structured entities and incorporates them into the scope of the consolidation after taking into account the above factors. As at the End of the Reporting Period, the above-mentioned structured entities incorporated into the scope of the consolidation recorded equity attributable to the Group of RMB38.685 billion.

(x) Others

1. *Establishment and disposal of securities branches, branch offices and subsidiaries during the Reporting Period*

As at the End of the Reporting Period, the Company established 37 branch offices and 469 securities branches.

(1) *Disposal of securities branches*

During the Reporting Period, the Company completed the closure of 18 securities branches in accordance with the Announcement on the Cancellation or Adjustment of Certain Administrative Review and Approval Items for Brokerage Firms (《關於取消或調整證券公司部分行政審批項目等事項的公告》), namely Panjin Shifu Street Securities Branch, Qingdao Harbin Road Securities Branch, Qixian Xinjian North Road Securities Branch, Dongguan Dongjun Road Securities Branch, Chizhou Shicheng Avenue Securities Branch, Tianjin Luneng International Center Securities Branch, Shanghai Xiangchuan Road Securities Branch, Xining Xiadu Street Securities Branch, Guiyang Beijing Road Securities Branch, Foshan Nanzhuang Dijing North Road Securities Branch, Yicheng Jiefang Street Securities Branch, Dezhou Daxue West Road Securities Branch, Ruzhou Securities Branch, Xinyang Beijing Road Securities Branch, Dandong Caishen Temple Street Securities Branch, Shanghai Xuhui District Caoxi North Road Securities Branch, Yueyang Jianxiang Road Securities Branch, and Foshan Shunde Outer Ring Road Securities Branch.

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(2) Relocation of branch offices and securities branches

The Company has constantly adjusted and optimised the distribution of its branches. During the Reporting Period, the Company relocated a total of 52 branches within the same city, including 6 branch offices and 46 securities branches, namely Chongqing Branch, Hunan Branch, Zhongshan Branch, Guangdong Branch, Hainan Branch, Jiangxi Branch, Changsha Furong Middle Road Securities Branch, Langfang Yongxing Road Securities Branch, Quanzhou Chongfu Road Securities Branch, Qingdao Jimo District Mocheng Road Securities Branch, Guangzhou Tianhe North Road Securities Branch, Shanghai Pudong New Area Yincheng Road Securities Branch, Shanghai Jinian Road Securities Branch, Beijing Yizhuang Securities Branch, Jincheng Huanghua Street Securities Branch, Fuxin Xishan Road Securities Branch, Ningbo Fenghua Changting Road Securities Branch, Guangzhou Yuejiang Middle Road Securities Branch, Foshan Shunde Longjiang Donghua Road Securities Branch, Tianjin Shuishang Park North Road Securities Branch, Shenzhen Qianhai Securities Branch, Jinzhong Dingyang Road Securities Branch, Hangzhou Jianguo North Road Securities Branch, Hangzhou Dongning Road Securities Branch, Suzhou Sanxiang Road Securities Branch, Guangzhou Haiming Road Securities Branch, Anji Dipu Middle Road Securities Branch, Guangzhou Huangpu Avenue Securities Branch, Beijing Taoran Bridge Securities Branch, Beijing Fengtai Technology Park Securities Branch, Zhangzhou Taishang Investment Zone Wanyi Square Securities Branch, Qingdao Development Zone Securities Branch, Putian Xingfu Road Securities Branch, Nanjing Shuanglong Avenue Securities Branch, Chongqing Yuzhong Securities Branch, Haikou Guoxing Avenue Securities Branch, Hongdong Hongtong Avenue Securities Branch, Chengdu Longteng Road Securities Branch, Haining Wenzong South Road Securities Branch, Chengdu Riyue Avenue Securities Branch, Qingdao Qinling Road Securities Branch, Beijing Wangjing Securities Branch, Beijing Tuanjie Lake Securities Branch, Nanchang High-tech Avenue Securities Branch, Shanghai Baoshan District Shangda Road Securities Branch, Guangzhou Changdi Securities Branch, Xiamen Hubin East Road Securities Branch, Jining Gongxiao Road Securities Branch, Beijing Dawang Road Securities Branch, Wenling Huahua Road Securities Branch, Xuzhou Software Park Road Securities Branch, Shanghai Lingang New Area Xiangzhu Road Securities Branch.

2. Introduction to account regulation

During the Reporting Period, the Company further implemented the long-term mechanism of standardised account management to carry out centralised verification of account information and centralised management of images in strict compliance with the requirements of regulations formulated by the Company, including the Customer Account Management Measures, Implementation Details for Customer Information Management, and Process for Counter Brokerage Operations, thereby ensuring that the newly opened accounts meet the standards for qualified accounts. The Company completed the procedures for activation of dormant accounts and regulation of unqualified accounts in strict accordance with the operating procedures, thereby safeguarding the orderly commencement of account standardisation business.

During the Reporting Period, there was no risk disposition account under the branches. The Company processed existing unqualified accounts and activated petty dormant accounts in an orderly manner. As at the End of the Reporting Period, the Company had 1,783 unqualified fund accounts, out of which 3 were processed. The Company activated 5,397 petty dormant accounts without new ones during the year. There were 2,541,173 petty dormant accounts at the end of the period (including 535,459 pure fund accounts under management with reference to standards for dormant account management). Besides, the Company scored 333 fund accounts judicially frozen, an increase of 33 accounts.

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3. Business innovation and risk control during the Reporting Period

During the Reporting Period, the Company actively made innovations in business and obtained relevant business qualifications such as the qualification for market-making business in commodity futures and options and the qualification for market-making business on the Science and Innovation Board.

In order to ensure the safe operation of its innovative business, the Company attaches importance to risk control at source, improves the risk management system and mechanism for new business and new products, adopts various proactive control measures for effective management, and realizes full-process management that combines pre-assessment, continuous monitoring and tracking management, which includes, among other things, the following:

(1) Feasibility assessment before commencement of business

At the early stage of innovative business, the Company's business departments first carried out risk self-assessment and conducted a comprehensive analysis of the operation model of innovative business, main risks, valuation model, risk measurement models, potential losses under pressure scenarios, ancillary risk countermeasures, and business continuity management plan under unexpected circumstances. The Company's risk and compliance departments or external experts conducted independent assessment in laws and regulations, risk appetite, basic assumptions of risk management, risk point control and risk model from their respective professional perspectives. Taking into account the assessment results, the Company made decisions on innovative business and determines the conditions for business launch and the relevant restrictive requirements.

(2) Risk control preparation before the launch of business

All innovative businesses of the Company are required to undergo risk identification, analysis and assessment and shall not be launched until the corresponding risk control conditions are fulfilled. Basic risk control criteria include obtainment of business operation qualifications and formulation of a complementary process management system. In alignment with the Company's comprehensive risk management system as well as various market, credit, operation and liquidity professional risk management measures, the necessary risk management guidelines, rules and workflows are formulated in respect of the innovative businesses to clarify business risk control standards and regulate risk management process; establishment of an applicable risk control indicator system. The innovative businesses are subject to the hierarchical risk limit management system of the Company with corresponding risk control indicators and thresholds set in line with its risk characteristics to quantify and manage the risk of innovative business; and necessary personnel and system support are guaranteed commensurate with the business needs, the reasonable allocation of human resources, the establishment and improvement of business and risk management systems that lay a ground for safe operation of innovative business.

(3) Continuous follow-up and management after the launch of business

After the innovative business is launched and put into operation, it is incorporated into the Company's daily risk management system for risk measurement, monitoring, assessment and reporting. The Company attaches great importance to risk process management, continuously keeps track of the risk trend, and takes timely measures to deal with the abnormal risk identified. In the operation process of innovative business, the Company constantly assessed whether each of its risk control measures was in line with the risk characteristics of its business and adjusted and improved the supporting system process, risk limit, risk control standard and system function based on the change of risk level in different development stages of innovative business, in order to meet the needs of business development and risk management. We analyse the root causes and impacts of problems arising in the course of business development in a timely manner, and study and formulate timely and effective solutions to ensure that the business continues to operate in a stable manner.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

(i) Industry Landscape and Trend

In 2024, the international macro situation is expected to become more complex due to continuing geopolitical conflicts. As a result, the global economic recovery is likely to remain weak, and the growth dynamics of major economies and monetary policy trends will further diverge. Given that 2024 is a critical year for achieving the objectives of the 14th Five-Year Plan, the Central Committee of the Communist Party of China has explicitly proposed to “adhere to the general keynote of seeking progress amidst stability”. The committee emphasized “the need to consolidate and strengthen the uptrend of the economy and to continue pushing for both qualitative improvements and reasonable growth in terms of quantity”. Currently, China’s economy has shown strong resilience and significant potential. The vitality of the consumer market continues to grow, and high-quality development is progressing steadily. However, the country still faces a complex situation, with domestic cyclical and structural contradictions overlapping. In the future, it is expected that China’s capital market will continue to promote the development of first-class investment banks and institutions, promoting coordinated investment and financing. The goal is to stimulate the wealth effect, and enhance the attractiveness of A-shares. The registration system for share issuance will continue to be deepened and implemented to better fulfil the function of a capital market hub. The policy framework for developing a modern capital market with Chinese characteristics has been enhanced. Support for key areas such as self-reliance in high-level science and technology and the construction of a modernised industrial system has been strengthened. Concurrently, risks in these key areas have been effectively prevented and resolved. In 2024, as capital market reform is fully implemented and relevant supporting systems are further improved, the benefits of such reform are expected to be further released, resulting in an increase in investment value.

(ii) Development Strategy of the Company

During the Reporting Period, the Company comprehensively implemented the 2023-2025 Strategic Development Plan. Aligned closely with national strategies, the Company followed the industry’s development logic, coordinated its resources, and formulated a blueprint for reform and growth. The new strategic plan was developed based on the corporate mission of “serving the country through finance and prioritizing clients.” With the vision of becoming a leader in wealth management for residents, a service provider for the real economy, an escort for institutional clients, a promoter of the dual-loop pattern, and a model for the capital market, the Company formulated a long-term strategic goal of building a modern investment bank that is respected, leading in China, and world-class. Upholding a customer-centric philosophy, the Company aims to become a comprehensive and all-round investment bank. The new strategic plan follows five strategic principles: First, insist on the leadership of the CPC and fully meet the political and people’s needs at financial work; Second, insist on serving the real economy and continue to strengthen the mission of the “national team” of the securities industry; Third, insist on high quality development and enhance the core competitiveness of the Company; Fourth, insist on comprehensive and balanced development, and accelerate the construction of modern investment banks; Fifth, insist on strict compliance with the bottom line of risk control, and always ensure the stability of the future development.

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The new strategic plan proposes to create a “five plus one” business model and a “three plus one” institutional mechanism. The “five” in the “five plus one” business model means to become a financial advisor around the people, an investment banking specialist trusted by entrepreneurs, a full-service provider relied on by institutional clients, an integrated service provider in the international market, and a professional investment dealer in the capital market. The “one” in the “five plus one” business model means the joint provision of integrated financial services by parent and its subsidiaries. The “three” in the “three plus one” institutional mechanism means marketisation, platformisation and digitisation. The “one” in the “three plus one” institutional mechanism means comprehensive collaboration. The “five plus one” and “three plus one” are key measures taken by the Company for its strategic planning, initiatives for competition based on current situation and the Company’s resources, and valuable consensus reached after discussions of its strategic planning by the Company. This plan cohesively crystallizes the wisdom of all employees. Under the unified leadership of the Company and through the relentless efforts of all staff, the Company strives to become a modern investment bank with relatively balanced business development, outstanding business strengths and important license qualification, and capable of providing integrated financial services to domestic and foreign customers in an efficient and agile manner three years later; a modern investment bank, possessing a high standard of organizational structure, systems and processes, incentive mechanisms, financial technology and risk control systems, with better operational risk capabilities and corresponding fault tolerance mechanisms; a modern investment bank, for which employees are proud to serve because of its good career prospects and an excellent working environment and where they can continue to grow and realize their self-worth; and a modern investment bank, with good political ecology and excellent corporate culture, which always resonates with the development of the nation, practices the concept of “serving the country with finance and putting clients first”, and strives to create value for customers. On this basis, the plan puts forward six key safeguards and support measures: capital planning, organizational structure, talent team, technology empowerment, internal control system, and corporate culture. With “party leadership” as the political guarantee for the implementation of the strategic plan, the Company strengthens organizational leadership, clears duty performance, and enhances implementation evaluation to ensure the effective implementation of the plan, in order to truly realize the transformation of a traditional brokerage firm into a modern investment bank.

(iii) Operational Plans

In 2024, the Company has designated it as the critical year for the new strategic plan. It has prioritised implementing the spirit of the Central Financial Work Conference as its primary political task and advanced the execution of the strategic development plan guided by the principles of the Central Financial Work Conference. Adhering to the Party’s leadership, serving national strategies, pursuing quality development, and strictly observing the bottom line of compliance and risk control are fundamental guidelines. We are fully dedicated to the transformation from a traditional brokerage firm to a modern investment bank with the “five-in-one” business model and the “three plus one” institutional mechanism. We acknowledge the importance of financial tasks in meeting the needs of both the government and the people, and we are fully utilizing their capabilities to advance the reform of the financial supply structure. Our goal is to establish a modern, world-class investment bank. We adhere to the principles of innovation and reform, and our strategic planning process has commenced smoothly, resulting in stable operating performance. In our light-asset business, we are intensifying our efforts in reform and talent acquisition, and we are enhancing our core competitiveness through focused, practical actions. In our heavy-asset business, we will promote gradual transformation by controlling scale and optimizing structure. We are dedicated to the business’s roots and remain focused on its primary tasks. We aim to enhance the quality of development while maintaining appropriate total assets, laying the groundwork for balanced development in both light and heavy asset businesses.

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In terms of business operation, the primary focus of the wealth management business is on serving the people. We are implementing appropriate measures to address the impact of fee rate reductions while maintaining our market leadership position. We are continuously enhancing our investment and advisory capabilities and expanding the scale of assets under management. Our goal is to establish the Galaxy Grand Wealth brand. Our investment banks will continue to drive the professionalization reform, focusing on enhancing pricing and sales standards while strengthening capacity building. Our objective is to broaden our client base, increase market share in key industries and regions, and solidify the Company's advantages and unique features in BSE business development. In our institutional business, we will address the comprehensive needs of our customers by adopting the "1+N" institutional customer service model. We will strengthen the "Galaxy Sky Bow" institutional business brand to create service paradigms tailored to different customer segments in various scenarios and establish a positive ecological loop for our institutional business. In our investment business, we will strengthen our traditional proprietary business, optimise the allocation of major assets, and enhance the quality of our portfolio assets. Simultaneously, we will leverage the professional capabilities developed through proprietary business to empower our customer business. In our international business, we will persist in promoting the integration of domestic and overseas synergies. We will enhance coordination and management of foreign institutions, solidify the groundwork for cross-border business development, and boost our cross-border business capabilities.

In terms of financial technology support, we will execute the "Star Plan" for financial technology, sustain substantial investment in information technology, enhance IT coordination and overall promotion. Building upon the comprehensive digitalisation across five major business areas, we will further integrate technology and business to deepen development, creating flagship products and leading applications in the digital finance sector.

In comprehensive risk management, we will adhere to prudent operations, strengthen control over risk sources, and optimise risk management policies. By reasonably defining risk appetite and management objectives, we will enhance the risk prevention and control system to strengthen risk oversight.

In alignment with the national strategy and our social responsibility, we recognize the importance of meeting the needs of both the government and the people. We are dedicated to aligning the Company's development strategy with the national agenda, thereby enhancing our effectiveness in supporting the national strategy and the real economy. Our focus will be on advancing efforts in the Five Major Sectors: science and technology finance, green finance, inclusive finance, pension finance, and digital finance. We will actively support the establishment of a high-level scientific and technological self-reliance framework and the modernisation of the industrial system, while effectively serving as a key driver in supporting the real economy. We are actively implementing the "14th Five-Year Plan" requirements for building an ecological civilization system. Based on ESG concepts, we are developing green investment and financing as well as green research businesses. We will diligently implement the important directives of General Secretary Xi Jinping regarding poverty alleviation and the relevant requirements of the 14th Five-Year Plan. We will consistently carry out rural development initiatives to support communities in need.

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(iv) Potential Risks

The Company launched risk management work around two major objectives, namely, to continue to enhance its risk management capability and to practically prevent and control major risks. The Company continued to build and improve its risk management system, further optimise the basic mechanisms for credit risk and liquidity risk management, and strengthen the risk prevention and control mechanisms for new business and products, valuation management, internal rating management, unified credit granting, risk incident review, risk investigation, risk report management, etc. Closely monitoring the market to strengthen risk monitoring and analysis, it strengthened forward-looking research and judgment, and evaluated and reviewed the risk appetite by combining different means like scenario analysis and stress tests. The Group has continued to increase its investments in talent and resources for data governance, system construction, and risk measurement. Additionally, the Group has enriched its professional risk management tools, continuously enhanced the level of risk management intelligence, and built a comprehensive risk management system to meet the requirements of a modern investment bank. Furthermore, it has strengthened the assessment, investigation, and control of risks in key areas and businesses. Through these efforts, the Group effectively responded to unexpected external risk events such as the bankruptcy of Silicon Valley Bank and the Credit Suisse crisis. During the Reporting Period, the risks of the Company were generally under control and no significant business risks arose.

1. Major risks affecting the operations of the Company

The risks facing the Company in business activities mainly include, among others, market risk, credit risk, liquidity risk and operational risk. During the Reporting Period, the Company adopted effective measures to actively address various risks, guaranteeing the secure conduct of operating activities.

(1) Market risk

Market risk refers to the risk of the potential or actual loss incurred by the Company due to the fluctuation of the fair value or future cash flows in respect of financial instruments held or to be held by the Company resulting from the adverse changes in securities price, interest rate and currency rate, including securities price risk, interest rate risk and currency rate risk. Market risk is mainly measured by professional indicators such as sensitivity and VaR, and managed through measuring, monitoring and dynamically adjusting the limit indicators by setting risk limits such as risk exposure, scale, concentration level, limit of loss, sensitivity and value at risk (VaR). As at the End of the Reporting Period, the VaR (1D, 95%¹) of the Group amounted to RMB301 million.

① Securities price risk

Securities price risk refers to the risk of the loss incurred by the Company's positions caused by the fluctuation of the fair value or future cash flows in respect of financial instruments due to the changes in the market prices of securities such as equities and commodities (other than changes resulting from interest rate risk or currency rate risk).

¹ Referring to 1 day, 95% confidence interval.

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The securities price risk of the Company mainly arose from the positions held in businesses such as proprietary investment and market-making business. In order to control such risks effectively, the Company mainly adopted the following measures. Firstly, it made use of financial derivatives such as futures and options to carry out effective risk hedging. Secondly, it implemented stringent risk limit management to effectively control indicators such as risk exposure, scale, concentration level, limit of loss, VaR and sensitivity, and conducted risk monitoring, measurement, analysis and reporting for indicators such as risk limits to identify and deal with risks in a timely manner as well as adjusted the risk limits on a regular basis or from time to time after taking into account changes in the market, business operation and risk characteristics, thereby coping with the potential changes in risks; Thirdly, it adopted quantitative analysis to assess risks in a timely manner, and carried out dynamic and forward-looking assessment of risks of the securities portfolio by adopting scenario analysis, sensitivity analysis, risk performance attribution, stress tests and other methods.

② Interest rate risk

Interest rate risk refers to the risk of the loss on fixed income assets and derivatives arising from adverse changes in, among others, risk-free interest rates, credit spreads, yield curve patterns and changes in basis spreads. The assets of the Company exposed to interest rate risks mainly include bank deposits, clearing settlement fund, refundable deposits and bonds, etc. The Company used sensitivity indicators such as DV01 as the main instrument for monitoring interest rate risk, and controlled indicators such as DV01 of the investment portfolio by optimizing the allocation of fixed income instruments in terms of duration and convexity, as well as adopted derivatives such as treasury bond futures and interest rate swaps to hedge interest rate risks, thereby keeping interest rate risks within a controllable and acceptable range. During the Reporting Period, the overall interest rate risk facing the Company was under control.

③ Exchange rate risk

Exchange rate risk refers to the risk of the loss incurred by the Company's positions held due to the adverse fluctuation in exchange rates, which arises mainly from international business and cross-border business. The Company mainly adopts reasonable and effective measures such as hedging with foreign exchange derivatives and setting exchange rate exposure limits to manage its exchange rate risk.

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(2) Credit risk

Credit risk refers to the risk of incurring losses resulting from the failure of the borrower or counterparty to timely fulfill its contractual obligations. The Company managed credit risk mainly by evaluating credit risk in advance and following up credit risk afterward. In the pre-evaluation phase, the Company constantly improved the internal credit rating system, strengthened credit management, optimised the system of credit risk limits and conducted strict enforcement of the negative list management mechanism, thereby effectively controlling the front-end risks and leveraging the management tool of the same client to effectively prevent client concentration risk. During the duration management, the Company regularly evaluated and monitored the credit risk, continuously traced significant events that would affect clients' credit, adjusted the credit limit in a timely manner based on clients' credit status; constantly enhanced the ability in credit risk measurement and closely monitored the exposure to credit risk; carried out regular risk screening, strengthened risk classification and management, and continuously enhanced the capability in making risk anticipation and warning, to identify, report and deal with default risks in a timely manner, and formulate risk response measures or plans in advance.

During the Reporting Period, the Company's credit risk preference for bond investment remained relatively stable. The investors of credit bonds were mainly central-government-controlled enterprises and state-owned enterprises, with AA+ level or above accounting for approximately 96.36 percent, and the credit rating was generally high and the default risk was low. As at the End of the Reporting Period, the Company saw an average maintenance margin of 247 percent for the its margin financing and securities lending clients with outstanding liabilities, and an average maintenance margin of 252 percent for its stock pledged repurchase clients with outstanding liabilities. The overall credit risk facing the Company was within the acceptable range.

(3) Liquidity risk

Liquidity risk refers to the risk resulting from the failure to make payment, settlement, reimbursement, redemption and to meet obligations in connection with financial liabilities due to shortage of funds in the ordinary course of business of the Company.

To cope with and manage liquidity risk effectively, the Company mainly adopted the following measures. Firstly, it established and continued to optimize the liquidity risk indicator system to monitor the liquidity risk facing the Company on a daily basis and issue risk warning and report in a timely manner. Secondly, the model for liquidity risk measurement was constantly optimised to improve the accuracy and foresight of the indicators. Thirdly, regular stress tests were conducted to analyse and assess the overall liquidity risk level facing the Company and business departments under a stress scenario; Fourthly, it carried out regular emergency drills to constantly strengthen the Company's ability in tackling emergency in relation to liquidity; Fifthly, it constantly optimised the asset and liability structure by establishing a hierarchical liquidity reserve system and diversified the capital replenishment channels through the money market, capital market and bank credit; Sixthly, real-time monitoring and management was strengthened on the usage of large amount of funds, in order to achieve centralised fund allocation and coordinated liquidity risk management.

During the Reporting Period, the overall liquidity risk facing the Company was under control, the high-quality liquid assets and reserves were relatively sufficient, and various liquidity risk control indicators met regulatory requirements continuously.

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(4) Operational risk

Operational risk refers to the risk of incurring losses resulting from internal events including the defect of the Company's process, misconduct of personnel or system failures, or from such external events as natural disaster and fraud.

In order to effectively control operational risks, the Company has adopted the following measures: establishing a sound operational risk management system and continuously improving the operational risk management mechanism; setting up an organisational structure for operational risk management with clear rights and responsibilities, and implementing operational risk management responsibilities to specific business processes and posts. developing operational risk awareness of all staff and building operational risk management culture for all staff participation through policy advocacy, risk training and case warnings; establishing mechanisms for operational risk identification, assessment, measurement, monitoring, control or mitigation, and reporting; strengthening the application of the three major management tools of operational risk and control self-assessment (RCSA), key risk indicator management (KRI), and collection of operational risk events (LDC); and setting up a mechanism for the linkage of the three major tools so as to realize the closed-loop management of before, during, and after the event; managing operational risk incidents in a hierarchical manner, and requiring all relevant units to formulate action plans and rectify operational risk incidents at medium and higher levels, key risk indicators which exceed the threshold or processes with residual risks at medium and higher levels. For areas where operational risk events occur frequently, self-inspection was organised or special assessments were initiated, and effective measures were taken to improve the weak points. Through the continuous optimisation of policies, mechanisms and systems, the losses and negative impacts of operational risk events on the Company were prevented and reduced to the maximum extent possible. A work coordination mechanism was established to cover internal control and monitoring departments to realise the sharing of risk data and monitoring results on system platforms, thereby improving the internal control linkage and work quality and efficiency, and promoting the improvement of the internal control system via the management of operational risks.

During the Reporting Period, the Company's overall operational risk was within the acceptable range.

(5) Cybersecurity risk

Cyber and data security risk refers to the risks involved in confidentiality, integrity and availability of data generated by the use of information and communication technologies of the Company, as well as risks including property damage and prejudice to investors' legitimate interests caused by business interruptions as a result of the Company's cyber operation technologies.

In order to effectively prevent and cope with the cyber and data security risks, and to protect personal information security of investors, the Company mainly adopted the following measures: establishing and improving the cyber and data security management system, continuously improving the investor personal information protection mechanism, implementing the cybersecurity responsibility system, making full use of various technologies, and enhancing the establishment of a sound cyber and data security technology ensuring system; formulating a system for disaster recovery and offsite backup within the same city, and ensuring a safe physical network environment; using data backup technology and hardware redundancy backup technology to improve the security level of hardware, software and data; taking measures, including network planning and isolation, information system security baseline, access to network, and office terminal control, to strengthen information security management and control in key matters; installing firewalls, application firewalls, traffic safety detection systems and other cybersecurity devices at network boundaries, as well as deploying antivirus and data antileakage systems to prevent malicious network attacks and mitigate the risk of data leakage; conducting security vulnerability scanning on important systems on a regular basis; conducting

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protection classification, security assessments and penetration tests for essential systems; and formulating a comprehensive contingency plan for information system emergencies and organising drills on a regular basis; and organising various forms of safety awareness training for the Company's employees and investors.

During the Reporting Period, the overall cyber and data security risks of the Company were controllable, and the important information technology systems of the Company operated in a safe and stable manner, providing strong support for the smooth development of the Company's business and the protection of investors' personal information security.

2. Countermeasures and measures the Company has taken or planned to take

The Company always attaches great importance to risk management, constantly improves the risk management system, strengthens the application of risk management methods and tools, promotes the establishment of risk management information systems, implements whole-process risk management, and further deepens risk management based on consolidated management, in order to ensure the Company's sustainable and steady operation.

(1) Deepening establishment of the Group's comprehensive risk management system

The Board of Directors and the management of the Company at all levels have attached great importance to risk management. Based on serving the national development and from the perspective of the political and national security, the Group has firmly established a bottom-line and limit thinking, practice the important mission of preventing and resolving financial risks, require leaders to deepen the Group's comprehensive risk management, enhance risk management, and improve the level of risk management. The Company has established and implemented the Group's risk appetite and optimised the hierarchical risk limit system based on the needs for business development and risk management. In addition, the Company improved the process of risk management mechanism and strengthened the front-end risk assessment and control, during which it conducted T+1 risk measurement and control to enhance the closed-loop management of risk investigation, warning, disposal, recovery and accountability. Through all these efforts, the Company further deepened the vertical risk management of its subsidiaries, and continued to build the Group's comprehensive risk management system that meets the requirements of a modern investment bank.

(2) Strengthening the application of risk management methods and tools

The Company increased resources in strengthening risk assessment and measurement, enhancing the application of risk management methods and tools, thoroughly identifying risks in a timely manner, prudently assessing various types of risks, constantly monitoring risks, actively taking effective measures to deal with risks, and reporting risks in a timely and all-round manner. During the Reporting Period, the Company optimised its model management mechanism by enhancing the evaluation and validation of its measurement models and strengthening the management of complex over-the-counter derivatives models and parameters such as snowballs. Constant efforts were made to optimise the asset realisation model, dynamic cash flow model, multi-scenario liquidity stress test and other models to improve the capabilities to measure and evaluate the Company's liquidity risk indicators. The Company also promoted the construction of risk attribution analysis and risk monitoring functions to enhance the refinement of market risk measurement. The Company further optimised the construction of the unified customer and business management system, continued to promote the construction and application of the internal credit rating system, optimised the risk alert model and system construction, improved the negative list management mechanism, and effectively implemented the asset risk classification and management mechanism. It continuously improved the operational risk management mechanism, strengthened the assessment on front-end operational risks associated with new businesses and products, promoted the full coverage of RCSA in key business processes, increased the effectiveness of KRI, established a linkage mechanism between LDC and RCSA, and enhanced the quality and efficiency of operational risk management tools.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

(3) *Enhancing the establishment of risk management information intelligence*

Leveraging the “data middle platform”, the Company built the Group’s risk data mart and supported the centralised integration and standardised control of the Group’s risk data, so as to achieve a comprehensive, timely and accurate acquisition and management of the various risk data of its parent and subsidiaries. On this basis, it built a professional risk management system cluster to improve the information, automation, and intelligence of risk management, providing comprehensive support for risk measurement, monitoring, warning, reporting, and so on. It also built a comprehensive risk management platform, and realised the Group’s risk information aggregation and multidimensional displays and reports.

As at the End of the Reporting Period, the Company had completed and put into production three new-generation risk management systems, namely the market risk management system, credit risk management system, unified customer and business and risk early warning management system. It continued to expand and optimise a group-level risk data mart, a market risk measurement platform, an internal credit rating system, an operational risk management system, a risk monitoring system for margin financing business, a liquidity risk management system, a consolidated financial statement management system, an economical capital measurement system, and comprehensive risk management platform, etc. Besides, the Company has completed a unified risk management portal to consolidate the Group’s risk management digital resources and to support the enhancement of the ability of risk measurement, identification, early warning and disposal, as well as the effectiveness of risk management. In addition, the proportion of spending on independent research and development was enhanced, and the establishment and function enhancement of various risk management systems was steadily advancing, effectively supporting the risk management of the Group.

(4) *Implementing whole-process risk management*

The Company applies risk management to the entire business process, and the measures include the performance of risk assessment before launching business, the design of risk control process, risk control indicator and threshold setting and risk management supporting system, and the construction of corresponding risk monitoring information system. Apart from that, pre-assessment and audit in the course of business, in-process risk measurement, independent monitoring, risk screening and risk reporting are conducted in addition to the post-incident risk assessment, risk review, risk disposition and accountability that risk management effectively covers the entire process of business.

(5) *Deepening “full-coverage, penetrating” vertical risk management*

Within the Group’s unified risk management framework and based on the Group’s risk appetite, the Company promotes the implementation of differentiated risk management taking into account the operating and risk characteristics of each subsidiary. Pre-assessment of the risks facing subsidiaries in basic systems, important quotas, major investment decision-making, new business and new products has effectively controlled the key risks for subsidiaries. By incorporating subsidiaries at all levels in the consolidated risk management system of the Group, we were able to deepen the data collection and application of parent and subsidiary companies. Through consolidating our subsidiaries’ risks in the T+1 group-level unified risk measurement, monitoring and reporting, we promoted our subsidiaries applying the Group’s unified internal ratings, unified customer and business management, and unified credit management. A daily communication mechanism between parent and subsidiaries was established for vertical management of key risk posts in subsidiaries, such as chief risk officer. In addition, the Group assigned key personnel in overseas subsidiaries to ensure the effective operation of the vertical risk management system of subsidiaries.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

3. Compliance and Risk Control Expenditure

According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, in 2023, the Company's expenses on compliance risk control amounted RMB598 million, accounting for 4.12% of the parent company's operating revenue in 2022, and information technology of RMB1.171 billion, accounting for 8.08% of the parent company's operating revenue in 2022.

(v) Dynamic Risk Control Indicator Monitoring and Top-up Mechanism Establishment

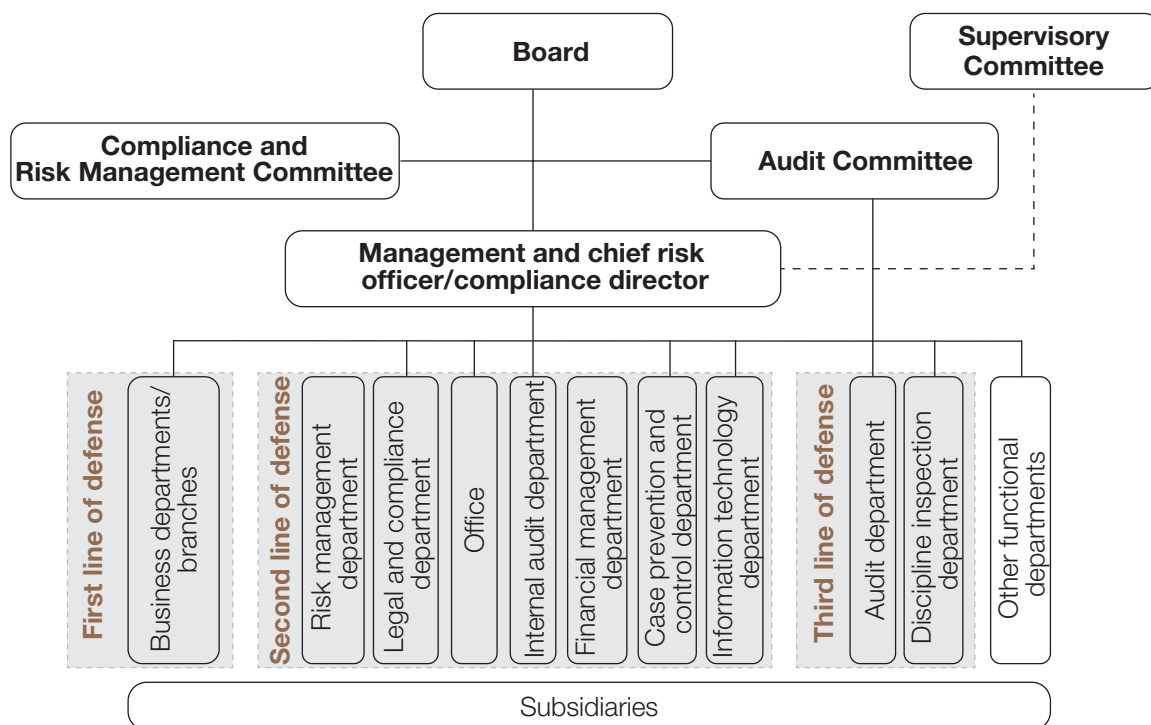
The Company established a sound risk control indicator management mechanism and formulated the Management Measures for Risk Control Indicators of the Company to standardise the management of risk control indicators from a system perspective. The Company established and continuously optimised the dynamic monitoring system for risk control indicators to conduct dynamic monitoring and analysis of risk control indicators and give an early warning, through which it can report and deal with various abnormalities in a timely manner, so as to ensure that all risk control indicators always meet the regulatory requirements. The Company has established a risk control warning mechanism with indicators, set up internal warning lines with indicators, and strengthened precautionary measures for risk control indicators. In 2023, the Company's net capital remained robust and various risk control indicators met regulatory standards.

During the Reporting Period, the Company strengthened asset-liability matching management, ensured safe liquidity, reasonable asset pricing, and optimised asset allocation, and strove to improve its asset-liability management level. The Company established a dynamic top-up mechanism and made long-term top-up plans for net capital. The Company raised short-term capital to increase its liquidity coverage by issuing income certificates and short-term commercial papers, etc. It replenished the long-term available stable fund to increase the net stable fund rate through the issuance of long-term corporate bonds and subordinated debts, etc. When the capital adequacy target continued to fall or there were potentially significant adverse factors, the Company could initiate the financing plan at an appropriate time based on the market conditions to guarantee the level of capital adequacy. As at the End of the Reporting Period, the Company issued 8 long-term subordinated debts and 6 perpetual bonds to replenish net capital of subsidiaries with RMB32.728 billion. During the Reporting Period, the Company's net capital and other risk control indicators met the relevant regulatory requirements.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

(vi) Establishment of Risk Management System

The Company has established an upper level of risk management structure system consisting of the Board of Directors, the Supervisory Committee and the management. The basic level of the risk management structure of the Company is built based on “three lines of defense” which incorporated the risk management of subsidiaries to perform vertical risk management.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

1. *The Board of Directors and its special committees*

Within the scope of authorisation granted at the general meeting of shareholders of the Company, the Board of Directors is its highest decision-making body for risk management of the Company, which undertakes the ultimate responsibilities for risk management. The Board of Directors performs part of its functions of risk management through the Compliance and Risk Management Committee and the Audit Committee.

(1) Compliance and Risk Management Committee

The Compliance and Risk Management Committee is responsible for assisting the Board of Directors in formulating strategies, policies and the basic risk management and internal control systems of the Company. The Risk Management Committee proposes the Company's overall risk appetite, evaluates events with significant risks and assesses the implementation of risk management measures and the performance of duties by relevant senior executives. It proposes risk management improvement advice to the Board on a regular basis, and supervises the management to implement the risk management policies.

(2) Audit Committee

The Audit Committee ① supervises the disclosure of the Company's accounting information and other major matters, reviews the critical accounting policies and their actual implementation and monitors the implementation of the Company's major financial decisions and annual budget; ② reviews and evaluates the Company's internal control systems; ③ formulates the Company's internal audit development plans and approves the annual audit plan; ④ controls connected transactions and carries out the daily management work under the leadership of the Board of Directors; ⑤ oversees the implementation of the rectifying measures by the management in response to the audit opinion; ⑥ inspects, monitors and evaluates the Company's internal audit; ⑦ makes suggestions to the Board on the appointment and removal of the external auditors, approves the remuneration and the terms of appointment of the external auditors and deals with any relevant issues regarding the resignation or removal of external auditors; ⑧ inspects and monitors the independence and objectivity of the external auditors and the effectiveness of the audit procedure; ⑨ develops and implements the policy on engaging external auditors to provide non-audit services; and ⑩ carries out other matters as authorised by the Board of Directors.

2. *Supervisory Committee*

The Supervisory Committee is responsible for the supervision of risk management and supervision and inspection of the Board of Directors and the management in respect of their performance of risk management duties in accordance with laws, regulations and the Articles of Association, and urging rectification.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

3. The management

The management is primarily responsible for risk management and performs risk management duties according to the authorisation given by the Board of Directors, which includes: ① formulating risk management systems and adjusting them timely; establishing and developing a sound corporate risk management structure; ③ setting risk appetite, risk tolerance and limits for major risks and ensuring their effective implementation; ④ regularly assessing the overall risk of the Company and the management status of key risks, solving existing issues in risk management and reporting to the Board of Directors; ⑤ establishing an appraisal system for all employees which includes the effectiveness of risk management; ⑥ establishing a comprehensive IT system and data quality control system; and ⑦ performing other functions of risk management.

The chief risk officer and compliance director, both appointed by the Board of Directors, are in charge of the risk management and compliance management of the Company. The chief risk officer is the person-in-charge of the overall risk management of the Company and is responsible for supervising the implementation of risk management policies and procedures and establishing comprehensive risk management systems. The chief risk officer reports risk management situation and potential risks to the Board of Directors, the Supervisory Committee and managers. The compliance director is the person-in-charge of the compliance management of the Company and examines, supervises and inspects the compliance of business operation management of the Company and its employees. The compliance director reports to the Board of Directors, the Supervisory Committee and major operating management personnel if any illegal activities and non-compliance incidents or potential compliance risks was found in the Company, and puts forward suggestions and urges for rectification.

4. Departments, branches and subsidiaries

Business departments, functional departments and branches of the Company are charged with the first responsibility in risk management. They shall execute the Company's risk management policies and systems, fully understand and give due consideration to various risks when making decisions, and timely and effectively identify, assess, monitor, respond to and report relevant risks. The Company deploys full time/part-time risk management and compliance management personnel in the business departments and branches to be responsible for the specific risk management and compliance management work.

The risk management department shall promote the comprehensive risk management and shall coordinate the risk management work and independently identify, assess, monitor and report the overall risk, market risk, credit risk, operational risk and liquidity risk, shall provide risk management suggestions for business decisions, and shall assist, guide and inspect the risk management of all departments, branches and subsidiaries.

The legal and compliance department is the supporting department for the identification, assessment, supervision, inspection and reporting of the legal risk and compliance risk of the Company, and is responsible for providing professional support services for laws and regulations to the Company's departments and branches and providing guarantee for its compliance operation.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

The case prevention and control department shall assume the responsibility of the case prevention and control management, take the lead in the organisation, coordination, management promotion, supervision and evaluation of the case prevention and control work, establish and implement the case prevention and control work system and case management work system to prevent and control case risks.

The office shall be responsible for discovering, identifying and reporting reputation risks in a timely manner, and shall put forward comprehensive recommendations for addressing reputation incidents, control the scope and extent of reputation incidents, and guide, coordinate, and supervise other departments, branches and subsidiaries to implement the reputation risk management of the Company; it shall identify, assess, monitor and report on the Company's strategy risks.

The internal audit department shall conduct export management and terminal risk control for investment banking projects in the form of company-level audit; and shall perform the final approval and decision-making responsibilities of submitting, reporting, issuing or disclosing materials and documents on behalf of the Company; and shall perform the functions of the standing office of the internal audit committee for investment banking business.

The finance and capital department shall be responsible for the capital allocation and liquidity management of the Company.

The audit department shall be responsible for independent and objective review and evaluation of the adequacy and effectiveness of risk management, supervise the relevant responsible personnel to rectify when problems are identified, and follow up the implementation of the rectification measures.

The disciplinary department is responsible for holding the relevant units and personnel accountable for risk incidents resulting from inadequate performance of duties and responsibilities in risk management, based on the incurred losses and impacts.

The information technology department is responsible for the identification, evaluation, monitoring, reporting and response of information technology related risks to ensure the security and stability of the information system.

The HR department, the settlement management department and other functional departments shall perform the risk management responsibilities within their respective terms of reference, and shall be mainly responsible for identifying, evaluating, monitoring and reporting the risks related to human resources loss and settlement, etc.

The subsidiaries shall establish their own risk management organisational structure, system process, information technology system and risk control indicator system based on the risk preference and system framework of the parent company, the comprehensive risk management requirements of the parent company for the subsidiaries, and in combination with its own capital strength, risk bearing capacity and business complexity, so as to ensure the consistency and effectiveness of comprehensive risk management. The subsidiaries shall fully understand and consider various risks related to the business in its decision-making, and identify, assess, monitor, respond to and report relevant risks in a timely manner.

SECTION V DIRECTORS' REPORT

I. THE COMPANY'S PRINCIPAL BUSINESSES AND BUSINESS OVERVIEW

For details of the overall operation of the Company during the Reporting Period, future business development of the Company and the major risks facing the Company, please refer to “SECTION IV DISCUSSION AND ANALYSIS ON OPERATION – I. MANAGEMENT DISCUSSION AND ANALYSIS, II. ANALYSIS OF OPERATION DURING THE REPORTING PERIOD, and III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY” in this report. For details of the major events after the end of the financial year, please refer to “SECTION VI OTHER SIGNIFICANT EVENTS – VIII. IMPORTANT MATTERS AFTER THE PERIOD” in this report.

For the financial key performance indicators of the Company, please refer to “SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION – VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS” in this report.

For the environmental policies and performance of the Company, please refer to “XV. OTHER DISCLOSURES – (ix) Active performance of social responsibilities” of this section. For details of the Company's compliance with the laws and regulations that have a significant impact on the Company, please refer to “XV. OTHER DISCLOSURES – (ix) Active performance of social responsibilities” of this section, “SECTION VI OTHER SIGNIFICANT EVENTS – VII. OTHER MATERIAL MATTERS” in this report and “SECTION IX CORPORATE GOVERNANCE REPORT – XII. DEVELOPMENT OF COMPLIANCE MANAGEMENT SYSTEM, AND INSPECTION AND AUDIT COMPLETED BY THE COMPLIANCE DEPARTMENT AND THE AUDIT DEPARTMENT DURING THE REPORTING PERIOD” in this report.

For details of the Company's relationships with its employees and clients and others that have a significant impact on the Company, please refer to “SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF – VI. STAFF AND REMUNERATION” in this report and “XV. OTHER DISCLOSURES – (vi) Major clients and suppliers and (ix) Active performance of social responsibilities” of this section.

The contents above form part of the Directors' Report.

II. PLANS FOR PROFIT DISTRIBUTION OF ORDINARY SHARES OR CONVERSION OF CAPITAL RESERVE INTO SHARE CAPITAL

(i) Formulation, execution or adjustment of cash dividend policy

The Company is committed to long-term and sustainable development. It establishes sustainable and stable return plan and mechanism for its investors on the basis of comprehensive analysis of the Company's actual conditions of operation and development, Shareholders' concerns and requirements, cost of social capital and external financing environment after taking into consideration its current and future profitability, cash flow position, stage of development, fund requirements for project investment, bank credit and debt financing environment, so as to make systematic arrangement for the profit distribution to ensure the continuity and stability of its profit distribution policies. The Company fully considers the opinions of independent Directors and public investors in the study, demonstration and decision-making process of its profit distribution policies.

SECTION V DIRECTORS' REPORT

The Company expressly formulated profit distribution policies, including cash dividend policy, based on the following principles in the Articles of Association: The Company shall attach high importance to the return to investors and distribute dividends to Shareholders on a yearly basis in a fixed proportion out of the distributable profit of the listed company for the year; the profit distribution policies of the Company shall be consistent and stable, while the long-term interests of the Company, the entire interests of Shareholders as a whole, and the sustainable development of the Company shall be taken into account; and the Company shall distribute its profit by way of cash dividend as priority. The Company may distribute dividends in cash, shares or in a combination of cash and shares, and if the Company has met the conditions for cash dividends, it shall give priority to cash dividends for profit distribution. If the relevant conditions are satisfied, interim profit distribution may be made by the Company. Unless the Company has major capital expense arrangement or except for other special circumstances as approved at the shareholder's general meeting, if the Company makes profit for the year and its accumulative undistributed profit is positive, the profit to be distributed in cash per annum should not be less than 10% of the distributable profit of the parent company realised in that year. Where the Company is under a good operating condition, and the Board of Directors considers that the share price of the Company does not reflect its share capital size and distributing dividends in shares will be in the interest of all shareholders of the Company as a whole, depending on true and reasonable factors such as the Company's cash flow position, business growth and net assets per share, the Company may distribute profit by way of dividends. In formulating the plan of profit distribution, full consideration shall be given to whether the net capital of the Company after profit distribution conforms to the provisions with respect to the risk control indicators of net capital in the Measures for the Administration of Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》). If any alert from risk control indicators arises due to profit distribution, the profit proportion shall be adjusted. In case of force majeure, such as wars and natural disasters, changes in the external business environment resulting in material impacts on the operation of the Company, or significant changes of the operation of the Company, the Company may change its profit distribution policy. The Board of Directors shall explain the change of profit distribution policy and give the reasons thereof by a report for consideration by independent directors before submitting to the shareholders' general meeting for approval by way of a special resolution. Online voting shall be allowed for the resolution of the change of profit distribution policy.

(ii) Profit distribution and conversion of capital reserve into share capital of the Company during the Reporting Period

Unit: yuan Currency: RMB

Number of bonus shares for every 10 shares (share)	–
Dividends paid for every 10 shares (RMB) (tax inclusive)	2.20
Number of shares to be converted into share capital for every 10 shares (share)	–
Amount of cash dividend (tax inclusive)	2,405,568,496.32
Net profit attributable to ordinary shareholders of the listed company in the consolidated statements of the year with dividend distribution	7,878,769,252.91
Percentage of net profit attributable to ordinary shareholders of the listed company in the consolidated statements (%)	30.53
Cash dividend from share repurchases	–
Total dividend (tax inclusive)	2,405,568,496.32
Percentage of total dividend to net profit attributable to ordinary shareholders of the listed company in the consolidated statements (%)	30.53

SECTION V DIRECTORS' REPORT

As at the end of 2023, the Company's profit available for distribution amounted to RMB27,213,271,531.12. Taking into account the long-term development of the Company and the interests of investors, the Company proposes to distribute its profit for 2023 by way of a cash dividend of RMB2.20 (inclusive of tax) for every 10 shares to the A-shareholders and H-shareholders registered on the record date for the distribution of the cash dividend for 2023. Based on the total share capital of the Company of 10,934,402,256 shares as at 31 December 2023, the total proposed cash dividends in aggregate will amount to RMB2,405,568,496.32 (inclusive of tax), which represents 30.53% of the net profit attributable to the ordinary shareholders of the listed company for 2023. In case of any changes in the total share capital of the Company on the record date, the Company intends to maintain the total amount of cash dividends unchanged and adjust the distribution amount per share accordingly. The aforesaid profit distribution plan of the Company is compliant with laws and regulations, and is transparent and consistent with the provisions of the Articles of Association and approval procedures, and the decision-making procedures and mechanisms are complete and sound. It fully safeguards the interests of minority shareholders. The 2023 profit distribution plan of the Company was adopted at the 25th (regular) meeting of the fourth session of the Board of Directors, subject to the approval at the general meeting.

Subject to approval of the resolution relating to the 2023 profit distribution plan at the 2023 annual general meeting, the cash dividends will be distributed within two months from the date of the 2023 annual general meeting. The cash dividends will be denominated and declared in RMB, and paid in RMB and in Hong Kong dollars to holders of A Shares and holders of H Shares, respectively. The actual amount distributed in Hong Kong dollars will be calculated based on the average benchmark exchange rate of RMB against Hong Kong dollars to be announced by the People's Bank of China for five working days prior to the date of the 2023 annual general meeting of the Company.

The Company will announce in due course the date of the 2023 annual general meeting and the time for the closure of its register of members for the purpose of determining shareholders' eligibility to attend and vote at the 2023 annual general meeting, during which no transfer of shares will be registered. The Company will make separate notice on the record date for the distribution to the H Shares dividends, the date for the closure of its register of members and the date of distribution of dividends.

There are no arrangements under which shareholders have waived or agreed to waive any dividend up to the end of the Reporting Period.

III. ISSUANCE OF BONDS

(i) Issuance of bonds during the Reporting Period

- (1) As at 31 December 2023, the Company's issued subordinated bonds amounted to an aggregate principal amount of RMB51.555 billion, and such bonds were listed on the SSE. Details are set out as follows:

Abbreviation of bonds	Date of completion of issuance	Issue price or interest rate (%)	Issue amount (RMB100 million)	Listing date	Trading amount approved to be listed (RMB100 million)	Maturity date
20 Galaxy C2	2020-01-14	3.75	40	2020-01-20	40	2023-01-14
22 Galaxy C1	2022-01-18	2.97	10	2022-01-24	10	2024-01-18
22 Galaxy C4	2022-08-08	2.46	17	2022-08-12	17	2024-08-08
23 Galaxy C1	2023-01-13	3.58	25	2023-01-19	25	2025-01-13
22 Galaxy C2	2022-01-18	3.15	30	2022-01-24	30	2025-01-18
22 Galaxy C3	2022-03-21	3.38	10.55	2022-03-24	10.55	2025-03-21
23 Galaxy C3	2023-04-17	3.09	10	2023-04-21	10	2025-04-17
22 Galaxy C5	2022-08-08	2.72	33	2022-08-12	33	2025-08-08
20 Galaxy Y1	2020-11-24	4.80	50	2020-12-02	50	N/A (Note 1)
21 Galaxy Y1	2021-03-29	4.57	50	2021-04-06	50	N/A (Note 2)
23 Galaxy C4	2023-04-17	3.34	40	2023-04-21	40	2026-04-17
21 Galaxy Y2	2021-04-21	4.30	50	2021-04-29	50	N/A (Note 3)
23 Galaxy Y1	2023-05-18	3.63	50	2023-05-23	50	N/A (Note 4)
23 Galaxy Y2	2023-06-09	3.58	50	2023-06-15	50	N/A (Note 5)
23 Galaxy Y3	2023-11-17	3.43	50	2023-11-23	50	N/A (Note 6)

Note 1: On 24 November 2020, the Company publicly issued 2020 perpetual subordinated bonds (Tranche 1) of RMB5.0 billion, with an interest rate of 4.80%, which will remain unchanged for the first five interest-bearing years of the duration of the bonds. If the Company does not exercise its redemption right, the coupon rate shall be reset every five years commencing from the sixth interest-bearing year.

Note 2: On 29 March 2021, the Company publicly issued 2021 perpetual subordinated bonds (Tranche 1) of RMB5.0 billion, with an interest rate of 4.57%, which will remain unchanged for the first five interest-bearing years of the duration of the bonds. If the Company does not exercise its redemption right, the coupon rate shall be reset every five years commencing from the sixth interest-bearing year.

Note 3: On 21 April 2021, the Company publicly issued 2021 perpetual subordinated bonds (Tranche 2) of RMB5.0 billion, with an interest rate of 4.30%, which will remain unchanged for the first five interest-bearing years of the duration of the bonds. If the Company does not exercise its redemption right, the coupon rate shall be reset every five years commencing from the sixth interest-bearing year.

Note 4: On 18 May 2023, the Company publicly issued 2023 perpetual subordinated bonds (Tranche 1) of RMB5.0 billion, with an interest rate of 3.63%, which will remain unchanged for the first five interest-bearing years of the duration of the bonds. If the Company does not exercise its redemption right, the coupon rate shall be reset every five years commencing from the sixth interest-bearing year.

Note 5: On 9 June 2023, the Company publicly issued 2023 perpetual subordinated bonds (Tranche 2) of RMB5.0 billion, with an interest rate of 3.58%, which will remain unchanged for the first five interest-bearing years of the duration of the bonds. If the Company does not exercise its redemption right, the coupon rate shall be reset every five years commencing from the sixth interest-bearing year.

Note 6: On 17 November 2023, the Company publicly issued 2023 perpetual subordinated bonds (Tranche 3) of RMB5.0 billion, with an interest rate of 3.43%, which will remain unchanged for the first five interest-bearing years of the duration of the bonds. If the Company does not exercise its redemption right, the coupon rate shall be reset every five years commencing from the sixth interest-bearing year.

During the Reporting Period, the proceeds from the Company's public issuance of subordinated bonds and perpetual subordinated bonds were utilised for the replenishment of the working capital of the Company or repayment of the Company's debts at maturity.

SECTION V DIRECTORS' REPORT

- (2) As at 31 December 2023, the Company's non-publicly issued corporate bonds amounted to an aggregate principal amount of RMB57.5 billion, and such corporate bonds were listed on the SSE. Details are set out as follows:

Abbreviation of bonds	Date of completion of issuance	Issue price or interest rate (%)	Issue amount (RMB100 million)	Listing date	Amount approved to be listed (RMB100 million)	Maturity date
20 Galaxy F2	2020-02-17	3.25	18	2020-02-24	18	2023-02-17
20 Galaxy F4	2020-03-11	3.03	10	2020-03-17	10	2023-03-11
20 Galaxy F7	2020-07-29	3.72	30	2020-08-05	30	2023-07-29
21 Galaxy F1	2021-08-09	2.93	20	2021-08-16	20	2023-08-09
21 Galaxy F3	2021-09-15	3.15	32	2021-09-23	32	2023-09-15
21 Galaxy F5	2021-09-28	3.30	25	2021-10-08	25	2023-09-28
21 Galaxy F7	2021-10-20	3.40	42	2021-10-26	42	2023-10-20
21 Galaxy F9	2021-11-22	3.10	24	2021-11-26	24	2023-11-22
22 Galaxy F2	2022-07-26	2.60	20	2022-07-29	20	2024-07-26
21 Galaxy F2	2021-08-09	3.15	40	2021-08-16	40	2024-08-09
21 Galaxy F4	2021-09-15	3.30	13.05	2021-09-23	13.05	2024-09-15
21 Galaxy F6	2021-09-28	3.40	10	2021-10-08	10	2024-09-28
21 Galaxy F8	2021-10-20	3.55	18	2021-10-26	18	2024-10-20
21 Galaxy 10	2021-11-22	3.35	36	2021-11-26	36	2024-11-22
21 Galaxy 11	2021-12-20	3.20	39.95	2021-12-24	39.95	2024-12-20
23 Galaxy F1	2023-02-17	3.09	10	2023-02-22	10	2025-02-17
23 Galaxy F3	2023-03-09	3.25	10	2023-03-15	10	2025-03-09
22 Galaxy F1	2022-06-09	3.06	50	2022-06-14	50	2025-06-09
22 Galaxy F3	2022-07-26	2.83	20	2022-07-29	20	2025-07-26
23 Galaxy F2	2023-02-17	3.28	30	2023-02-22	30	2026-02-17
23 Galaxy F4	2023-03-09	3.35	32	2023-03-15	32	2026-03-09
23 Galaxy F6	2023-10-18	3.08	45	2023-10-25	45	2026-10-18

During the Reporting Period, the proceeds from the Company's non-public issuance of corporate bonds were utilised for the replenishment of the working capital of the Company or repayment of debts at maturity, etc.

SECTION V DIRECTORS' REPORT

- (3) As at 31 December 2023, the Company's publicly issued corporate bonds amounted to an aggregate principal amount of RMB48.5 billion, and such corporate bonds were listed on the SSE. Details are set out as follows:

Abbreviation of bonds	Date of completion of issuance	Issue price or interest rate (%)	Issue amount (RMB100 million)	Listing date	Trading amount approved to be listed (RMB100 million)	Maturity date
21 Galaxy G1	2021-01-21	3.24	18	2021-01-26	18	2023-01-21
21 Galaxy G3	2021-02-04	3.50	15	2021-02-09	15	2023-02-04
20 Galaxy G2	2020-10-23	3.70	30	2020-10-30	30	2023-10-23
21 Galaxy G2	2021-01-21	3.58	32	2021-01-26	32	2024-01-21
21 Galaxy G4	2021-02-04	3.67	25	2021-02-09	25	2024-02-04
21 Galaxy G5	2021-07-20	3.13	32	2021-07-26	32	2024-07-20
22 Galaxy G1	2022-04-26	2.95	15	2022-05-05	15	2025-04-26
22 Galaxy G4	2022-09-05	2.54	10	2022-09-09	10	2025-09-05
23 Galaxy G1	2023-07-17	2.74	30	2023-07-24	30	2026-07-17
21 Galaxy G6	2021-07-20	3.45	18	2021-07-27	18	2026-07-20
23 Galaxy G3	2023-08-18	2.66	20	2023-08-28	20	2026-08-18
23 Galaxy G5	2023-09-14	2.95	30	2023-09-21	30	2026-09-14
23 Galaxy G8	2023-12-14	2.98	20	2023-12-21	20	2026-12-14
22 Galaxy G3	2022-08-11	3.08	50	2022-08-17	50	2027-08-11
22 Galaxy G5	2022-09-05	2.95	40	2022-09-09	40	2027-09-05
23 Galaxy G2	2023-07-17	3.08	20	2023-07-24	20	2028-07-17
23 Galaxy G4	2023-08-18	2.98	30	2023-08-28	30	2028-08-18
23 Galaxy G6	2023-09-14	3.20	10	2023-09-21	10	2028-09-14
23 Galaxy G9	2023-12-14	3.14	30	2023-12-21	30	2028-12-14
23 Galaxy G7	2023-09-14	3.33	10	2023-09-21	10	2033-09-14

During the Reporting Period, the proceeds from the Company's public issuance of corporate bonds were utilised for the replenishment of the working capital of the Company or repayment of the Company's debts at maturity, etc.

SECTION V DIRECTORS' REPORT

- (4) As at 31 December 2023, the Company's publicly issued short-term commercial papers amounted to an aggregate principal amount of RMB55.0 billion, and such bonds were listed on interbank market. Details are set out as follows:

Abbreviation of bonds	Date of completion of issuance	Issue price or interest rate (%)	Issue amount (RMB100 million)	Listing date	Trading amount approved to be listed (RMB100 million)	Maturity date
23 Galaxy Securities CP006	2023-11-22	2.65	20	2023-11-23	20	2024-08-22
23 Galaxy Securities CP008	2023-12-07	2.77	40	2023-12-08	40	2024-06-06
23 Galaxy Securities CP007	2023-11-23	2.62	20	2023-11-24	20	2024-05-23
23 Galaxy Securities CP005	2023-11-07	2.59	40	2023-11-08	40	2024-05-10
23 Galaxy Securities CP004	2023-10-16	2.52	40	2023-10-17	40	2024-04-12
23 Galaxy Securities CP009	2023-12-21	2.69	40	2023-12-22	40	2024-03-21
23 Galaxy Securities CP003	2023-09-21	2.47	40	2023-09-22	40	2024-03-21
23 Galaxy Securities CP002	2023-07-07	2.14	45	2023-07-10	45	2023-11-09
22 Galaxy Securities CP011	2022-10-13	2.08	40	2022-10-14	40	2023-10-13
22 Galaxy Securities CP009	2022-07-19	2.25	40	2022-07-20	40	2023-07-19
23 Galaxy Securities CP001	2023-04-10	2.48	40	2023-04-11	40	2023-07-11
22 Galaxy Securities CP007	2022-06-22	2.37	35	2022-06-23	35	2023-06-22
22 Galaxy Securities CP006	2022-05-23	2.29	40	2022-05-24	40	2023-05-23
22 Galaxy Securities CP013	2022-12-22	2.70	30	2022-12-23	30	2023-04-21
22 Galaxy Securities CP012	2022-12-14	2.55	40	2022-12-15	40	2023-03-14

During the Reporting Period, the proceeds from the Company's issuance of short-term commercial papers were utilised for the replenishment of the working capital of the Company.

(5) Convertible Corporate Bonds

1. *Issuance of A Share Convertible Bonds*

In March 2022, the Company completed the issuance of A share convertible bonds. The bonds issued this time are convertible corporate bonds that can be converted into A shares. A total of 78 million A share convertible bonds were issued at par value of RMB100 each with an aggregate amount of RMB7.8 billion. The A share convertible bonds were listed for trading on the SSE on 10 May 2022 with the code and abbreviation of “113057” and “China Galaxy Convertible Bonds”, respectively. The China Galaxy Convertible Bonds were issued to natural persons, legal persons, securities investment funds and other investors permitted by the laws who hold securities accounts with the Shanghai branch of China Securities Depository and Clearing Corporation Limited. The China Galaxy Convertible Bonds were issued for a term of six years from the date of issuance, which is from 24 March 2022 to 23 March 2028, with the coupon rates of 0.2% for the first year, 0.4% for the second year, 0.6% for the third year, 1.0% for the fourth year, 1.8% for the fifth year and 2.0% for the sixth year, respectively. The conversion period of the China Galaxy Convertible Bonds will start from the first trading day after the expiry of the six-month period from the date of closure of the issuance and end on the maturity date, which is from 30 September 2022 to 23 March 2028 (postponed to the next business day if it falls on a statutory holiday or rest day and no interest payment will be accrued separately during the extended period). Within five trading days upon the expiry of the China Galaxy Convertible Bonds, the Company will redeem all unconverted China Galaxy Convertible Bonds at a redemption price of 106% of the par value of the China Galaxy Convertible Bonds (including payment of the final interest).

The initial conversion price of the China Galaxy Convertible Bonds under the issuance is RMB10.24 per share. Such initial conversion price is not lower than the highest of the average trading price of the Company's A Shares during the 30 trading days immediately preceding the date of publication of the offering documents (i.e. 22 March 2022), the average trading price of the Company's A Shares during the 20 trading days immediately preceding the date of publication of the offering documents, and the average trading price of the Company's A Shares on the trading day immediately preceding the date of publication of the offering documents, and is also not lower than the latest audited net assets per share and the nominal value per share. As at 22 March 2022, the closing price of the Company's A Shares was RMB10.10. The conversion price has been adjusted to RMB9.93 per share as a result of the Company's payment of 2021 dividends of RMB0.31 per share to its shareholders. The conversion price was further adjusted to RMB9.70 per share as a result of the Company's payment of 2022 dividends of RMB0.23 per share to its shareholders.

The issuance of the China Galaxy Convertible Bonds can strengthen the Company's capital base, promote the Company's comprehensive development of its wealth management, investment and financing, and international business, and further optimise the Company's business model, thereby enhancing the Company's competitiveness to achieve high-quality development.

SECTION V DIRECTORS' REPORT

The Company did not provide any guarantee for this issuance of the China Galaxy Convertible Bonds. The proceeds of issuance of the China Galaxy Convertible Bonds after deducting the issuance expenses amounted to approximately RMB7.735 billion, which have been utilised for the development of investment trading business, capital intermediary business, capital increase in investment banking business and replenishment of other working capital of the Company. All the proceeds raised from the issuance of China Galaxy Convertible Bonds had been fully utilised according to the expected schedule previously disclosed by the Company. Please refer to the Company's 2022 Annual Report for the detailed utilisation.

2. Changes in Convertible Bonds during the Reporting Period

Unit: Yuan Currency: RMB

Name of convertible corporate bonds	Before this change	Increase or decrease of this change			After this change
		Conversion	Redemption	Resale	
China Galaxy Convertible Bonds	7,799,791,000	7,780,400,000	19,391,000	-	0

3. Conversion of Convertible Bonds during the Reporting Period

Name of convertible corporate bonds	China Galaxy Convertible Bonds
Amount of convertible bonds converted into shares during the Reporting Period (RMB)	7,780,400,000
Number of shares converted during the Reporting Period (share)	797,122,580
Cumulative number of shares converted (share)	797,143,499
Proportion of cumulative shares converted to total shares of the Company in issue before conversion (%)	7.8635%
Amount of unconverted convertible bonds (RMB)	0
Proportion of unconverted convertible bonds to total convertible bonds issued (%)	0

4. Description of Other Situations of the Conversion

During the Reporting Period, the China Galaxy Convertible Bonds were redeemed and delisted on 19 December 2023. For details, please refer to the Announcement on the Result of Redemption of A Share Convertible Bonds and Changes in Shares dated 19 December 2023.

(ii) Bond financing activities after the Reporting Period**1. Bonds issued after the Reporting Period**

As at the date of disclosure of this report, the new bonds issued by the Company in 2024 are detailed as follows:

Unit: RMB100 million Currency: RMB

Bond	Issue size	Use of proceeds	Value date	Maturity date	Term (year)	Interest rate (%)
2024 Subordinated Bond (Tranche 1) (Type 1) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	20.00	The proceeds will be used to replenish the working capital of the Company and repay matured corporate bonds.	2024-03-11	2027-03-11	3	2.60
2024 Subordinated Bond (Tranche 1) (Type 2) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	40.00	The proceeds will be used to replenish the working capital of the Company and repay matured corporate bonds.	2024-03-11	2029-03-11	5	2.75
2024 Corporate Bond (Tranche 2) of China Galaxy Securities Co., Ltd. Non-publicly Issued to Professional Investors	10.00	The proceeds will be used to replenish the working capital of the Company.	2024-01-29	2026-01-29	2	2.75
2024 Corporate Bond (Tranche 1) of China Galaxy Securities Co., Ltd. Non-publicly Issued to Professional Investors	50.00	The proceeds will be used to replenish the working capital of the Company.	2024-01-18	2027-01-18	3	2.84

2. Short-term commercial paper financing activities after the Reporting Period

As at the date of disclosure of this report, the new short-term commercial papers issued by the Company in 2024 are detailed as follows:

Unit: RMB100 million Currency: RMB

Bond	Issue size	Use of proceeds	Value date	Maturity date	Term (year)	Interest rate (%)
2024 First Tranche of Short-term Commercial Paper of China Galaxy Securities Co., Ltd.	20.00	Replenishment of the liquidity of the Company	2024-03-25	2024-06-25	0.25	2.13

SECTION V DIRECTORS' REPORT

IV. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in “III. ISSUANCE OF BONDS” in this section, none of the Company or its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

V. LIST OF DIRECTORS

For the list of Directors during the Reporting Period and as of the date of this report, please refer to “SECTION VIII. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF” in this report.

VI. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

None of the Directors and Supervisors has entered into a service contract with the Company or any of its subsidiaries which cannot be terminated within one year without compensation (other than statutory compensation).

All Directors have entered into a letter of appointment with the Company. The term of each Director is until the expiry date of the term of office of the fourth session of the Board of Directors. Each Director is eligible for re-election upon expiration of the term.

Independent Directors are also subject to the requirements regarding term of office of independent Directors under the PRC laws and regulations, as well as the Articles of Association.

VII. DIRECTORS', SUPERVISORS' (AND THEIR CONNECTED ENTITIES') INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period and as at the End of the Reporting Period, none of the Directors of the Company, Supervisors (and their connected entities) had any direct or indirect material interest in any material transaction, arrangement or contract entered into by the Company or its controlling shareholders or any of its subsidiaries.

VIII. DIRECTORS' INTERESTS IN BUSINESSES THAT COMPETE WITH THE BUSINESS OF THE COMPANY

The Directors did not have any interest in businesses that compete with the business of the Company.

IX. RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

During the Reporting Period and as at the End of the Reporting Period, there was no arrangement to which the Company, its subsidiaries or holding company or a subsidiary of its holding company was a party and the purpose or one of the purposes of which was to benefit any Director, Supervisor, their respective spouses or any of their minor children under 18 years of age through acquisition of any shares or debentures of the Company or any other body corporation.

X. INTERESTS AND SHORT POSITIONS HELD BY DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES IN THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the End of the Reporting Period, based on the information available to the Company and so far as the Directors are aware, none of the Directors, Supervisors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) which are required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or (iii) which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

XI. MANAGEMENT CONTRACTS

Except for employment contracts of employees, the Company did not enter into any contracts nor had any existing contracts in respect of all or any significant parts of management and administration of business of the Company during the Reporting Period.

XII. PERMITTED INDEMNITY PROVISION

The Company has purchased and maintained Directors' and senior management's liability insurance throughout the Reporting Period, which provides appropriate protection over certain legal actions brought against its Directors and senior management. Except for this, at no time during the Reporting Period and up to the date of this report, there was or is, any permitted indemnity provision (whether made by the Company or otherwise) being in force beneficial to any of the Directors or director of an associated company.

XIII. EQUITY-LINKED AGREEMENT

As at the End of the Reporting Period, the Company had not entered into any equity-linked agreement.

XIV. MAJOR CONTRACTS BETWEEN THE COMPANY AND THE CONTROLLING SHAREHOLDER

For details of the major contracts between the Company and its subsidiaries and the controlling shareholder and its subsidiaries during the Reporting Period, please refer to "SECTION VI OTHER SIGNIFICANT EVENTS – IV. MATERIAL CONNECTED TRANSACTIONS" in this report.

XV. OTHER DISCLOSURES**(i) Pre-emptive rights**

The Company currently has no arrangements in respect of pre-emptive rights according to the provisions of PRC laws and the Articles of Association.

(ii) Sufficient public float

As at the date hereof (28 March 2024) and based on the information available to the Company and to the knowledge of the Directors, the Company has a public float of H Shares which satisfies the relevant requirements of the Stock Exchange Listing Rules.

(iii) Reasons for and impact from changes of accounting policies, accounting estimation or correction of major accounting errors

The International Accounting Standards Board issued Amendments to International Accounting Standard (IAS) 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction in May 2021, which narrowed the scope of the initial recognition exception in IAS 12 so that the exception no longer applies to transactions, such as leases, that give rise to equal taxable and deductible temporary differences. The Group is therefore required to recognise a deferred tax asset (provided sufficient taxable profits are available) and a deferred tax liability in respect of temporary differences arising from such transactions. The amendments will be effective for annual reporting periods beginning on or after January 2023. The Group has adjusted the relevant account data on the consolidated statement of financial position as at 31 December 2022 and the prior year comparative data on the consolidated statement of profit or loss in accordance with the cumulative effect of the amendments described above. For specific data, please refer to Note 2.2 "Standards, amendments and interpretations effective in 2023" to "SECTION XI CONSOLIDATED FINANCIAL STATEMENTS".

(iv) Information on tax relief and exemption

Holders of A Shares

Pursuant to the Notice on Issues concerning the Implementation of Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2012] No. 85) released by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission (《財政部、國家稅務總局、證監會關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2012]85號)) and the Notice on Issues concerning the Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101)(《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)), for individual shareholders of the Company with the share holding period (being the period from the date on which the individual shareholder acquires the shares of a listed company from public offering of the company or from the stock market to the date preceding the date on which such individual shareholder disposes of such shares) of one month or less (one month inclusive), the incomes from dividends and bonuses shall be included into the taxable incomes in full amount (i.e., at an effective rate of 20%); if the share holding period is more than one month up to one year (one year inclusive), the incomes from dividends and bonuses shall be included into the taxable incomes at a reduced rate of 50% for the time being (i.e., at an effective rate of 10%); and if the share holding period is more than one year, the incomes from dividends and bonuses shall be temporarily exempt from individual income taxes. When a dividend is paid by a listed company, where the period of individual shareholding is within one year (one year inclusive), the listed companies shall not withhold the individual income tax temporarily. When an individual transfers the shares, the securities registration and clearing company shall calculate the actual taxable amount according to his/her share holding period. Custodian of shares including securities companies will withhold the tax amount from individual accounts and transfer the tax amount to the securities registration and clearing company. The securities registration and clearing company shall transfer the tax amount to the listed companies within 5 working days of the next month, and the listed companies shall declare the tax to the competent tax authorities upon receiving the tax amount within the statutory reporting period in that month. Individual income tax shall be paid for incomes from dividends and bonuses received by individual shareholders from listed companies in accordance with the requirements of the document numbered Cai Shui [2012] No. 85.

For the shareholders of a resident enterprise, the cash dividend income tax shall be paid by the shareholders themselves.

For QFII, according to the Notice on Issues Concerning the Withholding of Enterprise Income Tax on Dividends, Bonuses and Interest Paid to QFII by Chinese Resident Enterprises released by the State Administration of Taxation (Guo Shui Han [2009] No. 47) (《國家稅務總局關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》(國稅函[2009]47號)), a listed company shall withhold the enterprise income tax at the rate of 10%. If a preferential tax treaty (arrangement) treatment is applicable to the income of a QFII shareholder from dividends and bonuses, such QFII shareholder may apply for tax refund to the competent taxation authority in accordance with the relevant provisions upon receiving the dividends and bonuses.

Holders of H Shares

Pursuant to the Notice on Issues Concerning the Levy of Individual Income Tax Following the Abolishment of the Document Numbered Guo Shui Fa [1993] No. 045 released by the State Administration of Taxation (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), the dividend received by overseas resident individual shareholders from the issuance of shares in Hong Kong by domestic non-foreign invested enterprises is subject to the payment of individual income tax according to the items of "interests, dividend and bonus income", which shall be withheld by the withholding agents according to relevant laws. The overseas resident individual shareholders who hold the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they reside and China, and the tax arrangements between Mainland and Hong Kong (Macau). The tax rate for dividends under the relevant tax agreements and tax arrangements is generally 10%, and for the purpose of simplifying tax administration, domestic non-foreign invested enterprises issuing shares in Hong Kong may, when distributing dividends, generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for citizens from countries which have entered into tax agreements/arrangements stipulating a tax rate of lower than 10%, the withholding agents will file applications on their behalf to seek entitlement of the relevant agreed preferential treatments, and upon approval by the competent tax authorities, the excess tax amounts withheld will be refunded; (2) for citizens from countries which have entered into tax agreements/arrangements stipulating a tax rate of higher than 10% but lower than 20%, the withholding agents will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividends, and are not obligated to file an application; and (3) for citizens from countries without tax agreements or under other situations, the withholding agents will withhold the individual income tax at a tax rate of 20% when distributing dividends.

Pursuant to the Notice on Issues Concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Shareholders which are Overseas Non-resident Enterprises released by the State Administration of Taxation (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), a PRC resident enterprise shall, when distributing dividends for 2008 and for the years afterwards to H shareholders who are overseas non-resident enterprises, withhold the enterprise income tax at a flat rate of 10%.

According to the current practice of the Hong Kong Inland Revenue Department, no taxation is required to be paid on dividends paid by the Company in Hong Kong.

(v) Reserves and distributable profit reserves

For the movement of reserves and distributable profit reserves, please refer to the Financial Statements of this report and their accompanying notes.

(vi) Major clients and suppliers

The Company provides services for various types of institutional and individual clients in many industries. The clients of the Company include multinational corporations, small and medium-sized enterprises, high-net-worth clients and retail clients. Major clients are located in the PRC. The Company expects to serve more overseas clients as it expands to overseas markets. In 2023, the handling fee and commission income from the top five clients of the Company accounted for 1.11% of its revenue and other income.

By virtue of the nature of its business, the Company has no major suppliers.

SECTION V DIRECTORS' REPORT

(vii) Property and equipment

For information concerning property and equipment of the Group as at the End of the Reporting Period, please refer to the Financial Statements of this report and their accompanying notes.

(viii) Pension Scheme

For details of the Company's pension scheme, please refer to Note 45 "Accrued Staff Costs" to "Section Xi Consolidated Financial Statements" of this report.

(ix) Active performance of social responsibilities

During the Reporting Period, the Company adhered to the business idea of complying with laws and regulations, effectively boosted the construction of enterprise culture, and actively shouldered its responsibilities towards the state, employees, clients and other stakeholders, while conscientiously safeguarding the rights and interests of shareholders so as to promote the coordinated and sustainable development of the Company and the society. The Company attaches great importance to assistance work. In 2023, the Company invested approximately RMB9.60 million in its pro bono assistance fund to help the poor households based on the advantages of local resources and actual needs of the place by taking into consideration the characteristics and strengths of financial enterprises, and continuously reinforced the leadership and protection of the local organizations, increasingly contributing to poverty alleviation.

1. *The Company gathered the power of Galaxy to serve national strategies and develop green finance*

In 2023, closely focusing on the theme of high-quality development, the Company built a closed-loop working mechanism of "political leadership, overall planning, assessment guidance, effective organisation and strong supervision", and continuously deepened the "3+3+1" performance appraisal system to serve the national strategy, in a bid to boost the development of the real economy and promote the implementation of various requirements for serving the national strategy. Through innovative business models, the Company supported major regional construction, made every effort to implement external interconnection and interoperability, and built the brand of Galaxy to serve national strategies. The Company's investment banking business increased its direct financing support for physical enterprises, with a total equity and bond underwriting amount of RMB361.719 billion in 2023. It was shortlisted for 37 local government bond underwriting syndicates and underwrote RMB191.299 billion worth of local government bonds, a year-on-year surge of 41.90%.

The Company fully implemented the concept of green development, actively practiced responsible investment, developed innovative green financial products, carried out in-depth research and consulting practices, and consciously fulfilled its corporate environmental responsibility. Closely following the national strategy of green development, the Company has strengthened its position and seized the opportunity to continuously increase the allocation of resources for green finance, and actively explored innovation in product and service models to meet the diversified financing service needs of enterprises and projects, and fully play the role of linkage between financial capital and the real economy.

2. *The Company actively promoted environmental protection concept and cultivated ecological civilization*

The Company actively responded to the call on green development, low carbon and energy saving. The Company strictly abided by the Environmental Protection Law, the Energy Conservation Law and other laws and regulations of the country. It actively advocated the environmental protection idea in emissions, resources consumption and green travel and put them into action. It always implemented green operation in the whole process of the operation and management of the Company. The Company focused on the development of green finance. It optimized social resources allocation through financial means to help enterprises reduce capacities and transform towards the direction of sustainable development and facilitate the development of green industries. In 2023, the Company thoroughly reviewed the philosophy of green development and facilitated the realization of ecological civilization, and had no significant environmental protection problems and recorded no environmental lawsuits, significant punishment or non-economic punishment in connection with environmental problems.

The Company is a financial enterprise focusing on business office affairs and with low energy consumption and light pollution. The routine resources consumption mainly includes office power, gasoline for official business vehicles, tap water and office paper. Major emissions are carbon emission from energy consumption, domestic sewage, office and domestic garbage from routine office and other harmless wastes. In terms of standardizing green operation, the Company encouraged clients to conduct off-site accounts opening and trading, upgraded the corporate portals, optimized the back-office system and simplifies processes to reduce the printing volume. The Company had more refined and personalized management of office supplies procurement and encouraged employees to reuse paper and stationery, continued to strengthen the management and use of old electronic equipment. It continued to use environmentally-friendly sanitary ware to save fresh water, so as to improve the efficiency of water use and minimize water consumption. It also advocated energy conservation and deployed specific persons for checking whether the office equipment power was used and switched off properly.

3. *The Company adhered to the people-oriented philosophy and used marketization as a guide to protect the legitimate rights and interests of employees in accordance with law and boosts scientific management of human resources*

- (1) In terms of employment, the Company upheld the principles of open recruitment, fair competition, comprehensive appraisal and merit-based recruitment. The Company signed an Employment Contract with the staff employed strictly in compliance with the Labour Contract Law, set clear responsibilities and obligations between the Company and its staff and completely eradicated child labour and forced labour. Pursuant to the principle of allocating works with suitable employees and hiring competent staff required for positions in a reasonable manner, the Company issued a total of 989 offer letters through social recruiting for talents in the fields of investment banking, wealth management, investment research and financial technology in 2023. The Company's headquarters sent 215 job offers through campus recruitment. In order to actively respond to the call for rural revitalization and assistance, the Company continued to select temporary poverty alleviation cadres from the designated poverty alleviation county in Jingning County, Gansu Province.
- (2) The Company stuck to putting people first, cared about the health and safety of its staff, optimised the staff training system and safeguarded their legitimate interests, creating room for individual growth of its staff. The Company's labour union focused on the macro development of the Company and considered the demands of employees as the ultimate work objective. It cared about the difficulties of employees in their living and paid attention to the exchange of ideas and communications with them. The Company established an employee representative meeting and employees actively participated in the Company's management through the employee representative meeting to conduct, safeguard their own legitimate rights and promote the improvement of the democratic management system of the Company. The Company also cared about the safety and mental health of employees in working and guarantees that employees could enjoy their work both physically and mentally.
- (3) The Company strictly abided by national laws and regulations on personnel and strived to improve relevant systems on human resources. In 2023, the Company revised the Measures for Implementation of Remuneration Allocation and Measures for Attendance and Leave Management of the Company to provide more protection of the employees' legitimate rights and interest and safeguard their development.
- (4) In 2023, with the aim of promoting the cultivation of employees' capabilities, the Company amended the Management Measures for Employee Training and the Implementation Rules on Participation in External Training, so as to further standardize and improve the construction of the employee training management system.

4. The Company strived to improve customer services

In 2023, the Company continued to establish the “customer-centered” wealth management business system and the “enterprise-centred” investment and financing business system. With the spirit of “clients always come first” and providing high-quality products, the Company intensified financial services by refining product categories, enhancing customer experience and responding to customer feedback.

- (1) The number of investment advisors amounted to 3,798 in 2023, an increase of 210 or 5.85% from the end of 2022. It served 327,900 clients, an increase of 76,000 or 30% from the end of 2022. The Company’s high-net-worth clients had net assets of RMB160 billion.
- (2) The Company set up a leading group and working group for handling customer complaints to coordinate and manage complaints from brokers business clients. The Company also actively assumed the primary responsibility of mediating and dealing with conflicts and disputes for clients to properly deal with the special compensation work for clients. In 2023, the Company properly handled various major, complicated and special complaints and no customer complaints were escalated due to improper handling. In addition, the satisfaction rate of new clients of the Company in re-visits exceeded 99.16% in 2023.
- (3) The Company provided customers with various trading tools. Customers could complete a transaction through Internet, mobile terminals (including mobile phones, tablets, etc.), telephone, counter and outlets trading terminals and other means. Currently, the Company is committed to improving customer experience continuously, diversifying products suitable for internet marketing, and providing the comprehensive financial services with characteristics of the Company and meeting individualized needs through the innovation in products, channels, services and marketing and the application of the Internet operating service concept.
- (4) The Company actively responded to the state’s social responsibility requirements for financial institutions, which promoted the Company for transformation and development so as to effectively playing its role as a modern investment bank. Taking “serving the real economy” as its starting point and ultimate goal, the Company continuously improved its ability and level of serving the real economy and extended its comprehensive financial services capabilities at home and abroad.

5. The Company insisted on compliance operation according to law and being responsible for the market, customers and shareholders

With positioning the function of securities company as its core, the Company focused on improving the professional capacity to guarantee safety in transactions. It strictly controlled systematic risks and strengthens legal compliance operation and strived to act as a stabilizer in economic development in order to be responsible for the market and shareholders.

- (1) Enhancing communications between the Company and investors. In 2023, the Company focused on carrying out various forms of investor reception and communication activities to promote the interactive development of investor relations management and business. The Company managed investor relations activities by regular, periodic or dynamic category. It organised three press conferences for results announcement to all investors, held 2 major research conferences and 27 minor research meetings with domestic and foreign analysts, and conducted communication activities with nearly 100 analysts and investors.
- (2) Compliance procurement. In accordance with the requirements of the Interim Provisions on the Centralized Procurement Management of State-owned Financial Enterprises, in 2023, the Company maintained more smoothly procurement management process and achieved a good balance between quality and efficiency, which is conducive to preventing procurement risks.

SECTION V DIRECTORS' REPORT

- (3) For the safety and stability of trading market, the Company adopted various measures to ensure safe system operations and provide safe trading channel service. Currently, the Company has implemented a safe and efficient technical structure with “three centres in two regions” to ensure the safety of trading channels and environments. It has safeguarded the information system at different levels, classes and priorities by adopting variety of security protection technical measures such as network isolation, firewall, anti-virus, intrusion detection system, database audit system and sensitive data desensitization, and regularly conduct security risk assessment and penetration testing to strengthen the security protection against computer viruses and network attacks. The Company also strengthened operation and maintenance monitoring and daily security inspection, established and improved emergency system for information security events and fully implemented information security responsibility system.
- (4) The Company actively carried out its social responsibilities of respecting and protecting rights and interests of investors and regarded investor protection as an important task for promoting the healthy development of the market. In 2023, the Company pragmatically promoted the protection of investors by improving the management of investors on appropriateness, increasing the efforts to crack down illegal fund-raising, preventing illegal securities activities, strengthening the education of small and medium-sized investors and other practical and effective measures.
- (5) Legal compliance operation. Pursuant to the principles of “full coverage, unified management and classified policies”, the Company clarified the overall framework and specific arrangement of its compliance management. The Company also continued to improve a multi-layered compliance management system with the Board of Directors and its Compliance and Risk Management Committee, the Supervisory Committee, senior management, compliance officer, the Legal and Compliance Headquarters, responsible persons and compliance management of subordinated units (referring to all departments, branches and subsidiaries) and all working staff. The Company established a compliance monitoring system to perform the functions of monitoring and reporting the abnormal transaction behaviours of customers, so as to prevent fraudulent transactions. In 2023, the Company had no lawsuit on insider trading nor market manipulation nor related money-laundering transactions escalating to the level of legal action.
- (6) Overall risk management. The Company adhered to the idea that risk management creates value. The Company actively created a risk control culture with the principles of “never touching the red line, never stepping on the gray zone, never playing edge ball” as foundation, the proficiency in business as the premises, the professional code of conduct as the basis, the regulatory requirements as the standard, and the sense of development as the purpose, so as to uphold the concept of “compliance operation and steady development”. It adopted a prudent risk profile and firmly strived for no occurrence of systematic risks, and gradually promoted the overall risk management from the aspects of “full coverage, monitorability, measurability, analysis and risk-response” ability to continuously improve the risk management standard, keeping the risks generally measurable, controllable and tolerable.
- (7) Anti-corruption. The Company upheld and gave emphasis on the education theme of “not forgetting the original intention, keeping in mind the mission” and conduct precise supervision over its business development in a high-quality way. It further optimized the supervisory system, made good use of the manpower and promoted information sharing between different departments so as to form a cooperative supervising force. The Company set itself against corruption and bribery. It improved anti-corruption, and anti-bribery work through early prevention, process monitoring and post review and rectification. There was no lawsuit against the Company for violation of fraud and bribery laws in 2023.

SECTION V DIRECTORS' REPORT

6. Donations

During the Reporting Period, the Group's donations amounted to approximately RMB11.4017 million. Details are set out in the table below:

Currency: RMB Unit: 10,000 yuan

External donations and public welfare programs	Amount/content	Description
Total investment	1,140.17	
Of which: Funds	1,138.17	
Monetary conversion of materials		2 Monetary conversion of Lenovo desktop computers donated to Jingning County, Gansu Province.
Number of beneficiaries (persons)	About 98,000	

Note: External donations and public welfare projects mainly include the following:

1. Industrial Support: We assisted in the construction of the beef cold chain infrastructure project and the Beidou Ecological Agriculture Farm project in Jingning County, Gansu Province, and have implemented the apple "Insurance + Futures" project for six consecutive years.
2. Talent Support: Five cadres were sent to Jingning County, Gansu Province, and 6,746 professional and technical talents and leaders of rural revitalisation were trained with focus on promoting rural revitalisation; a first secretary was assigned to Yulu Xincun in Dongming County, Shandong Province.
3. Cultural Support: The Company has contributed to the development of the "Party's Voice Spreads to Thousands of Homes" project in Jingning County, Gansu Province. This initiative covers 758 natural villagers' groups in 12 townships within the county and involves the establishment of a comprehensive rural broadcasting system. Its aim is to bring the Party's message into thousands of homes.
4. Ecological Support: We implemented village revitalisation demonstration projects in Yangzui Village, Gangou Township, Jingning County, Gansu Province and Yulu Xincun, Dongming County, Shandong Province, as well as a rural ecological environment management project in Yingyier Village, Makit County, Xinjiang, to improve the image of villages and the production environment.
5. Organisational Support: We implemented a business training project in Jingning County, Gansu Province to promote the revitalization of villages through party building, which trained 3,068 rural grassroots cadres. We supported the construction of party activity centres, cultural squares and supporting facilities in Yulu Xincun, Dongming County, Shandong Province. The Company's 108 grassroots party organizations and 48 grass-roots party committees in Jingning County, Gansu Province and the party organisations in Yulu Xincun of Dongming County, Shandong Province have established an alliance and cooperation relationship.
6. Livelihood Support: In our efforts to consolidate the outcomes of poverty alleviation, we have initiated projects in Jingning County, Gansu Province aimed at supporting rural education, women's welfare, employment, and entrepreneurship. Additionally, we have contributed to the establishment of a property support team in Yulu Xincun, Dongming County, Shandong Province, and implemented medical assistance projects in Xinghe County, Inner Mongolia.

Further information about the ESG aspects of the Company, please refer to "2023 Social Responsibility & Environmental, Social and Governance Report", which will be published with this report.

By order of the Board
China Galaxy Securities Co., Ltd.
Wang Sheng
Chairman

28 March 2024

SECTION VI OTHER SIGNIFICANT EVENTS

I. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company had no material litigation or arbitration involving an amount of over RMB10 million and representing over 10% of the absolute value of the latest audited net assets of the Company.

From the beginning of the Reporting Period to the date of disclosure of this report, details of the Company's new litigations or arbitrations or those having new progress are as follows:

Dispute between the Company and Changchun Xiangsheng Investment Management Co., Ltd. over stock-pledged repurchase transactions

In August 2017, the Company entered into an agreement with Changchun Xiangsheng Investment Management Co., Ltd. (hereinafter referred to as "Xiangsheng Investment"), agreeing that the Company as the lender and Xiangsheng Investment as the borrower would conduct stock-pledged repurchase transactions. The underlying security is Changsheng Bio-technology, and the stock code is 002680. Xiangsheng Investment issued a Letter of Commitment to the Company, promising that if Xiangsheng Investment violates the agreement, the Company is entitled to require Xiangsheng Investment to buy back all the pledged shares in advance or bear the liability for breach as stipulated in the agreement. As Xiangsheng Investment failed to perform its obligations as agreed, the Company initiated arbitration proceedings against Xiangsheng Investment.

On 24 June 2019, the Beijing Arbitration Commission made an arbitration award ((2019) Beijing Arbitration No. 1079) on the case, ruling that: (1) Xiangsheng Investment shall pay the Company RMB45,605,484.34 for the repurchase transaction as of 30 April 2019 and pay the Company the interest and penalties; (2) The Company is entitled to discount 9,748,658 float shares of Changsheng Bio-technology (ST) (stock code: 002680) pledged to the Company by Xiangsheng Investment, or to enjoy the priority of compensation from the proceeds of auction or sale of such pledged shares within the scope of the above-mentioned item 1; and (3) Xiangsheng Investment shall pay the attorney's fee to the Company and the arbitration fee.

Since Xiangsheng Investment failed to fulfill the repayment obligations within the time limit specified in the award, the Company applied to a people's court for compulsory enforcement. On 2 April 2019, the Company filed a separate lawsuit with the Beijing Second Intermediate People's Court against the guarantor of Xiangsheng Investment.

In June and December 2022, the Company received RMB2,753,450.33 and RMB4,427,619.53, respectively, as part of the payment under enforcement from the Changchun Intermediate People's Court, Jilin Province. On 16 January 2023, the Company received the Enforcement Ruling ((2022) Ji 01 Zhi Hui No.176) issued by Changchun Intermediate People's Court of Jilin Province. According to the Enforcement Ruling, the Changchun Intermediate People's Court of Jilin Province ruled to terminate this enforcement action because no other property of Xiangsheng Investment was available for enforcement other than the shares that have been auctioned off. After the termination of the enforcement procedure, the Company may apply for resumption of enforcement if it is found that there is property available for enforcement, and the application for resumption of enforcement is not subject to the limitation period for application for enforcement.

The remaining principal, interest and liquidated damages of the case are still being enforced.

SECTION VI OTHER SIGNIFICANT EVENTS

II. PUNISHMENT AND RECTIFICATION AGAINST LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, AND CONTROLLING SHAREHOLDERS

During the Reporting Period, the Directors, Supervisors and senior management and controlling shareholders of the Company had not been punished or publicly condemned by the CSRC, Securities Association of China, stock exchanges, financial futures exchange, finance and taxation, foreign exchange and auditing authorities.

During the Reporting Period, the Company had not been subject to any administrative penalties by the CSRC, the Securities Association of China, stock exchanges, financial futures exchanges, finance and taxation, foreign exchange and auditing authorities.

III. DESCRIPTION OF CREDIT RATING AND WORTHINESS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLER DURING THE REPORTING PERIOD

During the Reporting Period, none of the Company, Galaxy Financial Holdings, being the controlling shareholder of the Company, and Huijin, being the Company's actual controller, had failed to fulfill effective judgment of the court or settle overdue debts or had showed bad credit rating or worthiness.

IV. MATERIAL CONNECTED TRANSACTIONS

During the Reporting Period, the related party transactions under the relevant accounting standards are detailed in Note 53 "Related Party Transactions" TO "Section Xi Consolidated Financial Statements". Among these related party transactions, the transactions between the Company and Galaxy Financial Holdings and its subsidiaries (Note 53(a)(1)) constitute continuing connected transactions under Chapter 14A of the Stock Exchange Listing Rules (see below for details).

The Group conducts connected transactions in strict compliance with the Stock Exchange Listing Rules, the "Administrative System for the Disclosure of Corporate Information" and the "Administrative Measures for Connected Transactions". The Group's connected transactions are conducted based on the principles of impartiality, openness and fairness, and the connected transaction agreements are entered into based on the principles of equality, voluntariness, equivalence and compensation. During the Reporting Period, the Group conducted the following non-exempt connected transactions in accordance with the Stock Exchange Listing Rules:

(i) Securities and Financial Services Framework Agreement entered into between the Company and Galaxy Financial Holdings

On 28 December 2021, the Company entered into the Securities and Financial Services Framework Agreement with Galaxy Financial Holdings, pursuant to which the Group shall, during the period from 1 January 2022 to 31 December 2024, provide securities and financial services based on normal commercial terms to Galaxy Financial Holdings and its subsidiaries ("Galaxy Financial Holdings Group"), mainly including (1) securities brokerage services, (2) sales agency services, (3) leasing of trading rights and (4) other related securities and financial services. The Group shall receive service charges and commissions from Galaxy Financial Holdings Group for the provision of such services and shall pay interest to Galaxy Financial Holdings Group in respect of its funds entrusted to the Group in connection with such services. The service charges and commissions receivable and interest payable by the Group shall be based on negotiation between the parties with reference to the prevailing market rates and shall be in compliance with the applicable laws and regulations. Galaxy Financial Holdings is the controlling shareholder of the Company and therefore a connected person of the Company. As such, the transaction constitutes a continuing connected transaction of the Company under the Stock Exchange Listing Rules.

SECTION VI OTHER SIGNIFICANT EVENTS

The annual caps of the service charges and commissions payable by Galaxy Financial Holdings Group to the Group for the provision of securities and financial services under the Securities and Financial Services Framework Agreement for the three years ended 31 December 2024 will be RMB458 million, RMB499 million and RMB541 million, respectively. The annual caps of the interest payable by the Group to Galaxy Financial Holdings Group for the entrusted funds for the three years will be RMB25 million, RMB30 million and RMB35 million, respectively. As the annual caps in respect of the applicable percentage ratios under the Stock Exchange Listing Rules are more than 0.1% but less than 5%, the transactions are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under the Stock Exchange Listing Rules.

During the Reporting Period, the income received and expenses paid by the Group in respect of the securities and financial services provided to Galaxy Financial Holdings Group are as follows:

Unit: RMB in thousand

Item	Actual transaction amount for 2023	Annual cap for 2023
Revenue	16,416	499,000
Of which: Securities brokerage services	2,834	
Sales agency services	4,823	
Leasing of trading seats	7,399	
Other related securities and financial services (Note)	1,359	
Expenses	981	30,000
Of which: Interest expenses	981	

Note: Income from other related securities and financial services is handling fee income receivable from Galaxy Financial Holdings Group for custody business, asset management business, investment advisory business, etc.

(ii) Income Certificate Subscription and Redemption Framework Agreement entered into between the Company and Galaxy Financial Holdings

On 4 November 2022, the Company entered into the Income Certificate Subscription and Redemption Framework Agreement with Galaxy Financial Holdings, pursuant to which, Galaxy Financial Holdings Group, during the period ended 31 December 2024, will subscribe for and redeem the income certificates issued by the Group, including principal-protected fixed income certificates (the "Fixed Income Certificates") and principal-protected floating income certificates (the "Floating Income Certificates"). For the Fixed Income Certificates, the interest rates shall be determined with reference to the prices of short-term commercial papers and corporate bonds issued by securities companies and the trend of the prevailing market prices, taking into account the Group's capital and market demand; for the Floating Income Certificates, the interest rates shall be determined in accordance with the derivative pricing model or by reference to the expected changes in the prices of the underlying targets. The interest rates and other terms of the income certificates will apply equally to all investors who subscribe for the same income certificates. Galaxy Financial Holdings is the controlling shareholder of the Company and therefore a connected person of the Company. As such, the transaction constitutes a continuing connected transaction of the Company under the Stock Exchange Listing Rules.

For each of the three years ended 31 December 2024, the annual cap for the subscription by Galaxy Financial Holdings Group of the income certificates issued by the Group under the Income Certificate Subscription and Redemption Framework Agreement will be RMB3.5 billion, and the annual cap for the redemption by Galaxy Financial Holdings Group of the income certificates issued by the Group under the Income Certificate Subscription and Redemption Framework Agreement will be RMB3.5 billion. As the annual caps in respect of the applicable percentage ratios under the Stock Exchange Listing Rules are more than 0.1% but less than 5%, the transactions are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under the Stock Exchange Listing Rules.

Upon the Framework Agreement on Securities and Financial Products Transactions taking effect on 30 June 2023, the Income Certificate Subscription and Redemption Framework Agreement was terminated and the transactions and annual caps thereunder were subject to the Framework Agreement on Securities and Financial Products Transactions.

SECTION VI OTHER SIGNIFICANT EVENTS

During the reporting period, the Group's income and expenses under the Income Certificate Subscription and Redemption Framework Agreement with Galaxy Financial Holdings Group are set out in the table below:

Unit: RMB in thousand

Item	Actual transaction amount for 2023	Annual cap for 2023
Subscription amount by Galaxy Financial Holdings Group for income certificates issued by the Group	940,000	3,500,000
Redemption amount by Galaxy Financial Holdings Group for income certificates issued by the Group	372,233	3,500,000

(iii) Framework Agreement on Securities and Financial Products Transactions entered into between the Company and Galaxy Financial Holdings

On 30 June 2023, the Company and Galaxy Financial Holdings entered into the Framework Agreement on Securities and Financial Products Transactions, pursuant to which, from 30 June 2023 to 31 December 2025, the Group, in the ordinary course of its business and on normal commercial terms, will engage in securities and financial products transactions with Galaxy Financial Holdings Group, mainly including: 1 fixed-income securities products, 2 derivatives relating to fixed-income products, 3 equity products, 4 financing transactions, and 5 other related securities and financial products transactions permitted by the regulatory authorities. The securities and financial products transactions, whether conducted in the PRC interbank bond market, the PRC exchange market, the open-ended fund market or other over-the-counter market, shall be conducted on normal commercial terms at the prevailing market prices or market rates of similar transactions with independent third parties. The pricing of these transactions is subject to strict regulation in the PRC and shall be in compliance with applicable PRC laws and regulations. Galaxy Financial Holdings is the controlling shareholder of the Company and therefore a connected person of the Company. As such, the transaction constitutes a continuing connected transaction of the Company under the Stock Exchange Listing Rules. The Framework Agreement on Securities and Financial Products Transactions was approved by independent shareholders of the Company on 29 June 2023 with effect from the date of execution (i.e. 30 June 2023).

For the three years ending 31 December 2025, the maximum aggregate net inflows from securities and financial products transactions (excluding financing transactions) of the Group under the Framework Agreement on Securities and Financial Products Transactions will be RMB25.5 billion, RMB30.9 billion and RMB39.1 billion, respectively, and the maximum aggregate net outflows will be RMB26 billion, RMB31.4 billion and RMB39.7 billion, respectively. The maximum daily balance (including accrued interest) of the facilities provided by Galaxy Financial Holdings Group to the Group by way of pledge repurchase transactions under the Framework Agreement on Securities and Financial Products Transactions is RMB5.3 billion. As the annual caps in respect of the applicable percentage ratios under the Stock Exchange Listing Rules are more than 5%, the transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under the Stock Exchange Listing Rules.

During the reporting period, the Group's income and expenses under the Securities and Financial Products Transactions Framework Agreement with Galaxy Financial Holdings Group are set out in the table below:

SECTION VI OTHER SIGNIFICANT EVENTS

Unit: RMB in thousand

Item	Actual transaction amount for 2023	Annual cap for 2023
Total inflows from Galaxy Financial Holdings Group to the Group	918,929	25,500,000
1. Inflows from transactions of fixed-income securities products (note)	859,000	–
2. Inflows from transactions of equity products	59,929	–
Total outflows from the Group to Galaxy Financial Holdings Group	570,483	26,000,000
1. Outflows from transactions of fixed-income securities products (note)	510,483	–
2. Outflows from transactions of equity products	60,000	–
Maximum daily balance (including accrued interest) of each of the facilities provided by Galaxy Financial Holdings Group to the Group by way of pledge repurchase transactions	–	5,300,000

Note: The actual transaction amount for 2023 includes the income certificate transactions subject to the Framework Agreement on Securities and Financial Products Transactions upon termination of the Income Certificate Subscription and Redemption Framework Agreement.

In respect of the above continuing connected transactions, the Company confirms that it has complied with the requirements of Chapter 14A of the Stock Exchange Listing Rules. The Company followed the pricing policies and guidelines established at the time of entering into such transactions during the Reporting Period.

The independent non-executive Directors have reviewed the above continuing connected transactions and have confirmed that such continuing connected transactions:

- (1) are in the ordinary and usual course of business of the Company;
- (2) are on normal commercial terms or better; and
- (3) are conducted in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of shareholders of the Company as a whole.

The Board of Directors has received a letter from the auditor of the Company in respect of the continuing connected transactions mentioned above, in which the auditor has expressed the following opinion on the disclosed continuing connected transactions:

In respect of the disclosed continuing connected transactions:

- a. Nothing has come to our attention that causes us to believe that the transactions have not been approved by the Company's Board of Directors.
- b. For transactions involving the provision of goods or services by the Group, nothing has come to our attention that causes us to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company.
- c. Nothing has come to our attention that causes us to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- d. With respect to the aggregate amount of the continuing connected transactions, nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate value for the entire year of 2023 disclosed in the relevant announcements made by the Company in respect of the disclosed continuing connected transactions.

SECTION VI OTHER SIGNIFICANT EVENTS

V. CONTRACTS OF SIGNIFICANCE AND THEIR PERFORMANCE

(i) Guarantees

Unit: yuan Currency: RMB

External guarantee granted by the Company (excluding the guarantee for subsidiaries)															
Guarantor	Relationship between guarantor and listed company		Guaranteed party	Guaranteed amount	Date of guarantee agreement	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Collateral (if any)	Is the guarantee fully fulfilled	Is the guarantee overdue	Amount overdue	Counter guarantee	Is the guarantee provided to related parties	Related party relationship
	Nil														
Total guarantee incurred during the Reporting Period (excluding the guarantee for subsidiaries)															
Total guarantee balance as at the End of the Reporting Period (A) (excluding the guarantee for subsidiaries)															
Guarantee by the Company and its subsidiaries for their subsidiaries															
Total guarantee for its subsidiaries incurred during the Reporting Period															
Total guarantee balance for its subsidiaries as at the End of the Reporting Period (B)															
Total guarantee (A+B)															
Total guarantee as a percentage of the Company's net assets (%)															
Including:															
Amount of guarantee for shareholders, actual controller and their related parties (C)															
Amount of debt guaranteed directly or indirectly for any guaranteed party with gearing ratio over 70% (D)															
Total guaranteed amount over 50% of the net asset (E)															
Total of the above three guarantees (C+D+E)															
Statement on the possible joint and several liability in connection with outstanding guarantees															
Description of guarantee															

(1) In August 2016 and August 2017, the Company provided a net capital guarantee of RMB1,000 million and RMB2,000 million for Galaxy Jinhui, a subsidiary of the Company, to meet the needs of its business development.
 (2) As at 31 December 2023, the guarantees provided by Galaxy International Holdings to its subsidiaries amounted to RMB6.741 billion.

SECTION VI OTHER SIGNIFICANT EVENTS

In addition, the Company has authorised guarantees as follows:

- (1) On 22 June 2017, the “Resolution on the Increase of Net Capital Guarantee to Galaxy Jinhui” was considered and approved at the 2016 annual general meeting of the Company, pursuant to which it was agreed that the Company would provide net capital guarantee for Galaxy Jinhui of RMB3,000 million to satisfy its business development needs. As at the End of the Reporting Period, the guarantee had not been fulfilled.
- (2) On 30 August 2021, the “Resolution on the Increase in the Shareholdings in CGS-CIMB to Increase the Amount of Guarantees and Quasi-Guarantees by Galaxy International Holdings” was considered and approved at the second (regular) meeting of the fourth session of the Board of the Company. Based on the business development needs, it was agreed to increase the maximum amount of guarantees and quasi-guarantees authorised to be provided for CGS-CIMB Securities International Pte. Ltd. and its subsidiaries and CGS-CIMB Holdings Sdn. Bhd. and its subsidiaries (collectively referred to as “CGS-CIMB”) from RMB3,500 million to RMB7,000 million in phases. In particular, upon completion of exercising the option for the first time for the CIMB merger and acquisition project, which is upon obtaining 75% shareholding in CGS-CIMB by Galaxy International Holdings, the maximum amount of guarantees and quasi-guarantees provided by Galaxy International Holdings for CGS-CIMB shall be RMB5,500 million; and upon completion of exercising the option for the second time, i.e. upon obtaining 100% shareholding in CGS-CIMB by Galaxy International Holdings, the maximum amount of guarantees and quasi-guarantees to be provided by Galaxy International Holdings for CGS-CIMB shall be RMB7,000 million. As at 31 December 2023, the maximum amount of guarantees and quasi-guarantees provided by Galaxy International Holdings for CGS-CIMB were RMB7,000 million.

(ii) Other Contracts

As at the End of the Reporting Period, matters in relation to the major procurement contracts of the Company and such matters carried forward from previous periods to the Reporting Period are set out below:

Unit: Ten thousand Yuan Currency: RMB

Full name of partners of the contracts	Date of the contracts	Period and expiration date of the contracts	Description of main contents of the contracts	Amount of the contracts	Notes
SSE Technology Co., Ltd.	18 December 2017, 11 September 2020 (renewed), 15 October 2021 (renewed) and 9 February 2023 (renewed)	The contract is valid from 1 January 2019 to 31 December 2019. The contract can be extended for one year each time to the extent that the parties have no objection thereto. The contract was fulfilled in 2023.	SSE Technology Co., Ltd. offered basic service, operation support service, tailor-made service and other services regarding the data centre in Securities Technology Mansion on No.1 Huajing Road in Waigaoqiao Free Trade Zone, Pudong, Shanghai to the Company. The services at the data centre in Securities Technology Mansion were transferred to Jinqiao Data Center in 2023.	Payment was –	made according to the standard for charges and based on the actual situation every year

SECTION VI OTHER SIGNIFICANT EVENTS

Full name of partners of the contracts	Date of the contracts	Period and expiration date of the contracts	Description of main contents of the contracts	Amount of the contracts	Notes
SSE Technology Co., Ltd.	25 January 2021, 12 October 2021 (renewed) and 9 February 2023 (renewed)	The contract is valid from 1 June 2021 to 31 May 2025. The contract may be extended as agreed.	SSE Technology Co., Ltd. offered technical service, operation support service, tailor-made service and other services regarding Jinqiao Data Center on No. 399 Longhu Road, Pudong New Area, Shanghai to the Company.	Payment –	was made according to the standard for charges and based on the actual situation every year.
Shanghai Kafang Information Technology Co., Ltd.	12 June 2023	The contract was scheduled to remain in effect until 31 December 2023, but was subsequently extended to 30 June 2024 through a supplemental agreement.	Shanghai Kafang Information Technology Co., Ltd. shall provide its active separate bill intelligent algorithm services to the Company and be responsible for the installation, user training, technical support and maintenance of its active intelligent separate bill algorithm systems.	1,920.00	–
Contemi Trading Solutions Sdn Bhd	23 November 2022	22 November 2027	Backend system procurement and development	2,531.90	Procurement of information system for overseas subsidiaries
Dongguan Shenzhen Securities Communication Co., Ltd.	12 October 2023	The contract is valid from 12 October 2023 to 11 October 2026. The contract can be extended for one year each time to the extent that the parties have no objection thereto.	Dongguan Shenzhen Securities Communication Co., Ltd. provides integrated hosting services with regard to information system equipment to the Company.	RMB1,015.20/ year	–
Dongguan Shenzhen Securities Communication Co., Ltd.	12 October 2023	The contract is valid from 12 October 2023 to 11 October 2026. The contract can be extended for one year each time to the extent that the parties have no objection thereto.	Dongguan Shenzhen Securities Communication Co., Ltd. provides front-end hosting services to the Company.	RMB2,184.00/ year	–
JYD Technology	31 October 2023	The contract was fulfilled during the Reporting Period.	Procurement of servers.	1,684.53	–

SECTION VI OTHER SIGNIFICANT EVENTS

Full name of partners of the contracts	Date of the contracts	Period and expiration date of the contracts	Description of main contents of the contracts	Amount of the contracts	Notes
Shenzhen Star Network Information Technology Co., Ltd.	3 November 2023	The contract was fulfilled during the Reporting Period.	Procurement of servers.	1,637.00	-
Digital China System Integration Service Co., Ltd.	8 November 2023	The contract was fulfilled during the Reporting Period.	Procurement of storage and network equipment.	1,620.00	-

VI. PROGRESS OF THE USE OF PROCEEDS

During the Reporting Period, the Company did not initiate equity financing.

In March 2022, the Company completed the issuance of A share convertible corporate bonds. The proceeds were fully utilised by the end of 2022 in accordance with the use of funds disclosed in the prospectus. In December 2023, the Company completed the redemption and delisting of its A share convertible corporate bonds. For details of these convertible corporate bonds, please refer to the Annual Report 2022 and "SECTION V DIRECTORS' REPORT – III. ISSUANCE OF BONDS – (5) Convertible Corporate Bonds" of this report.

VII. OTHER MATERIAL MATTERS

(i) Administrative regulatory measures and related matters facing the Company and its branches during and subsequent to the Reporting Period

1. Rizhao Weihai Road Securities Branch Received the Decision to Issue a Warning Letter from the CSRC Shandong Office

On 19 July 2023, the CSRC Shandong Office took a regulatory measure by issuing a warning letter to Rizhao Weihai Road Securities Branch of the Company, saying that the branch was found with the following problems: 1. distributing gifts to customers in marketing activities; 2. failure to take corresponding management measures upon awareness of operation of customers' accounts by others; 3. failure to promptly identify and correct issues discovered during the customer follow-up process; 4. failure to effectively separate the roles of sales, compliance and risk control, and account management within the business departments.

The Company and the branch conducted a comprehensive review and investigation of the relevant problems identified by adoption of the regulatory measures, actively and fully implemented rectification, and submitted a rectification report in August 2023 to the CSRC Shandong Office.

SECTION VI OTHER SIGNIFICANT EVENTS

2. The Company Received a Disciplinary Sanction Decision from SZSE

On 25 September 2023, the Company received the Decision on Circulation of a Notice of Criticism Concerning China Galaxy Securities Co., Ltd. and Associated Parties from SZSE. With respect to the initial public offering and listing of Huayao Optoelectronics Technology Company Limited (hereinafter referred to as the “Issuer”) on the GEM Board, the SZSE was of the view that the Company and the sponsor representative had committed the following breaches of rules and regulations in the practice: 1. failure to fully verify the material litigation to which the de facto controller of the Issuer was a party; 2. failure to urge the Issuer to fully disclose in the prospectus matters that have an important impact on the value judgment and investment decisions of investors; and 3. failure to check the material negative public opinions about the Issuer in a timely manner and proactively report them to the SZSE.

In response to the aforesaid problems, the Company requested the investment banking department to take them seriously, rectify them as soon as possible, perform sponsorship duties in a sincere, trustworthy and diligent manner in accordance with the Measures on the Administration of the Sponsorship Business for Securities Issuances and Listings, the Listing Review Rules, the Sponsorship Business Rules, among others, and carry out comprehensive verification and validation of the issuance and listing application documents and information disclosure materials, so as to prevent recurrence of the relevant problems. At the same time, the Company commenced the investigation and identification of responsibility for the incident in accordance with the relevant system.

3. Zhengzhou Dongfeng Road Securities Branch received the Decision on Adoption of Regulatory Measures of Ordering Correction from the CSRC Henan Office

On 3 November 2023, the CSRC Henan Office made the Decision on Adoption of Administrative Regulatory Measures of Ordering Correction against Zhengzhou Dongfeng Road Securities Branch of China Galaxy Securities Co., Ltd. ([2023] No. 55), which was of the view that the following problems existed in the Zhengzhou Dongfeng Road Securities Branch of the Company: 1. The main responsibility for the prevention and control of the integrity risk was not fully assumed. For instance, employees sent account-opening red packets to customers; 2. Compliance management was not carried out in all aspects. Employees told customers answers to risk assessments, provided replies for return interviews, recommended products that were higher than their risk tolerance, and failed to disclose the risks of the products; and 3. The investment behavior of employees' spouses and interested parties was under inadequate management. Certain employees failed to report the investment of their spouses and relatives in unlisted equity as required. The CSRC Henan Office decided to take administrative regulatory measures of ordering corrective actions against the securities branch.

The Company and the branch conducted a comprehensive review and investigation of the relevant problems identified by adoption of the regulatory measures, actively and fully implemented the rectification, and submitted a rectification report in December 2023 to the CSRC Henan Office.

4. The Company received the Decision on Issuing a Warning Letter from the CSRC Beijing Bureau

On 11 January 2024, the Company received the Decision on Adoption of Administrative Regulatory Measures of Issuing a Warning Letter to China Galaxy Securities Co., Ltd. issued by the CSRC Beijing Bureau. The CSRC Beijing Bureau was of the view that the following problems existed in the course of the Company's business related to private funds: 1. The permission on agency sale of such funds was not prudent; 2. There were defects in the performance of the custodian's duties; and 3. The management of branches was not in place.

The Company has conducted a thorough review and investigation of the issues identified in the regulatory measures. It has taken additional steps to enhance the management of its sales agents, optimise system construction, improve the decision-making mechanism, and strengthen compliance and risk control. Simultaneously, the Company further enhances its performance of custodial duties, continues to improve and strictly enforce the custodial access system, enhances system and process construction, strengthens risk management and control, and diligently and responsibly safeguards the interests of investors.

SECTION VI OTHER SIGNIFICANT EVENTS

5. The Company received the Decision on Administrative Penalties from the People's Bank of China

On 4 February 2024, the Company received the Decision on Administrative Penalties from the People's Bank of China. The People's Bank of China considered that the Company had the following problems: Firstly, the Company had not fulfilled the obligation of customer identification as required; and Secondly, the Company failed to report large transaction reports or suspicious transaction reports as required. Therefore, it was decided to impose a penalty of RMB1.59 million on the Company, and to fine the relevant accountable persons RMB25,000 and RMB10,000, respectively.

The Company attached great importance to these problems and actively carried out relevant rectifications, by taking a number of measures to rectify the weaknesses identified in the inspection, and reporting the results to the People's Bank of China. Reports were also made to the CSRC Beijing Bureau in accordance with the relevant work requirements.

6. Qingdao Haikou Road Securities Branch received the Decision on Issuing a Warning Letter from CSRC Qingdao Office

On 7 March 2024, the Company received the Decision on Issuing a Warning Letter to the Qingdao Haikou Road Securities Branch of China Galaxy Securities Company Limited. The CSRC Qingdao Office considered that Qingdao Haikou Road Securities Branch employed labour despatching personnel not registered in the Securities Association of China, who offered customers services in relation to opening of margin financing and securities lending accounts with the use of the securities branch seal. In addition, notifying customers of additional financing collaterals and the seal use registration violated the Company's internal system. All these problems reflected that the Qingdao Haikou Road Securities Branch has incomplete internal control with inadequate compliance management.

The Company attaches great importance to this matter and has been actively carrying out rectification work, urging the Qingdao Haikou Road Securities Branch to improve and strictly implement the internal control system, practically strengthen the compliance management, and strictly regulate the practice behaviour of its staff.

(ii) Changes in the qualifications of individual businesses during the Reporting Period

On 15 June 2023, the Company received the Regulatory Opinion on China Galaxy Securities Co., Ltd.'s Application to Carry out Market Making Business of Commodity Futures and Options (Ji Gou Bu Han [2023] No. 796), obtaining approval to carry out market making business of listed securities.

(iii) Material Equity Investment

During the Reporting Period, the Company made additional investments in its subsidiaries, such as Galaxy International Holdings, Galaxy Yuanhui and Galaxy Capital, in accordance with its business development needs. Galaxy International Holdings further acquired the equity interest of CGS-CIMB. Details are as follows:

1. On 27 October 2022, the Board of Directors approved the Resolution on Capital Increase in Galaxy Yuanhui Investment Co., Ltd., consenting to the Company's capital increase of RMB2 billion in Galaxy Yuanhui. In January 2023, the registered capital of Galaxy Yuanhui increased to RMB5 billion as the Company injected an additional RMB1 billion to Galaxy Yuanhui.
2. On 27 October 2022, the Board of Directors approved the Resolution on Capital Increase in China Galaxy International Financial Holdings Limited, consenting to the Company's capital increase of HK\$1.6 billion in Galaxy International Holdings. Upon completion of the capital increase in December 2023, the share capital of Galaxy International Holdings was increased to HK\$8.6 billion.

SECTION VI OTHER SIGNIFICANT EVENTS

3. On 26 February 2019, the Board of Directors of the Company approved the Resolution on Capital Increase in Galaxy Capital Management Co., Ltd., pursuant to which in July 2023, the Company completed the capital increase of RMB500 million in Galaxy Capital with its registered capital increasing to RMB\$1.5 billion.
4. Pursuant to the Resolution on Merger and Acquisition with CIMB, which was considered and adopted by the Board of Directors of the Company, Galaxy International Holdings acquired from CIMB Group 25.01% of the issued share capital of CGS-CIMB Securities International Pte. Ltd. and 25% of the issued share capital of CGS-CIMB Holdings Sdn. Bhd. The transaction was closed on 29 December 2023. Galaxy International Holdings holds 100% of the issued share capital of CGS-CIMB Securities and CGS-CIMB Holdings, respectively. For details, please refer to the Company's voluntary announcement dated 29 December 2023 disclosing the Completion of the Second Call Options in respect of CGS-CIMB and MY JVCO.

VIII. IMPORTANT MATTERS AFTER THE PERIOD

For details, please refer to "SECTION V DIRECTORS' REPORT – III. ISSUANCE OF BONDS – (ii) Bond financing activities after the Reporting Period".

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN ORDINARY SHARES

(i) Changes in Shares

Unit: Share(s)

	Before change		Increase or decrease after change (+,-)					After change	
	Number of shares	Percentage (%)	New share issuance	Bonus shares	Shares converted from capital reserve	Others	Sub-total	Number of shares	Percentage (%)
i. Restricted shares	-	-	-	-	-	-	-	-	-
ii. Unrestricted shares	10,137,279,676	100	-	-	-	-	797,122,580	10,934,402,256	100
1. Renminbi-denominated ordinary shares	6,446,295,043	63.59	-	-	-	-	797,122,580	7,243,417,623	66.24
2. Domestic listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	3,690,984,633	36.41	-	-	-	-	-	3,690,984,633	33.76
4. Others	-	-	-	-	-	-	-	-	-
iii. Total number of shares	10,137,279,676	100	-	-	-	-	797,122,580	10,934,402,256	100

(ii) Description of Changes in Shares

In accordance with the provisions of the Prospectus of the Public Offering of A-share Convertible Bonds by the Company and relevant laws and regulations, the China Galaxy Convertible Bonds are convertible into shares of the Company with effect from 30 September 2022. The closing price of the Company's A Shares was not less than 130% (i.e. not less than RMB12.61/share) of the current conversion price RMB9.70/share of the China Galaxy Convertible Bonds for the 15 trading days from 6 November 2023 to 24 November 2023, which triggers the conditional redemption provision regarding China Galaxy Convertible Bonds as stipulated in the Prospectus of the Company's Public Offering of A-share Convertible Bonds. At the 22nd (extraordinary) meeting of the fourth session of the Board of Directors of the Company held on 24 November 2023, the Company considered and adopted the Resolution on the Early Redemption of China Galaxy Convertible Bonds in accordance with the procedures, and decided to exercise the early redemption right of the Company's convertible bonds to redeem all of the China Galaxy Convertible Bonds registered on the redemption registration date (18 December 2023). The early redemption and delisting of the China Galaxy Convertible Bonds was completed on 19 December 2023. The total share capital of the Company increased to 10,934,402,256 shares.

(iii) Impact of Changes in Shares on the Financial Indicators such as Earnings Per Share and Net Assets Per Share for the Recent Year and the Recent Period

In 2023, the total number of the Company's shares increased by 797,122,580 as compared with the end of previous reporting period as a result of the completion of the conversion and delisting of the Company's China Galaxy Convertible Bonds. Based on weighted average number of shares, basic earnings per share and diluted earnings per share was RMB0.67 and RMB0.65 for 2023, respectively. As at the end of 2023, net assets per share attributable to owners of the listed company were RMB12.61, which included the perpetual bonds issued by the Company. After deducting the effect of such perpetual bonds, net assets per share attributable to ordinary shareholders of the listed company were RMB9.73 as at the end of 2023.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

II. INFORMATION OF SHAREHOLDERS

(i) Total Number of Shareholders

Total number of holders of ordinary shares as at the End of the Reporting Period (account)	129,946
Total number of holders of ordinary shares as at the end of the previous month before the date of disclosure of annual report (account)	129,374
Total number of preference shareholders with voting rights restored as at the End of the Reporting Period (account)	0
Total number of preference shareholders with voting rights restored as at the end of the previous month before the date of disclosure of annual report (account)	0

Note: The total number of shareholders includes the number of holders of ordinary A Shares and registered holders of H Shares. As at the End of the Reporting Period, 129,294 accounts were holders of A Shares and 652 accounts were registered holders of H Shares. As at the end of the previous month before the date of disclosure of annual report, 128,721 accounts were holders of A Shares and 653 accounts were registered holders of H Shares.

(ii) Shareholdings of the Top 10 Shareholders and Top 10 Holders of Float Shares (or Holders of Unrestricted Shares) as at the End of the Reporting Period

Unit: Share(s)

Shareholdings of top ten shareholders (excluding shares lent through refinancing)							
Name of shareholders (Full name)	Increase or decrease during Reporting Period	Number of shares held as at the End of Reporting Period	Percentage (%)	Number of restricted shares held	Pledged, marked or frozen		
					Status of shares	Number of shares	Nature of shareholders
China Galaxy Financial Holdings Company Limited	0	5,186,538,364	47.43	0	Nil	0	State-owned legal person
HKSCC Nominees Limited (Note 1)	-77,060	3,688,241,486	33.73	0	Nil	0	Overseas legal person
China Securities Finance Corporation Limited	0	84,078,210	0.77	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited (Note 2)	-15,441,898	70,293,553	0.64	0	Nil	0	Overseas legal person
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	18,522,705	45,519,329	0.42	0	Nil	0	Others
Bank of Lanzhou Co., Ltd.	0	41,941,882	0.38	0	Nil	0	Domestic non-state-owned legal person
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	9,936,419	29,708,001	0.27	0	Nil	0	Others
Industrial and Commercial Bank of China Limited – Guangfa Multifactor Flexible Allocation Mixed Securities Investment Fund	Unknown	16,078,400	0.15	0	Nil	0	Others
Monetary Authority of Macau – Own Fund	6,408,269	16,012,069	0.15	0	Nil	0	Overseas legal person
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Trading Index Securities Investment Open-ended Fund	10,264,551	15,465,503	0.14	0	Nil	0	Others

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

Shareholdings of the top 10 holders of unrestricted shares			
Name of shareholders	Number of unrestricted shares held	Type and number of shares held	
		Type	Number of shares
China Galaxy Financial Holdings Company Limited	5,186,538,364	Renminbi-denominated ordinary shares	5,160,610,864
		Overseas listed foreign shares	25,927,500
HKSCC Nominees Limited (Note 1)	3,688,241,486	Overseas listed foreign shares	3,688,241,486
China Securities Finance Corporation Limited	84,078,210	Renminbi-denominated ordinary shares	84,078,210
Hong Kong Securities Clearing Company Limited (Note 2)	70,293,553	Renminbi-denominated ordinary shares	70,293,553
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	45,519,329	Renminbi-denominated ordinary shares	45,519,329
Bank of Lanzhou Co., Ltd.	41,941,882	Renminbi-denominated ordinary shares	41,941,882
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	29,708,001	Renminbi-denominated ordinary shares	29,708,001
Industrial and Commercial Bank of China Limited – Guangfa Multifactor Flexible Allocation Mixed Securities Investment Fund	16,078,400	Renminbi-denominated ordinary shares	16,078,400
Monetary Authority of Macau – Own Fund	16,012,069	Renminbi-denominated ordinary shares	16,012,069
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Trading Index Securities Investment Open-ended Fund	15,465,503	Renminbi-denominated ordinary shares	15,465,503
Description of special repurchase accounts among the top ten shareholders	Nil		
Description of the voting rights exercised by proxy of the above shareholders, the voting rights exercised by the above shareholders as authorized by and on behalf of other shareholders, the voting rights the above shareholders abstained from	Nil		
Description of the associated relationship of or action in concert among the aforesaid shareholders		The Company is not aware of any associated/connected relationship of or any parties acting in concert among the aforesaid shareholders. In particular, the shares held by HKSCC Nominees Limited are H shares entrusted by overseas investors; the shares held by Hong Kong Securities Clearing Company Limited are A shares held by overseas investors through Shanghai Stock Connect.	
Preference shareholders with voting rights restored and number of shares held	Nil		

Note 1: HKSCC Nominees Limited is the nominee holder of shares held by non-registered shareholders of the H shares of the Company, which held the H shares on behalf of various clients, including 25,927,500 H shares of the Company held by Galaxy Financial Holdings.

Note 2: Hong Kong Securities Clearing Company Limited is the nominee holder of the A shares of the Company held by the investors through Shanghai Stock Connect.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

The top 10 shareholders' lending of shares through refinancing business

Name of shareholders (Full name)	The top 10 shareholders' lending of shares through refinancing							
	Number of shares held in general accounts and credit accounts as at the beginning of the Reporting Period		Number of shares lent under refinancing and not yet returned as at the beginning of the Reporting Period		Number of shares held in general accounts and credit accounts as at the End of the Reporting Period		Number of shares lent under refinancing and not yet returned as at the End of the Reporting Period	
	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)
China Galaxy Financial Holdings Company Limited	5,186,538,364	51.16	0	0	5,186,538,364	47.43	0	0
HKSCC Nominees Limited (Note 1)	3,688,318,546	36.38	0	0	3,688,241,486	33.73	0	0
China Securities Finance Corporation Limited	84,078,210	0.83	0	0	84,078,210	0.77	0	0
Hong Kong Securities Clearing Company Limited (Note 2)	85,735,451	0.85	0	0	70,293,553	0.64	0	0
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	26,996,624	0.27	178,500	0.00002	45,519,329	0.42	1,674,300	0.02
Bank of Lanzhou Co., Ltd.	41,941,882	0.41	0	0	41,941,882	0.38	0	0
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	19,771,582	0.20	105,700	0.00001	29,708,001	0.27	2,016,900	0.02
Industrial and Commercial Bank of China Limited – Guangfa Multifactor Flexible Allocation Mixed Securities Investment Fund	Unknown	Unknown	0	0	16,078,400	0.15	0	0
Monetary Authority of Macau – Own Fund	9,603,800	0.10	0	0	16,012,069	0.15	0	0
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Trading Index Securities Investment Open-ended Fund	5,200,952	0.05	0	0	15,465,503	0.14	0	0

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

Changes in the top 10 shareholders from the previous period

Name of shareholders (Full name)	Changes in the top 10 shareholders from the end of the previous period				
	Additions/ withdrawals during the Reporting Period	Number of shares lent under refinancing and not yet returned as at the End of the Reporting Period		Number of shares held in shareholders' general accounts and credit accounts and shares lent under refinancing and not yet returned as at the End of the Reporting Period	
		Total	Percentage (%)	Total	Percentage (%)
Industrial and Commercial Bank of China Limited – Guangfa Multifactor Flexible Allocation Mixed Securities Investment Fund	Added	0	0	0	0
Monetary Authority of Macau - Own Fund	Added	0	0	0	0
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Trading Index Securities Investment Open-ended Fund	Added	0	0	0	
Zhongshan Financial Investment Holdings Co., Ltd.	Withdrawn	8,237,900	0.08	19,241,213	1.76
Jiaxing Highway Investment Co., Ltd.	Withdrawn	0	0	0	0
Shanghai Huashi Asset Management Co., Ltd.	Withdrawn	0	0	0	0

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

(iii) Interests and Short Positions of Substantial Shareholders and Other Persons in Shares and Underlying Shares

As at the End of the Reporting Period, to the knowledge of the Directors after making reasonable inquiries, the following persons (other than Directors, Supervisors or chief executives of the Company) had the following interests or short positions in shares or underlying shares of the Company required to be disclosed to the Company in accordance with Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be maintained by the Company under Section 336 of the SFO:

Name of substantial shareholders	Class of shares	Nature of interest	Number of shares held (shares) ^(Note 1)	Percentage of the total number of issued shares of the Company (%)	Percentage of the total number of issued shares of the Company (%)	
					A Shares/ H Shares of the Company (%)	Long position/ short position/ shares available for lending
Huijin (Note 2)	A Shares	Interests of controlled corporation	5,160,610,864	47.20	71.25	Long position
	H Shares	Interests of controlled corporation	25,927,500	0.24	0.70	Long position
Galaxy Financial Holdings (Note 2)	A Shares	Beneficial owner	5,160,610,864	47.20	71.25	Long position
	H Shares	Beneficial owner	25,927,500	0.24	0.70	Long position
Wenze International Investment Limited (Notes 3 and 4)	H Shares	Beneficial owner	219,524,000	2.01	5.95	Long position
Wang Yili (Note 3)	H Shares	Interests of controlled corporation	219,524,000	2.01	5.95	Long position
Yan Yuqing (Note 4)	H Shares	Interests of controlled corporation	219,524,000	2.01	5.95	Long position

Note 1: Pursuant to Section 336 of the SFO, when the shareholdings of the shareholders in the Company change, it is not necessary for the shareholders to notify the Company and The Stock Exchange of Hong Kong unless certain criteria are fulfilled. Therefore, the latest shareholdings of the shareholders in the Company may be different from the shareholdings filed with the Hong Kong Stock Exchange.

Note 2: Huijin directly holds approximately 69.07% equity interest in Galaxy Financial Holdings and is therefore deemed to be interested in 5,160,610,864 A Shares and 25,927,500 H Shares directly held by Galaxy Financial Holdings.

Note 3: Wang Yili holds 50% equity interest in Wenze International Investment Limited and is therefore deemed to be interested in 219,524,000 H Shares held by Wenze International Investment Limited.

Note 4: Yan Yuqing holds 50% equity interest in Wenze International Investment Limited and is therefore deemed to be interested in 219,524,000 H Shares held by Wenze International Investment Limited.

Save as disclosed above, as at the End of the Reporting Period, the Company was not aware of any other person (other than Directors, Supervisors and chief executive of the Company) who held interests or short positions in shares or underlying shares of the Company as required to be recorded in the register pursuant to Section 336 of the SFO.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

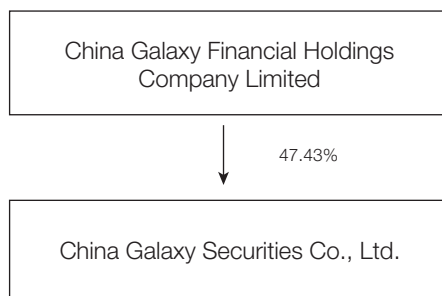
III. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(i) Controlling Shareholder

1. Legal person

Name	China Galaxy Financial Holdings Company Limited
Person in charge of the company or legal representative	Liu Zhihong
Date of establishment	8 August 2005
Principal activities	Securities, fund, insurance, trust, banking investment and management
Equity interests in other controlled and invested companies whose shares were listed in the PRC or overseas during the Reporting Period	Nil
Others	Nil

2. The chart on the ownership and control relationship between the Company and its controlling shareholder



SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

(ii) De Facto Controller

1. Legal person

Name	Central Huijin Investment Ltd.
Person in charge of the company or legal representative	Peng Chun
Date of establishment	16 December 2003
Principal activities	Making equity investment in key state-owned financial institutions as authorised by the State Council; other related business approved by the State Council
Others	Nil

2. The chart on the ownership and control relationship between the Company and its de facto controller



IV. COMPLIANCE WITH UNDERTAKING BY CONTROLLING SHAREHOLDER

After making an enquiry with Galaxy Financial Holdings, Galaxy Financial Holdings confirmed to the Company that, during the Reporting Period, Galaxy Financial Holdings and its controlled entities commenced their businesses in accordance with the non-competition undertaking signed by Galaxy Financial Holdings.

The Company will remain in contact with Galaxy Financial Holdings for matters on the compliance with non-competition undertaking by Galaxy Financial Holdings and its controlled entities.

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

I. SHAREHOLDING CHANGES AND REMUNERATIONS

(i) Shareholding Changes and Remunerations of the Existing Directors, Supervisors and Senior Management and Those Resigned during/after the Reporting Period

Unit: RMB

Name	Position	Gender	Age	Starting date of term of office	Expiry date of term of office	Number of shares held at		Change in shares during the year	Reason for the change	Total remuneration before tax received from the Company during the Reporting Period (RMB'000)	Whether received remuneration from the Company's related parties or not
						the beginning of the year	Number of shares held at the end of the year				
Wang Sheng	Executive Director, Chairman of the Board and Chairman of the Executive Committee	Male	46	18 August 2022	Present	0	0	0	-	232.69	No
Xue Jun	Executive Director, Vice Chairman of the Board, Vice Chairman of the Executive Committee and President	Male	54	23 January 2024	Present	0	0	0	-	213.70	No
Yang Tijun	Non-executive Director	Male	58	29 June 2021	Present	0	0	0	-	0.00	Yes
Li Hui	Non-executive Director	Female	54	10 March 2023	Present	0	0	0	-	0.00	Yes
Liu Chang	Non-executive Director	Female	44	29 June 2021	Present	0	0	0	-	0.00	Yes
Liu Zhihong	Non-executive Director	Male	58	29 June 2021	Present	0	0	0	-	0.00	Yes
Wang Zhenjun	Independent Director	Male	67	9 February 2018	Present	0	0	0	-	27.00	No
Liu Chun	Independent Director	Female	61	26 February 2019	Present	0	0	0	-	26.00	No
Law Cheuk Kin, Stephen	Independent Director	Male	61	29 June 2020	Present	0	0	0	-	21.00	No
Liu Li	Independent Director	Male	68	23 January 2024	Present	0	0	0	-	0.00	No
Qu Yanping	Shareholder Supervisor and Chairwoman of Supervisory Committee	Female	57	19 October 2021	Present	0	0	0	-	235.26	No
Wei Guoqiang	Shareholder Supervisor	Male	47	29 June 2022	Present	0	0	0	-	0.00	Yes
Tao Libin	External Supervisor	Male	46	18 October 2016	Present	0	0	0	-	12.00	No
Chen Jijiang	Employee Supervisor	Male	57	29 June 2015	Present	0	0	0	-	206.57	No
Fan Minfei	Employee Supervisor	Male	57	25 March 2020	Present	0	0	0	-	210.21	No
Luo Liming	Vice President, member of Executive Committee and Chief Information Officer	Male	48	30 June 2017	Present	0	0	0	-	209.91	No
Wu Guofang	Member of Executive Committee and Business Director	Male	53	20 December 2017	Present	0	0	0	-	196.78	No
Liang Shipeng	Member of the Executive Committee, Chief Compliance Officer and Chief Risk Officer	Male	54	5 July 2019	Present	0	0	0	-	219.91	No
Liu Bing	Member of the Executive Committee, Business Director and Secretary of the Board	Male	52	10 August 2023	Present	0	0	0	-	72.68	No
Chen Liang (resigned during the Reporting Period)	Executive Director, Chairman of the Board and Chairman of the Executive Committee	Male	56	20 December 2019	20 October 2023	0	0	0	-	228.86	No

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Name	Position	Gender	Age	Starting date of term of office	Expiry date of term of office	Number of shares held at			Reason for the change	Total remuneration before tax received from the Company during the Reporting Period (RMB'0'000)	Whether received remuneration from the Company's related parties or not
						the beginning of the year	Number of shares held at the end of the year	Change in shares during the year			
Liu Ruizhong (resigned during the Reporting Period)	Independent Director	Male	70	29 September 2017	13 December 2023	0	0	0	-	26.00	No
Jiang Yuesheng (resigned after the Reporting Period)	Non-executive Director and Employee Director	Male	60	29 June 2021	15 January 2024	0	0	0	-	126.61	No
Du Pengfei (resigned during the Reporting Period)	Member of the Executive Committee, Business Director and Secretary of the Board	Male	49	30 March 2022	27 April 2023	0	0	0	-	81.71	No
Total	/	/	/	/	/	/	/	/	/	2,346.89	/

- Note:*
- Unless otherwise stated, when there are several positions in the position column, the term of the first position is listed only.
 - The Company did not grant shares or share options to Directors, Supervisors and senior management of the Company. Directors, Supervisors and senior management did not hold any shares of the Company at the beginning or the end of the year.
 - The remuneration statistics of the Directors, Supervisors and senior management of the Company for the Reporting Period were the remuneration they received during their term of service. The total amount of the remuneration before taxes paid by the Company during the Reporting Period was the amount accrued and released in 2023.
 - The remuneration received by employee Directors and employee Supervisors from the Company during the Reporting Period was the remuneration they received as employees of the Company.
 - From 29 October 2021, Mr. Xue Jun served as the Company's vice president and a member of the Executive Committee. From 24 November 2023, he served as president of the Company, vice chairman of the Executive Committee and ceased to be vice president of the Company. He has been serving as executive Director and vice chairman of the Company since 23 January 2024.

Description:

The band of the remuneration before tax received by senior management (excluding executive Directors) from the Company during the Reporting Period is as follows:

Remuneration	Number of people
More than RMB1 million	3
Less than RMB1 million	1

There are no arrangements under which Directors have waived or agreed to waive any remuneration up to the End of the Reporting Period.

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Name	Key working experience
Wang Sheng	<p>born in June 1977, is currently an executive Director, the Chairman of the Board and the chairman of the Executive Committee of the Company. Mr. Wang joined China International Capital Corporation Limited ("CICC") in 2002. He served as the executive head of the Investment Banking Department of CICC from June 2016 to March 2018, the assistant to the president and the executive head of the Investment Banking Department of CICC from March 2018 to March 2020, a member of the Management Committee and the head of the Investment Banking Department of CICC from March 2020 to July 2022, the president of the Company from July 2022 to November 2023, vice chairman of the Company from August 2022 to October 2023, as well as an executive Director, vice chairman of the Board and vice chairman of the Executive Committee of the Company from July 2022 to October 2023, an executive Director, chairman of the Board, chairman of the Executive Committee of the Company since October 2023, and was the acting secretary of the Board of the Company from October 2023 to January 2024. Mr. Wang graduated from the School of Economics and Management of Tsinghua University, and obtained a bachelor's degree in management information system and a master's degree in management science and engineering in 2000 and 2002, respectively.</p>
Xue Jun	<p>born in February 1970, a master of business administration, is currently an executive Director, vice chairman of the Board, president, vice chairman of the Executive Committee and chief financial officer of the Company. Mr. Xue received a bachelor's degree in economics from the Central Institute of Finance and Economics (中央財政金融學院) and a master's degree in business administration from Guanghua School of Management of Peking University in 1992 and 2012, respectively. Mr. Xue Jun worked as a staff member at Jingdu Certified Public Accountant Co., Ltd. from August 1992 to October 1997. He served as a senior staff member, the deputy division chief and a researcher of the Department of Public Offering Supervision of the CSRC from November 1997 to January 2008, an assistant to the president of Guosen Securities Co., Ltd. from February 2008 to April 2009, the deputy general manager of Qilu Securities Co., Ltd. from May 2009 to December 2011, and an assistant to the general manager of Shenyin & Wanguo Securities Co., Ltd. from January 2012 to December 2014, an assistant to the general manager of Shenwan Hongyuan Securities Co., Ltd. from January 2015 to April 2020, a member of the Executive Committee of Shenwan Hongyuan Securities Co., Ltd. from February 2021 to September 2021, and concurrently served as its chief compliance officer from April 2020 to September 2021. He was a member of the Party Committee of the Company from September 2021 to October 2021, vice president, a member of the Executive Committee and chief financial officer of the Company from October 2021 to November 2023, president, vice chairman of the Executive Committee and chief financial officer of the Company from November 2023 to January 2024, an executive Director, vice chairman of the Board, president, vice chairman of the Executive Committee and chief financial officer of the Company since January 2024.</p>

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Yang Tijun

born in June 1966, is a certified public accountant, and has been a non-executive Director of the Company since June 2021. Mr. Yang graduated from the Planning and Statistics Department of Jilin College of Finance and Trade with a bachelor's degree in economics in July 1988, and from Jilin University majoring in quantitative economics with a doctorate degree in economics in December 2007. From July 1988 to January 1995, he successively served as a staff member and deputy senior staff member of the Division of State-owned Enterprises Administration in the Department of Finance of Jilin Province under the Ministry of Finance. From January 1995 to November 2002, he successively served as a deputy senior staff member and senior staff member of the General Office, the deputy director of the General Division, and the director of the Second Business Division of the Commissioner Office of the Ministry of Finance in Jilin Province. From November 2002 to January 2006, he served as a member of the Party Committee and an assistant to the commissioner of the Commissioner Office of the Ministry of Finance in Jilin Province. From January 2006 to August 2012, he served as a member of the Party Committee and the deputy supervision commissioner of the Commissioner Office of the Ministry of Finance in Jilin Province. From August 2012 to August 2015, he served as the secretary of the Party Committee and the supervision commissioner of the Commissioner Office of the Ministry of Finance in Gansu Province. From August 2015 to May 2016, he served as the secretary of the Party Committee and the supervision commissioner of the Commissioner Office of the Ministry of Finance in Liaoning Province. From May 2016 to April 2019, he served as the secretary of the Party Committee and the supervision commissioner of the Commissioner Office of the Ministry of Finance in Liaoning Province, and the secretary of the Party Committee and the supervision commissioner (concurrently) of the Commissioner Office of the Ministry of Finance in Dalian. From April 2019 to January 2021, he served as the secretary of the Party Committee and the director of the Liaoning Regulatory Bureau of the Ministry of Finance, and the secretary of the Party Committee and the director (concurrently) of the Dalian Regulatory Bureau of the Ministry of Finance. Mr. Yang Tijun has been serving as a non-executive director of Galaxy Financial Holdings since September 2020.

Li Hui

born in May 1969, is a certified public accountant, and has been a non-executive Director of the Company since March 2023. Ms. Li majoring in National Economic Management graduated from the Central Institute of Finance and Banking (later renamed as Central University of Finance and Economics) in June 1991 with a bachelor's degree in economics. She obtained a master's degree in engineering from Beijing University of Aeronautics and Astronautics in December 2003. Ms. Li served as a leader, assistant accountant and auditor in the Audit Bureau of China State Shipbuilding Corporation from July 1991 to December 1998, a senior staff member, deputy director and director-level researcher in the Finance Department of the Commission for Science, Technology and Industry for National Defense from December 1998 to July 2008, the director of the Finance and Audit Department of the State Administration of Science, Technology and Industry for National Defense from July 2008 to March 2010, senior manager, team leader and managing director of the Finance Department of China Investment Corporation from March 2010 to March 2023, and a supervisor of China Investment Securities Co., Ltd. from September 2011 to March 2017. Since August 2023, she has been a director of Galaxy Futures and Galaxy International Holdings.

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Liu Chang

born in December 1979, is a certified public accountant, and has been a non-executive Director of the Company since June 2021. Ms. Liu majoring in industrial economics graduated from Renmin University of China with a bachelor's degree in economics in July 2002, and from Remen University of China majoring in industrial economics with a master's degree in economics in July 2004. From August 2004 to March 2012, Ms. Liu Chang served as an auditor, audit assistant manager and audit manager of KPMG Huazhen LLP and KPMG Hong Kong. From April 2012 to July 2014, she served as the first-level manager of the Securities Institution Management Department/Insurance Institution Management Department of Huijin. From July 2014 to February 2015, she served as the manager of the Securities Institution Management Department/Insurance Institution Management Department of Huijin. From February 2015 to November 2018, she served as the senior deputy manager of the Securities Institution Management Department/Insurance Institution Management Department of Huijin. From November 2018 to January 2020, she served as the senior manager of the Securities Institution Management Department/Insurance Institution Management Department of Huijin. Ms. Liu served as the senior manager of the Office for the Leading Group of Directly Managed Enterprises of CIC/First Division of Equity Management Department II of Huijin from January 2020 to August 2023. She served as the director of the Office for the Leading Group of Directly Managed Enterprises of CIC/First Division of Equity Management Department II of Huijin from March 2020 to August 2023. She has been serving as a non-executive director of Galaxy Financial Holdings since 30 September 2022. Since August 2023, she has been the deputy director of the Office for the Leading Group of Directly Managed Enterprises of CIC/Equity Management Department II and Equity Management Department III of Huijin.

Liu Zhihong

born in December 1966, is a senior economist, and has been a non-executive Director of the Company since June 2021. Mr. Liu graduated from Tianjin University majoring in infrastructure management and engineering with a bachelor's degree in engineering in July 1987. From July 1987 to January 2005, Mr. Liu successively served as a staff member and deputy senior staff member of the Loan Division of the Construction Economy Department, a senior staff member, the deputy director, the deputy director (at the director level) of the Division of the Secretariat, the director of the Second Division of the Secretariat, the director of the Information and Publicity Division, the deputy director of the General Office, the deputy director of the President's Office, and the vice president and the deputy secretary of the Party Committee of the Three Gorges Branch of China Construction Bank. From January 2005 to March 2011, he served as the person in charge and the director of the General Office (Party Committee Office) of China Jianyin Investment Ltd., during which he served as an employee representative supervisor of China Jianyin Investment Ltd. from July 2006 to December 2009, the director of the Office of the Board of Directors and the director of the Office of the board of supervisors (concurrently) of China Jianyin Investment Ltd. from June 2007 to March 2011. From December 2009 to January 2016, he served as the vice president and a member of the Party Committee of China Jianyin Investment Ltd., during which he concurrently served as the chairman of the board of directors of Jianyin Investment Industrial Co., Ltd. from March 2010 to February 2012, and the chairman of the board of directors of Zhongtuo Kexin Technology Co., Ltd. from April 2011 to February 2012. From January 2016 to May 2019, he served as a member of the Party Committee and the chairman of the board of supervisors of China Jianyin Investment Ltd. From May 2019 to September 2019, he served as a member of the Party Committee and the vice president (at the chief position level) of China Jianyin Investment Ltd. Mr. Liu served as the deputy secretary of the Party Committee, a director and the general manager of Galaxy Financial Holdings from September 2019, and is currently the secretary of the Party Committee and the chairman of the board of directors. He served as the deputy secretary of the Party Committee and the vice chairman of the board of directors of China Galaxy Asset Management Co., Ltd. from July 2020, and is currently the secretary of the Party Committee and the vice chairman of board of directors of China Galaxy Asset Management Co., Ltd.

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Wang Zhenjun

born in May 1957, has been an independent non-executive Director of the Company since February 2018. Mr. Wang served as a cadre and vice president of the People's Bank of China, Huang County Sub-branch of Shandong, from December 1975 to October 1987. Mr. Wang joined Industrial and Commercial Bank of China Limited in 1987. Mr. Wang served as the director of the office of Industrial and Commercial Bank of China Limited, Yantai Branch of Shandong, from October 1987 to December 1991; an inspector (at the deputy director level) of the inspection office of Industrial and Commercial Bank of China Limited, Shandong Branch, from December 1991 to February 1993; the deputy head of the general office of the personnel department of headquarters of Industrial and Commercial Bank of China Limited from February 1993 to July 1993; the head of the general office of the office of headquarters of Industrial and Commercial Bank of China Limited from July 1993 to January 1995; the deputy director and director of the office of headquarters of Industrial and Commercial Bank of China Limited and the director of the office of its Party Committee from January 1995 to August 2005; the president of Industrial and Commercial Bank of China Limited, Beijing Branch, from August 2008 to June 2017; and the regional director of Industrial and Commercial Bank of China Limited from October 2016 to July 2017. He has been an independent director of Bank of Dalian Co., Ltd. since April 2019. Mr. Wang graduated from the Correspondence College of the Party School of the Central Committee of the Communist Party of China with a bachelor's degree in economics in December 1993; and from Tianjin College of Finance and Economics with a major in finance and obtained a master's degree in economics in June 1999 and was qualified as senior economist in November 1994.

Liu Chun

born in January 1963, has been an independent non-executive Director of the Company since February 2019. Ms. Liu was the finance manager of Dalian Friendship (Group) Co., Ltd. from July 1985 to May 2001 and held various positions in the Dalian branch of China National Investment and Guaranty Corporation (formerly known as China Economic Technology Investment and Guaranty Co., Ltd., China National Investment and Guaranty Co., Ltd. and China National Finance and Guaranty Co., Ltd.) from May 2001 to January 2018, including the finance manager, an assistant to the general manager, the person in charge of accounting function, the deputy general manager, chief financial officer, an assistant general manager of the Accounting Management Department, and the senior manager of the Financial Accounting Department. Ms. Liu has been the deputy general manager of the Finance Center of Wonders Information Co., Ltd. since August 2021 and a director of Hexie Health Insurance Co., Ltd. since November 2021. Ms. Liu graduated from Jiangxi College of Finance and Economics in 1985, majoring in trade and economics with a bachelor's degree in economics, and obtained the qualification of senior accountant in May 2006.

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Law Cheuk Kin, Stephen

born in November 1962, has been an independent non-executive Director of the Company since June 2020. Mr. Law was an accountant of Arthur Anderson, Huggill & Co. and KPMG Hong Kong from August 1984 to March 1991, and the finance director of each of Hyder Consulting Limited and Masons Solicitors from April 1991 to January 1995. He served as a manager of each of Wheelock and Company Limited and Wharf (Holdings) Limited from February 1995 to July 2000, and a director of Morningside Group from July 2000 to July 2006. He worked in TPG Growth Capital (Asia) Limited from July 2006 to September 2012, holding the position of managing director before departure. He served as the chief financial officer of Guoco Group Limited from October 2012 to June 2013, the finance director and a member of the executive directorate of MTR Corporation Limited from July 2013 to July 2016, an adjunct professor of the Hong Kong Polytechnic University from 2015 to 2017, an independent non-executive director of AAG Energy Holdings Limited from July 2016 to September 2018, and an independent non-executive director of Stealth BioTherapeutics Inc. from June 2018 to July 2019. He was an independent non-executive director of Bank of Guizhou Company Limited from November 2018 to August 2022, a managing director of ANS Capital Limited since January 2017, an independent non-executive director of China Everbright Limited since May 2018, an independent non-executive director of Somerley Capital Holdings Limited since February 2019, an independent non-executive director of CSPC Pharmaceutical Group Limited since March 2021, and an independent non-executive director of Keymed Biosciences Inc. since July 2021. Mr. Law graduated from the University of Birmingham in July 1984 with a Bachelor of Science degree; He received his MBA from the University of Hull, UK in 1996. He has accounting qualifications in the United Kingdom and Hong Kong, and is a Justice of the Peace, a member of the 14th session of the National Committee of the Chinese People's Political Consultative Conference and an accounting consultant appointed by the Ministry of Finance of the PRC. He was and has been a council member of the Hong Kong Institute of Certified Public Accountants from January 2010 to December 2017 and since 2022, respectively.

Liu Li

born in September 1955, has been an independent non-executive Director of the Company since January 2024. He has obtained a master's degree from Peking University and an MBA degree from Katholieke Universiteit Leuven, Belgium. Mr. Liu taught at Beijing Institute of Iron and Steel Technology from September 1984 to December 1985. He was assistant professor, lecturer, associate professor, professor and doctoral supervisor at Guanghua School of Management, Peking University (and its predecessor, the Department of Economic Management of the School of Economics) from January 1986 to September 2020, during which he served as the director of the MBA Program, the head of the Department of Finance, and the chairman of the Labor Union. He served as an independent non-executive director of China Machinery Engineering Corporation from January 2011 to November 2021, an independent director of Bank of Communications Co., Ltd. from September 2014 to November 2020, an independent director of Shenzhen Success Electronics Co., Ltd. from January 2016 to October 2020, an independent director of China International Capital Corporation Limited from June 2016 to June 2023, and an independent director of CNPC Capital Co., Ltd. from June 2017 to September 2022. He has been an independent non-executive director of Metallurgical Corporation of China Ltd. since January 2022 and an external supervisor of China Cinda Asset Management Co., Ltd. since August 2022.

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Qu Yanping

born in July 1966, is a senior economist. She has been a shareholder Supervisor and chairman of the Supervisory Committee of the Company since October 2021. Ms. Qu successively served as the deputy general manager of the Trust and Loan Department and Fund Planning Department of China Construction Bank Trust and Investment Corporation (later renamed as China Cinda Trust and Investment Company) from May 1988 to October 1999, and the general manager of the Beijing Securities Trading Branch of China Cinda Trust and Investment Company (later renamed as Beijing Shuangyushu Securities Branch of China Galaxy Securities Company Limited) from October 1999 to April 2003. Ms. Qu served as the inspector general of Galaxy Fund Management Company Limited from April 2003 to July 2008. She served as the deputy director of the Human Resources Department and managing director of China Investment Corporation from July 2008 to January 2021 and concurrently served as a director of Shenyin & Wanguo Securities Co., Ltd. from November 2010 to January 2015, a director of Shenwan Hongyuan Securities Co., Ltd. and Shenwan Hongyuan Group Co., Ltd. from January 2015 to March 2019, and the chairman of the board of supervisors of Central Huijin Asset Management Ltd. from May 2017 to September 2020. She served as the deputy director (departmental manager level) and managing director of the Leading Group Office of the Directly Managed Enterprise/Equity Management Department II of Central Huijin Investment Ltd. from April 2020 to September 2021. Ms. Qu has served as the deputy secretary of the Party Committee of the Company since September 2021. She obtained a bachelor's degree in economics from Central Institute of Finance and Banking (later renamed as Central University of Finance and Economics) in June 1987, and a master's degree in business administration from Tsinghua University in January 2005.

Wei Guoqiang

born in August 1976, has been a shareholder Supervisor of the Company since June 2022. From August 2002 to January 2010, Mr. Wei served as a senior staff member of the Policy and Regulation Department, and a principal staff member and the deputy director of the Development and Reform Department of the former China Insurance Regulatory Commission. From January 2010 to April 2020, he served as a deputy researcher, a researcher, a researcher and the deputy director of the Second Bureau of the Secretary of the State Office, and the director and a second-level inspector of the Fourth Bureau of the Secretary of the State Office. He served as the deputy director of the General Management Department of Central Huijin Investment Ltd. from April 2020 to April 2022, and a director of Central Huijin Asset Management Ltd. from September 2020 to April 2022. He has been the deputy director and director of the office of China Investment Corporation since April 2022. He obtained a bachelor's degree in economics from Shandong University in July 1999 and a master's degree in economics from University of International Business and Economics in August 2002.

Tao Libin

born in November 1977, has been an external Supervisor of the Company since October 2016. Mr. Tao was a lecturer of the Statistics and Finance Department of the University of Science and Technology of China from June 2003 to April 2005, and has successively been a lecturer, associate professor and associate chairman of the Investment Department of the School of Banking and Finance of the University of International Business and Economics from January 2009 to September 2020; He now serves as chairman and professor of the Investment Department. Mr. Tao obtained a bachelor's degree in finance and a master's degree in finance from the University of Science and Technology of China in July 2000 and in June 2003, respectively, and a doctorate degree in finance from the University of Hong Kong in September 2008.

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Chen Jijiang

born in May 1966, is a financial economist. He has been an Employee Supervisor of the Company since June 2015. Mr. Chen served as general secretary of the Youth League under the Chemistry Department of the Capital Normal University from August 1989 to June 1992, deputy director-level clerk and director-level clerk of the Central Organization Department of the Communist Youth League from July 1992 to November 1995, employee of Securities Business Head Office and deputy general manager of the Personnel Department of China Cinda Trust and Investment Corporation from December 1995 to May 1999, deputy director (in charge of work) of the Organization Division of the Party Committee Organization Department and committee secretary of the system of China Cinda Asset Management Co., Ltd. from June 1999 to June 2002, and successively the deputy director of the Organization Division of the Party Committee Organization Department, deputy director and director of the System and Personnel Division of the Human Resources Department, deputy general manager (in charge of work) of the Human Resources Department, deputy department director (in charge of work) of the Party Committee Organization Department, general manager of the Human Resources Department, director of the Party Committee Organization Department, person in charge of Party-Masses Work Department, the director of the Party Committee Office, executive deputy secretary of the Party Committee of the Company institution, deputy chairman of labor union of the Company, member of the Discipline Inspection Committee of the Company and the director of the Office for leaders of inspection group from July 2002 to May 2020. He has been the director of the Party Committee Office for leaders of inspection group of the Company since June 2020. Mr. Chen obtained a bachelor's degree in science from the Capital Normal University (formerly known as Beijing Normal College) in July 1989, and was granted the qualification as a financial economist by the PRC Ministry of Personnel in November 1997.

Fan Minfei

born in October 1966, is a senior accountant. He has been an Employee Supervisor of the Company since March 2020. Mr. Fan successively worked at China SCI-Tech International Trust Investment Co., Ltd. (中國科技國際信託投資有限責任公司), China Sci-tech Securities Co., Ltd. (中國科技證券有限責任公司), Beijing Zhongguancun Science City Construction Co., Ltd. (北京中關村科學城建設股份有限公司) and Cinda Securities Co., Ltd. (信達證券股份有限公司). Since May 2010, he has successively served as general manager of the strategy and research department, head of the office of the president and a director of Galaxy Futures of the Company, and a director and chairman of Galaxy Capital. He is currently the director of the office/Party committee/board office, and the general manager of the Financial Fund Headquarters of the Company. Mr. Fan obtained a bachelor's degree in law from Peking University in 1989 and a master's degree (full-time) in law from the Party School of the Central Committee of the Communist Party of China in 1993.

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Luo Liming

born in September 1976, holds a doctorate degree in computer science. He is currently a member of the Executive Committee, vice president, and chief information officer of the Company. Mr. Luo successively served as operation and maintenance engineer, programmer, project leader and project manager of Changzhou Securities Company (常州市證券公司) (now known as Donghai Securities Company Limited (東海證券股份有限公司)) and its subsidiaries from August 1998 to May 2002; successively served as project manager and manager of the development department of Beijing Shihua International Financial Information Company Limited (北京世華國際金融信息有限公司) from May 2002 to October 2005; successively served as consultant, senior consultant, project manager, senior project manager, director of department, assistant to the general manager and deputy general manager of Global Business Intelligence Consulting Co. (吉貝克信息技術有限公司) from October 2005 to February 2013; a researcher of Planning and Development Committee of the CSRC from March 2013 to February 2015; successively served as the director of technical development department and concurrently the director of system operation and maintenance department, the director of IT department and a member of executive committee of China Securities Inter-Institution Quotation System Company (中證機構間報價系統公司) from February 2015 to April 2016; the IT director of Zhongtai Securities Co., Ltd. from April 2016 to June 2017; and a member of the Executive Committee and business director of the Company from June 2017 to February 2022, a member of the Executive Committee, and vice president of the Company from March 2022 to August 2022, and a member of the Executive Committee, vice president, and chief information officer of the Company since August 2022.

Wu Guofang

born in July 1971, holds a doctorate degree in law. He has served as a member of the Executive Committee and business director of the Company since December 2017. Mr. Wu successively worked at the Legal Affairs Committee of the Standing Committee of the National People's Congress and the CSRC since July 2000, and successively served as the director of legal department, a member of the ChiNext Stock Issuance Review Committee and the director of issuance supervision department of the CSRC, assistant to the director of the Administrative Committee of Zhongguancun Science Park, Beijing, and deputy director of legal department of the CSRC from May 2002 to November 2017.

Liang Shipeng

born in November 1969, holds a bachelor's degree in economics and an MBA degree from Northwest University. He is currently a member of the Executive Committee, the chief compliance officer and chief risk officer of the Company. From September 1994 to December 1998, Mr. Liang served as a staff member of the Investing Banking Department of Hainan Securities Company Limited and a staff member of Qinghai Securities Management Office. From December 1998 to May 2002, he served as a senior staff member, principal staff member (person-in-charge) and deputy division chief of the Listed Company Regulatory Division of Xining Special Commissioner's Office of the CSRC. From May 2002 to March 2004, he was the deputy division chief and division chief of the Institution Regulatory Division of Xining Special Commissioner's Office of the CRSC. From March 2004 to December 2007, he served as the division chief of the Institution Regulatory Division of the CSRC Qinghai Office. From December 2007 to February 2011, he served as a member of the Party Committee and the deputy chief of the CSRC Tibet Office. From February 2011 to December 2014, he served as a member of the Party Committee, the secretary of the Discipline Inspection Commission and deputy chief of the CSRC Qinghai Office. From December 2014 to May 2019, he was the secretary of the Party Committee and chief of the CSRC Qinghai Office. From June 2019 to October 2021, he was a member of the Executive Committee and the Chief Compliance Officer of the Company. Since October 2021, he is a member of the Executive Committee, the Chief Compliance Officer and Chief Risk Officer of the Company.

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Liu Bing

born in January 1972, is an MBA. He now serves as a member of the Executive Committee, business director of the Company and the secretary to the Board of Directors. From August 1992 to January 1996, Mr. Liu was a staff member of Trust and Investment Company of Yancheng Branch of China Construction Bank. From January 2001 to May 2010, he served as the manager of the Institutional Client Department, assistant to the general manager and general manager of the Xizhimen Outer Street Securities Branch of Bohai Securities. From August 2010 to February 2013, he was the executive deputy general manager of Minmetals Securities Co., Ltd. From March 2013 to July 2015, he was the managing director of the Asset Management Branch of Hongyuan Securities Co., Ltd. (now known as Shenwan Hongyuan Securities Co., Ltd.), and deputy general manager of Asset Management Division of Shenwan Hongyuan Securities Co., Ltd. from July 2015 to September 2017. From September 2017 to May 2020, he served as the general manager of the Company's Beijing Branch. From May 2020 to August 2023, he served as general manager of the wealth management headquarters of the Company. From June 2023 to February 2024, he has also served as chairman of the board of directors of Galaxy Jinhui Securities Asset Management Co., Ltd., and since August 2023, he has served as a member of the Executive Committee, and the business director of the Company. Since January 2024, he has been a member of the Executive Committee, the business director of the Company and the secretary of the Board of Directors.

II. POSITIONS OF CURRENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING/AFTER THE REPORTING PERIOD

1. Positions in Shareholder Entities

Name of employee	Name of shareholder entity	Position in shareholder entity	Starting date of term of office	Expiry date of term of office
Yang Tijun	Galaxy Financial Holdings	Director	September 2020	Present
Liu Zhihong	Galaxy Financial Holdings	Secretary of Party committee and chairman of the Board	September 2019	Present
Liu Chang	Central Huijin	Deputy Director of Equity Management Department III	February 2024	Present
Wei Guoqiang	Galaxy Financial Holdings	Director	September 2022	Present
Chen Liang (resigned during the Reporting Period)	CIC	Director of the office	February 2024	Present
	Galaxy Financial Holdings	Director	September 2022	–

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2. Positions in Other Entities

Name of employee	Name of other entity	Position in other entity	Starting date of term of office	Expiry date of term of office
Wang Sheng	SSE	Member of the Public Offering Self-discipline Committee	February 2023	Present
	Securities Association of China	Vice chairman of Investment Banking Committee	October 2023	Present
	Listed Companies Association of Beijing	Member of the council	December 2023	Present
Li Hui	Galaxy Futures	Director	August 2023	Present
	Galaxy International Holdings	Director	August 2023	Present
Xue Jun	Securities Association of China	Vice chairman of over-the-counter markets and derivatives business committee	January 2022	Present
	Securities Association of Beijing	Vice chairman of fixed income business committee	November 2021	Present
	New OTC Board	Member of review committee	August 2019	Present
	BSE	Member of review committee	November 2021	Present
	SSE	Member of International Development Committee of the 5th Council	April 2022	Present
	Banking Accounting Society of China	Vice president of the 6th Council	November 2022	Present
Liu Zhihong	China Galaxy Asset Management Co., Ltd.	Secretary of Party committee and chairman of the Board	January 2022	Present
Wang Zhenjun	Bank of Dalian Co., Ltd.	Independent director	April 2019	Present
Liu Chun	Bank of Dalian Co., Ltd.	Deputy general manager of the finance center	August 2021	Present
	Hexie Health Insurance Co., Ltd.	Director	November 2021	Present

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Name of employee	Name of other entity	Position in other entity	Starting date of term of office	Expiry date of term of office
Law Cheuk Kin, Stephen	ANS Capital	Managing director	January 2017	Present
	China Everbright Limited	Independent non-executive director	May 2018	Present
	Somerley Capital Holdings Limited	Independent non-executive director	February 2019	Present
	CSPC Pharmaceutical Group Limited	Independent non-executive director	March 2021	Present
	Keymed Biosciences Inc.	Independent non-executive director	July 2021	Present
Liu Li	Metallurgical Corporation of China Ltd.	Independent director	January 2022	Present
	China Cinda Asset Management Co., Ltd.	External supervisor	August 2022	Present
Qu Yanping	Securities industry culture development committee under the Securities Association of China	Member	January 2022	Present
	Securities industry culture development committee under the Securities Association of Beijing	Vice chairman	February 2022	Present
	Professional committee of the board of supervisors under China Association for Public Companies	Member	April 2023	Present
Tao Libin	University of International Business and Economics	Dean and professor of investment department of school of banking and finance	September 2020	Present
Fan Minfei	Banking Accounting Society of China	Deputy secretary general	November 2022	Present
	Securities Association of China	Member of finance and accounting committee	June 2020	Present

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Name of employee	Name of other entity	Position in other entity	Starting date of term of office	Expiry date of term of office
Luo Liming	China Computer Users Association	Vice chairman	May 2018	Present
	China Financial Standardization Technical Committee (CFSTC)	Chief expert of the Professional Working Group on Securities	April 2015	Present
	Chinese Society for Finance	Standing director of the 8th Council	May 2022	May 2026
Wu Guofang	Asian Financial Cooperation Association	Director of Industrial Finance Cooperation Committee	March 2022	Present
Liang Shipeng	Securities Association of China	Member of compliance management and integrity practice committee	January 2022	Present
	Securities Association of Beijing	Vice chairman of the securities industry compliance committee	September 2021	Present
	SSE	Secretary general of the secretariat of Risk Management Committee	August 2022	Present
	Beijing Lize Financial Business District Entrepreneurs Association	Secretary general	December 2022	Present
Liu Bing	Beijing Foundation for Disabled Persons	Member of the third Council	September 2019	Present
	Securities Association of China	Member of investor service and protection committee	December 2021	Present
	SSE	Representative of members of investor protection committee	April 2023	Present
	Securities Association of Beijing	Chairman of wealth management committee	January 2024	Present
Jiang Yuesheng (resigned after the Reporting Period)	Shanghai Securities Association	Vice president	October 2010	–

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III. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision-making procedure of remuneration of Directors, Supervisors and senior management	The remunerations of Directors and Supervisors shall be determined by the shareholders' general meeting and the remuneration of senior management shall be determined by the Board. The remuneration figures are determined according to the respective duties and performance review.
Whether a director recuses himself from the Board's discussion of his own remuneration	Yes
The details for the recommendations of the remuneration and evaluation committee or the independent directors' specialized meeting on matters relating to the remuneration of Directors, Supervisors and senior management	The Company manages the remuneration of directors, supervisors and senior management in strict compliance with the requirements of the external regulatory bodies in relation to the financial management of financial enterprises, the comprehensive assessment and evaluation of the leadership team and leadership personnel, and the settlement of the remuneration of directors and supervisors.
Basis of determination of remuneration of Directors, Supervisors and senior management	The remuneration of the Directors, Supervisors and senior management is determined according to the remuneration systems of the Company and annual assessment results, which is linked to their position and performance. Chief compliance officer will receive compensation protection according to regulatory requirements.
Actual payments of remuneration of Directors, Supervisors and senior management	Please see relevant content in this section of the report for details of the remuneration of the existing Directors, Supervisors and senior management and those resigned during the Reporting Period.
Actual total remuneration of all the Directors, Supervisors and senior management as at the End of the Reporting Period	The total remuneration accrued, and released to, all the Directors, Supervisors and senior management for 2023 was RMB23.4689 million in 2023.

Note: The chairman of the Board, chairman of the Supervisory Committee and senior management of the Company will receive deferred performance-based remuneration. The performance-based remuneration shall be deferred for distribution over three years according to the ratio of 30%, 30%, 30%, with 10% as incentive income for the term of office, which will be paid together with the third year performance-based remuneration, based on the results of the comprehensive assessment and evaluation for the term.

The deferred (settled) compensation of Directors, Supervisors and senior management for 2022 and previous years paid by the Company in 2023: RMB0.2200 million for Xue Jun, RMB0.5561 million for Qu Yanping, RMB2.8634 million for Luo Liming, RMB2.6063 million for Wu Guofang, RMB3.0561 million for Liang Shipeng, RMB0.6677 million for Jiang Yuecheng, RMB0.5660 million for Chen Jijiang, RMB1.2798 million for Fan Minfei and RMB3.6883 million for Chen Liang.

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

IV. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position	Changes	Reason for changes
Li Hui	Non-executive Director	Election	On 10 March 2023, Ms. Li Hui was elected as a non-executive Director of the fourth session of the Board at the first extraordinary general meeting for 2023.
Du Pengfei	Member of the Executive Committee, Business Director and Secretary of the Board	Resignation	On 27 April 2023, the Resolution on Mr. Du Pengfei's Resignation as Business Director, Secretary of the Board of Directors, and Member of the Executive Committee of the Company was considered and adopted at the 17th (regular) meeting of the fourth session of the Board of Directors of the Company, and it was agreed that Mr. Du Pengfei would no longer serve as its Business Director, Secretary of the Board of Directors, and a member of the Executive Committee.
Chen Liang	Executive Director, Chairman of the Board and Chairman of the Executive Committee	Resignation	On 20 October 2023, Mr. Chen Liang tendered his resignation as an executive director and Chairman of the Board, the chairman of the Strategy and Development Committee of the Board, the chairman of the Executive Committee of the Company and other related positions due to his work arrangements.
Liu Bing	Member of the Executive Committee, Business Director and Secretary of the Board	Appointment	On 10 August 2023, the Resolution on Appointment of Mr. Liu Bing as the Company's Business Director and Member of the Executive Committee was considered and adopted at the 18th (extraordinary) meeting of the fourth session of the Board of Directors of the Company. It was agreed that Mr. Liu Bing was appointed as the Company's Business Director and a member of the Executive Committee. On 23 January 2024, the Resolution on Appointment of Mr. Liu Bing as the Secretary of the Board of Directors of the Company was considered and adopted at the 24th (extraordinary) meeting of the fourth session of the Board of the Company. It was agreed that Mr. Liu Bing, the Business Director and a member of the Executive Committee of the Company, would also serve as the Secretary of the Board of the Company.
Liu Ruizhong	Independent Non-executive Director	Resignation	On 13 December 2023, Mr. Liu Ruizhong applied for resignation as an independent non-executive Director of the Company, the chairman of the Nomination and Remuneration Committee under the Board, and a member of each of the Strategy and Development Committee and the Audit Committee as he had served as an independent non-executive Director for six years.
Jiang Yuesheng	Employee Non-executive Director	Resignation	On 15 January 2024, Mr. Jiang Yuesheng resigned as a non-executive Director, an employee Director, a member of the Compliance and Risk Management Committee under the Board and other positions as he reached the statutory retirement age.
Liu Li	Independent Non-executive Director	Election	On 23 January 2024, Mr. Liu Li was elected as an independent non-executive Director of the Company at the first extraordinary general meeting for 2024.

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

1. On 10 March 2023, Ms. Li Hui was elected as a non-executive Director of the fourth session of the Board at the first extraordinary general meeting for 2023. On 10 March 2023, Ms. Li Hui has obtained the legal advice referred to in Rule 3.09D of the Stock Exchange Listing Rules, and confirmed she understood her obligations as a director of a listed issuer.
2. On 27 April 2023, the Resolution on Mr. Du Pengfei's Resignation as Business Director, Secretary of the Board of Directors, and a member of the Executive Committee of the Company was considered and adopted at the 17th (regular) meeting of the fourth session of the Board of Directors of the Company, and it was agreed that Mr. Du Pengfei would no longer serve as its Business Director, Secretary of the Board of Directors, a member of the Executive Committee and other relevant positions, and Mr. Xue Jun was the acting secretary of the Board. On 27 July 2023, Mr. Xue Jun had acted as the secretary of the Board for three months, and in accordance with the SSE Listing Rules, Mr. Chen Liang, the chairman of the Board of the Company, acted as the secretary of the Board with immediate effect.
3. On 10 August 2023, the Resolution on Appointment of Mr. Liu Bing as Business Director and a Member of the Executive Committee of the Company was considered and adopted at the 18th (extraordinary) meeting of the fourth session of the Board of the Company. It was agreed that Mr. Liu Bing was appointed as the Company's Business Director and a member of the Executive Committee, with effect from the date of consideration and approval of this resolution.
4. On 20 October 2023, Mr. Chen Liang tendered his resignation as an executive Director and Chairman of the Board, the chairman of the Strategy and Development Committee of the Board, the chairman of the Executive Committee of the Company and other related positions due to his work arrangements.
5. On 26 October 2023, the Resolution on Appointment of Mr. Wang Sheng as Chairman of the Board of Directors of the Company was considered and adopted at the 20th (extraordinary) meeting of the fourth session of the Board of the Company. It was agreed that Mr. Wang Sheng would be elected as the chairman of the Board of Directors of the Company. He would serve as the legal representative, the chairman of the Executive Committee and the chairman of the Strategy and Development Committee, and would no longer serve as the vice chairman of the Board of Directors of the Company or the deputy head of the Executive Committee, as stipulated in the Articles of Association of the Company. Additionally, he was the acting secretary of the Board in accordance with the SSE Listing Rules. On 24 November 2023, the Resolution on Mr. Wang Sheng's Resignation as President of the Company was considered and adopted at the 22nd meeting of the fourth session of the Board of the Company.
6. On 24 November 2023, the Resolution on Appointment of Mr. Xue Jun as an Executive Director, the President and the Vice Chairman of the Executive Committee of the Company was considered and adopted at the 22nd meeting of the fourth session of the Board of the Company. It was agreed that Mr. Xue Jun would serve as the president and the vice chairman of the Executive Committee, and would no longer serve as the vice president of the Company. On 23 January 2024, Mr. Xue Jun was elected as an Executive Director of the Company at the first extraordinary general meeting for 2024 and as the vice chairman of the fourth session of the Board of the Company at the 24th (extraordinary) meeting of the fourth session of the Board.
7. On 13 December 2023, Mr. Liu Ruizhong applied for resignation as an independent non-executive Director of the Company, the chairman of the Nomination and Remuneration Committee under the Board, and a member of each of the Strategy and Development Committee and the Audit Committee as he had served as an independent non-executive Director for six years.
8. On 15 January 2024, the Board of Directors received a written resignation application from Mr. Jiang Yuesheng, an employee Director. Mr. Jiang Yuesheng resigned as an employee non-executive Director, a member of the Compliance and Risk Management Committee under the Board and other positions as he reached the statutory retirement age. The application became effective upon delivery to the Board of Directors of the Company.
9. On 23 January 2024, Mr. Liu Li was elected as an independent non-executive Director of the Company at the first extraordinary general meeting for 2024.
10. On 23 January 2024, the Resolution on Appointment of Mr. Liu Bing as the Secretary of the Board of Directors of the Company was considered and adopted at the 24th (extraordinary) meeting of the fourth session of the Board of the Company. It was agreed that Mr. Liu Bing, the Business Director and a member of the Executive Committee of the Company, would also serve as the Secretary of the Board of the Company.

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

V. PARTICULARS OF PENALTIES IMPOSED BY SECURITIES REGULATORY AUTHORITIES ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THEIR TENURES WITH THE COMPANY WITHIN THE LAST THREE YEARS

Nil

VI. STAFF AND REMUNERATION

(i) Staff

Number of employees of the parent	10,468
Number of employees of major subsidiaries	3,562
Total number of employees	14,030
Number of resigned and retired employees with expenses borne by the parent and major subsidiaries	1,135

Profession structure

Category	Number of persons
Securities brokerage	9,053
Futures brokerage	550
Investment banking	564
Asset management	186
Proprietary trading	378
Private equity investment	54
Investment research	276
Clearing	247
Legal/Risk Control/Audit	824
Information technology	809
Planning and finance	377
Administrative management	712
Total	14,030

Educational background

Category	Number of persons
Doctors	111
Masters	3,615
Bachelors	8,656
Associate degree and below	1,648
Total	14,030

At the End of the Reporting Period, the proportion of male and female employees (including senior management) of the Group was 52.7% and 47.3%, respectively. The Board was of the view that the Group achieved a gender balance in the workplace.

The Group has put in place suitable recruitment and selection measures and established talent management and training programs to consider diverse candidates. During the Reporting Period, the Board was not aware of any mitigating factors or circumstances that would make gender diversity for all current employees, including senior management, more challenging or less relevant.

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

(ii) Remuneration Policy

The remuneration of employees of the Company comprises basic remuneration, allowances, performance-based bonus and welfare benefits.

The basic remuneration is a relatively fixed part in the composition of remuneration, which is the basic income of staff. The pay scale of basic remuneration corresponds to the rank of employees. The allowances include allowances for managerial positions and expertise allowances, which are supplement to the basic remuneration.

The performance-based bonus will be distributed based on the achievement of performance and results of performance assessment.

The Company has provided social insurance and housing provident fund and other statutory benefits to its staff according to relevant requirements of the PRC. Meanwhile, in order to improve benefits coverage, the Company also provided enterprise annuity and supplementary medical insurance for its employees.

(iii) Training Plan

In order to consistently improve the professional abilities and occupational qualities of staff to achieve its strategic targets, the Company has developed the training plan with overall consideration, hierarchical classification and stressing key issues.

During the Reporting Period, the Company held a total of 1,445 online and offline trainings for employees of the Company's headquarters and branches, with 560,044 participants and a total training course duration of 800,706.62 hours. Of which:

1. At the company level, 22 trainings were held, with 1,573 participants and 55,227 training hours.
2. At the business unit level, 989 trainings were organised, with 206,328 participants and 507,900.62 training hours.
3. The Galaxy Learning Online Platform (銀河學堂網絡平台) organised 434 trainings, with 352,143 participants and 237,579 training hours.

The Company's training covers management training, business training, general skills training, vocational skills training and Party school training. The Company will further promote the scientific, institutionalised and standardised education and training for its cadres and talents, and accumulate internal training resources to boost its growth.

(iv) Labor Outsourcing

Total working hours outsourced	275,598.75 working hours
Total remuneration paid for labour outsourcing	RMB18,559,121.93

VII. DETAILS OF ENGAGING BROKERS TO SOLICIT CLIENTS AND PROVIDE CLIENT SERVICES

Securities brokers entered into agency contracts with the Company, accepting the Company's mandate. They are natural persons other than the Company's employees who act as agents and engage in brokerage related activities such as client solicitation and client services within the authorisation of the Company. The Company adopts centralised management of such brokers. The headquarters of the Company formulated securities broker management measures and related systems, established a securities broker management platform, and centralised the management of securities branches and brokers' qualification review, registration, business training, performance appraisal, risk control etc. The Company's securities branches are responsible for the daily management of brokers. As at the End of the Reporting Period, there were 456 brokers working for the Company.

SECTION IX CORPORATE GOVERNANCE REPORT

I. INFORMATION ON CORPORATE GOVERNANCE

(i) Overview of Corporate Governance

As a public company listed in Mainland China and Hong Kong, the Company strictly conforms to the requirements of the laws, regulations and regulatory documents of the domestic and overseas jurisdictions where the Company is listed, to regulate its operation, and continues its dedication to maintaining and improving the outstanding image of the Company in the market. The Company has established a solid and comprehensive corporate governance structure comprising the general meeting, the Board of Directors, the Supervisory Committee and the Executive Committee which formed a complete corporate governance system in standard operation covering consideration, resolution, mandate and execution with clearly defined responsibilities among the organ of power, the decision-making body, the supervision body and the management.

In accordance with the provisions of laws, regulations and regulatory documents, the Company has formulated the corporate governance systems including the Articles of Association, the Rules of Procedures of the General Meetings, the Rules of Procedures of the Board of Directors, the Rules of Procedures of the Supervisory Committee, the Rules of Procedures of the Executive Committee which set out the scope of responsibilities and working procedures of the general meeting, the Board of Directors, the Supervisory Committee and the Executive Committee, providing an institutional guarantee for the standardized operation of the Company. Meanwhile, the Strategy and Development Committee, the Compliance and Risk Management Committee, the Nomination and Remuneration Committee and the Audit Committee have been established under the Board. The rules of procedures of each special committee are developed, defining clearly the duties and responsibilities and the procedures of meetings of each special committee that enable their roles to be played to the full extent in each special committee.

During the Reporting Period, the Company strictly complied with the requirements of the corporate governance systems to ensure that the convening, holding and voting procedures of the general meeting, and the meetings of the Board of Directors and the Supervisory Committee were legal and valid, information was disclosed in a timely and fair manner and such information was true, accurate and complete. The Company attached great importance to safeguarding the rights and interests of investors and sought to provide comprehensive and effective investor relations services.

At the same time, the Company strictly complied with the CG Code and fully complied with all the provisions in the CG Code except for the deviation from code provision C.2.1, and met the requirements of the vast majority of the recommended best practice provisions set out in the CG Code. In accordance with code provision C.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wang Sheng, the former president of the Company, has served as the acting chairman of the Board since 23 October 2023, and was appointed as the chairman of Board of the Company on 26 October 2023. Mr. Wang Sheng served concurrently as the chairman of the Board and the president of the Company up to 24 November 2023. During this period, notwithstanding the deviation from code provision C.2.1, the Board is of the view that Mr. Wang Sheng, as the president of the Company, is well-versed in the operation of the Company's business and possesses excellent knowledge and experience in the Company's business, and that having the same individual to take up the roles of the chairman of the Board and the president of the Company is conducive to ensuring consistency in the Company's leadership and is beneficial to the efficiency of the Company's overall strategic planning. Moreover, under the supervision of the Board, the Board is equipped with an appropriate check-and-balance structure of power, which provides sufficient checks and balances to protect the interests of the Company and its shareholders. In addition, since Mr. Jun Xue assumed the role of president of the Company upon the resignation of Mr. Sheng Wang as the president of the Company with effect from 24 November 2023, the Company has complied with the requirements of code provision C.2.1.

SECTION IX CORPORATE GOVERNANCE REPORT

The Company's corporate culture: Guided by the Ten Elements of Culture Building in the Securities Industry (《證券行業文化建設十要素》) issued by the Securities Association of China, the Company actively cultivates a culture in line with the securities industry, focusing on "compliance, integrity, professionalism, and stability". It has established a robust corporate governance system to create effective incentives, constraints, and checks and balances. By integrating culture building with corporate governance, development strategies, operational methods, and behavioural norms, we aim to ensure that specific operational decisions align with the Company's development strategies and cultural concepts. For information on the construction of the Company's corporate culture, please refer to "SECTION V DIRECTORS' REPORT – XV. OTHER DISCLOSURES – (ix) Active performance of social responsibilities".

(ii) Information of Insider Registration Management

Subject to the Requirements for the Establishment of Administrative System for Registration of Insider of Listed Companies issued by the CSRC, the Company has formulated and strictly implemented the Insider Registration System of the Company, and has conducted registration and filing of insiders in accordance with requirements under the system.

(iii) Corporate Governance Policies and the Responsibilities of the Board in respect of Corporate Governance

The Company strictly complied with the Stock Exchange Listing Rules and related code provisions as corporate governance policies. In respect of corporate governance, the duties of the Board are:

- (1) to develop and review the Company's policies and practices on corporate governance;
- (2) to review and supervise the training and continuing professional development for the Directors and senior management;
- (3) to review and supervise the Company's policies and practices in complying with relevant laws and regulatory rules;
- (4) to develop, review and supervise the code of conduct and compliance manual applicable to employees and Directors; and
- (5) to review the Company's compliance with the code provisions and the disclosure in the "Corporate Governance Report".

Details of the performance of duties by the Board and its special committees during the Reporting Period are set out in "III. BOARD MEETINGS AND PERFORMANCE OF DUTIES BY DIRECTORS" and "IV. COMPOSITION AND OPERATION OF SPECIAL COMMITTEES UNDER THE BOARD" of this section.

SECTION IX CORPORATE GOVERNANCE REPORT

II. INTRODUCTION TO GENERAL MEETINGS

Session of meeting	Date of the meeting	Index for the designated websites on which resolutions were published	Date of publication of resolutions	Resolution(s) of the meeting
2023 first extraordinary general meeting	10 March 2023	http://www.sse.com.cn www.hkexnews.hk www.chinastock.com.cn	10 March 2023	For details of resolutions of the meeting, please refer to the description of general meeting
2022 annual general meeting	29 June 2023	http://www.sse.com.cn www.hkexnews.hk www.chinastock.com.cn	29 June 2023	For details of resolutions of the meeting, please refer to the description of general meeting

DESCRIPTION OF GENERAL MEETINGS

As the supreme authority of the Company, the general meeting of the Company exercises its powers according to the requirements of the Articles of Association and the Rules of Procedures of the General Meetings. The Company strictly adheres to the rules in convening and conducting the general meeting and ensures that all shareholders have equal status and can fully exercise their rights. During the Reporting Period, the Company convened 2 general meetings, the details and resolutions of which are as follows:

1. On 10 March 2023, the first extraordinary general meeting for the year 2023 was convened to consider and approve the Resolution on Consideration of Administrative Measures for the Proceeds of China Galaxy Securities Co., Ltd., the Resolution on Consideration of Administrative System of China Galaxy Securities Co., Ltd. for the Regulation of the Funds Transactions with Related Parties, the Resolution on the Recommendation of Ms. Li Hui as a Non-executive Director of the Fourth Session of the Board of Directors of the Company, the Resolution on Consideration of the Remuneration Settlement Plan for Mr. Chen Gongyan, Ms. Chen Jing and Ms. Qu Yanping for 2021 and the Resolution to Amend the Articles of Association.
2. On 29 June 2023, the Annual General Meeting for the year 2022 was convened to consider and adopt the Resolution on 2022 Final Accounts Plan of the Company, the Resolution on the Review of the Company's 2022 Profit Distribution Plan, the Resolution on the Review of the Company's 2022 Annual Report, the 2022 Annual Work Report of the Board of Directors of the Company, the 2022 Annual Work Report of the Supervisory Committee of the Company, the Resolution on 2023 Capital Expenditure Budget of the Company, the Resolution on Appointment of External Auditors of the Company for 2023, and the Resolution on the Framework Agreement on Securities and Financial Products Transactions entered into between the Company and Galaxy Financial Holdings, the Transactions Thereunder, and the Cap Amounts for the Three Years Ended 31 December 2025.

SECTION IX CORPORATE GOVERNANCE REPORT

III. BOARD MEETINGS AND PERFORMANCE OF DUTIES BY DIRECTORS

(i) Composition of the Board of Directors

The Board will constantly modify the rules of procedure of the Board of Directors, and exert its professional advantage as a special committee to further improve its decision-making efficiency and standard. The independent non-executive Directors have faithfully performed their duties and have protected the overall interests of the Company, especially the interests of small and medium shareholders, which ensured the independence and scientificity of the decision-making by the Board.

The Board currently comprises 10 Directors, including 2 executive Directors (Mr. Wang Sheng and Mr. Xue Jun), 4 non-executive Directors (Mr. Yang Tijun, Ms. Li Hui, Ms. Liu Chang, Mr. Liu Zhihong), 4 independent non-executive Directors (Mr. Wang Zhenjun, Ms. Liu Chun, Mr. Law Cheuk Kin, Stephen and Mr. Liu Li). The number of independent non-executive Directors accounts for no less than one-third of the number of Directors. Mr. Wang Sheng is the chairman of the Board of the Company and Mr. Xue Jun is the president of the Company. There is no relation (including financial, business, family and other major or relevant relations) between or amongst the Directors, Supervisors and senior management officers. During the Reporting Period and as of the date of this report, the changes in the members of the Board are shown in the section headed "SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF – IV. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY".

Directors are elected by the general meeting and are eligible for re-election upon the expiration of the term, which is 3 years. The Company confirms that it has received the annual confirmation of independence from each of the independent Directors pursuant to Rule 3.13 of the Stock Exchange Listing Rules and the Company continues to confirm the independence of the independent Directors.

According to the resolutions passed at the general meeting, the Company has purchased liability insurance for Directors, Supervisors and senior management to control the legal and regulatory risks which the Directors, Supervisors and senior management may encounter during the performance of their duties and to further encourage them to perform their duties fully and diligently.

The Company has established and improved the relevant work system for independent non-executive Directors. The "Working Rules for Independent Directors" stipulates the qualifications of independent Directors, the nomination, election and replacement of independent Directors, the special functions and powers of independent Directors and the independent opinions of independent Directors, and provides necessary conditions for independent Directors. During their term of office, independent non-executive Directors of the Company were able to abide by laws, regulations and the relevant provisions of the Articles of Association, and had sufficient time and energy to perform their duties. When making independent judgments, they were not affected by the Company's major shareholders and other organisations and individuals with interests in the Company. They had tried their bests to safeguard the interests of the Company and small and medium shareholders. The independent non-executive Directors of the Company actively participated in various Board meetings. The Board of Directors of the Company and its professional committees were staffed with independent non-executive Directors, of which the Audit Committee and the Nomination and Remuneration Committee were headed by independent non-executive Directors as required.

The Company is of the view that the composition of the Board of the Company (including the number and proportion of Independent non-executive Directors), the establishment of the work system for independent directors, and the performance of Director Nomination Process and the Board Diversity Policy (for detailed information, please refer to "III. Board Meetings and Performance of Duties by Directors - (ix) Board Diversity Policy and Director Nomination Policy") can guarantee the Board obtain independent views and opinions.

SECTION IX CORPORATE GOVERNANCE REPORT

(ii) Attendance of Directors at Board Meetings and Annual General Meetings

Name of Director	Independent Director	Attendance at Board meetings						Attendance at annual general meetings
		Required attendance during the year	Attendance in person	Attendance via communication device	Attendance by proxy	Absence	Absence from two consecutive meetings in person	Attendance at annual general meetings
Wang Sheng	No	11	11	5	0	0	No	1
Yang Tijun	No	10	10	2	0	0	No	2
Li Hui (Appointed on 10 March 2023)	No	9	9	3	0	0	No	1
Liu Chang	No	10	10	6	0	0	No	2
Liu Zhihong	No	10	9	5	1	0	No	2
Wang Zhenjun	Yes	11	11	4	0	0	No	2
Liu Chun	Yes	11	11	3	0	0	No	2
Law Cheuk Kin, Stephen	Yes	11	10	10	1	0	No	1
Chen Liang (Resigned on 20 October 2023)	No	6	6	2	0	0	No	2
Liu Ruizhong (Resigned on 13 December 2023)	Yes	9	9	2	0	0	No	2
Jiang Yuesheng (Resigned after the Reporting Period)	No	10	10	5	0	0	No	2
Number of Board meetings held during the year								11
Of which: Number of on-site meetings								
Number of meetings held via communication device								3
Number of meetings held by way of combination of both								8
Number of general meetings held during the year								2

SECTION IX CORPORATE GOVERNANCE REPORT

(iii) Meetings of the Board Held during the Reporting Period

The Board performs its duties in accordance with the relevant regulations and the requirements of the Articles of Association and the Rules of Procedure of the Board of Directors. During the Reporting Period, the Company held 11 Board meetings through communication tool or a combination of on-site meeting and communication tool, details of which are as follows:

Session of meeting	Date of the meeting	Resolution(s) of the meeting
The 14th (Extraordinary) Meeting of the Fourth Session of the Board of Directors	17 February 2023	The Resolution to Change the Scope of Business of the Company and Amend the Articles of Association was adopted and submitted to the shareholders' meeting for consideration.
The 15th (Extraordinary) Meeting of the Fourth Session of the Board of Directors	10 March 2023	The Resolution on Adjustment to the Composition of Special Committees of the Board of Directors was considered and adopted.
The 16th (Regular) Meeting of the Fourth Session of the Board of Directors	29 March 2023	The Resolution on the 2022 Compliance Report of the Company, the Resolution on the 2022 Risk Management Report of the Company, the Resolution on the 2022 Internal Control Evaluation Report of the Company, the Resolution on Consideration of 2022 Information Technology Management Project Report, the Resolution on the 2022 Social Responsibility and Environmental, Social and Governance Report of the Company, the 2022 Annual Work Report of the Management, the Key Tasks of the Board of Directors in 2023, the 2022 Duty Performance Report of the Audit Committee of the Board of Directors, the Resolution on the 2023 Work Plan of the Company, the Resolution on Galaxy Capital's Establishment of Hainan Free Trade Port Development and Investment PE Fund Management Co., Ltd., the Resolution on the Special Report on the Deposit and Actual Use of the Proceeds for 2022, as well as the Resolution on Convening the 2022 Annual General Meeting of the Company were considered and adopted at the meeting. Moreover, the Resolution on 2022 Final Accounts Plan of the Company, the Resolution on 2022 Profit Distribution Plan of the Company, the Resolution on 2022 Annual Report of the Company, the 2022 Annual Work Report of the Board of Directors, the 2022 Performance Report of Independent Directors, the Resolution on Appointment of External Auditors of the Company for 2023, the Resolution on 2023 Capital Expenditure Budget of the Company, and the Resolution on the Signing of Agreement between the Company and Galaxy Financial Holdings and Caps to Be Set for Related Party Transactions from 2023 to 2025 were considered and adopted at the meeting, and were submitted for consideration by shareholders' general meeting.

SECTION IX CORPORATE GOVERNANCE REPORT

Session of meeting	Date of the meeting	Resolution(s) of the meeting
The 17th (Regular) Meeting of the Fourth Session of the Board of Directors	27 April 2023	The Resolution on the Report for the Resolution on the Strategic Development Plan (2023-2025) of China Galaxy Securities, the First Quarterly Report of 2023 of the Company, the Resolution on Amendment to the Management Measures (Revised in 2023) for Margin Financing and Securities Lending Business, and the Resolution on Mr. Du Pengfei's Resignation as Business Director, Secretary of the Board of Directors, and Member of the Executive Committee of the Company were considered and adopted.
The 18th (Extraordinary) Meeting of the Fourth Session of the Board of Directors	10 August 2023	The Resolution on Appointment of Mr. Liu Bing as the Company's Business Director and Member of the Executive Committee was considered and adopted.
The 19th (Regular) Meeting of the Fourth Session of the Board of Directors	30 August 2023	The Resolution on 2023 Interim Report of the Company, the Resolution on Management Rules of the Group's Remuneration, the Resolution on Management Measures for the Evaluation and Remuneration of Directors, Supervisors, and Senior Management, and the Resolution on Review of Assessment Results of Chief Compliance Officer for 2022 were considered and adopted.
The 20th (Extraordinary) Meeting of the Fourth Session of the Board of Directors	26 October 2023	The Resolution on Appointment of Mr. Wang Sheng as Chairman of the Board of Directors of the Company was considered and adopted.
The 21st (Regular) Meeting of the Fourth Session of the Board of Directors	30 October 2023	The Resolution on the Report for the Third Quarterly Report of 2023 of the Company and the Resolution on Management Measures for Strategic Planning were considered and adopted.
The 22nd (Extraordinary) Meeting of the Fourth Session of the Board of Directors	24 November 2023	The Resolution on Mr. Wang Sheng's Resignation as President of the Company, the Resolution on Appointment of Mr. Xue Jun as an Executive Director, the President and the Vice Chairman of the Executive Committee of the Company and the Resolution on the Early Redemption of China Galaxy Convertible Bonds in accordance with the Procedures were considered and adopted.
The 23rd (Extraordinary) Meeting of the Fourth Session of the Board of Directors	20 December 2023	The Resolution on the Convening of Extraordinary General Meetings of the Company was considered and adopted. In addition, the Resolution on Recommendation of Mr. Liu Li as a Candidate for Independent Director of the Company and the Resolution on Remuneration Settlement Plan for Senior Management for 2022 were considered and adopted at the meeting, and submitted for consideration by the Board of Directors.

SECTION IX CORPORATE GOVERNANCE REPORT

Session of meeting	Date of the meeting	Resolution(s) of the meeting
The 3rd Meeting of Independent Non-executive Directors of the Fourth Session of the Board of Directors	20 December 2023	Communication and exchange on matters relating to the construction of the Board of Directors and the operation and management of the Company.

(iv) Objection Raised by Independent Directors to the Relevant Issues of the Company

Nil

(v) Term of Office of Non-executive Directors

Currently, the Company has 4 non-executive Directors and 4 independent non-executive Directors, all of whom are appointed for a term of three years.

(vi) Duties of the Board of Directors and the Management

The powers and duties of the Board and the management are clearly set out in the Articles of Association, which provides for an adequate check and balance mechanism to ensure good corporate governance and internal control.

The duties of the Board includes convening general meetings, executing the resolutions passed at general meetings, determining the business and investment plans of the Company, determining the establishment of internal management organisations, appointing or dismissing the general manager (president), the secretary of the Board and the compliance officer, appointing or dismissing the deputy general manager (vice-president), the finance manager and other senior management officers according to the nomination by the general manager (president) and determining their remuneration and incentive and punishment, establishing the basic administrative systems of the Company and supervising, reviewing and evaluating the establishment and execution of various internal control systems of the Company.

The management of the Company, among other things, organises the implementation of resolutions of the Board, organises the implementation of the annual business and investment plans of the Company, consistently executes the financial budget of the Company, formulates the specific rules of the Company and decides on the employment and dismissal of employees.

The chairman of the Board leads the Board to determine the Company's development strategies, to ensure the effective operation of the Board and the performance of its duties, and to fully discuss the issues within the scope of responsibilities of the Board, ensuring the information which is necessary for the Board to make decisions are true, accurate, complete and timely, ensuring the Company follows good corporate governance procedures and that the Board's decisions are in the best interests of the Company and all shareholders. During the Reporting Period, the president was in charge of the operational management of the Company, organised the implementation of resolutions of the Board and reported to the Board.

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(vii) Training of Directors

No.	Date of training	Main content	Directors who participated in the training
1	14 February 2023	Standard Operation and Information Disclosure of Listed Companies	Chen Liang, Wang Sheng, Yang Tijun, Liu Chang, Liu Zhihong, Liu Ruizhong, Wang Zhenjun, Liu Chun, Law Cheuk Kin Stephen, and Jiang Yuesheng
2	22 August 2023	Sixth session of special training for Directors and Supervisors of the Company in Beijing in 2023	Li Hui
3	4 September 2023	Reform of independent director system of listed companies	Chen Liang and Wang Sheng
4	8 September 2023	Strengthening investor relations management to enhance value realisation/public opinion response and guidance in the era of all-media	Yang Tijun, Li Hui, Liu Chang, Liu Zhihong, and Jiang Yuesheng
5	15 September 2023	Fifth session of initial training for Directors, Supervisors and senior management in 2023 organised by the SSE	Li Hui
6	15 September 2023	Compliance Training organized by the Company's Legal and Compliance Headquarters	Yang Tijun, Li Hui
7	6 December 2023	2023 Anti-Money Laundering Training for Directors, Supervisors and Senior Management	Yang Tijun, Li Hui
8	14 December 2023	2023 Sixth Follow-up Training Program for Independent Directors of Listed Companies organised by the SSE	Wang Zhenjun
9	14 December 2023	Special Training on Management Measures for Independent Directors of SSE Listed Companies in Beijing	Yang Tijun, Liu Chang, Liu Zhihong, and Jiang Yuesheng

SECTION IX CORPORATE GOVERNANCE REPORT

IV. COMPOSITION AND OPERATION OF SPECIAL COMMITTEES UNDER THE BOARD

(i) Membership of special committees under the Board

The Strategy and Development Committee, the Compliance and Risk Management Committee, the Nomination and Remuneration Committee and the Audit Committee have been established under the Board. The Committees shall assist with the work of the Board within the terms of reference specified in the rules of procedure, be accountable to and report their work to the Board. As at the date of disclosure of this Report, the composition of each special committee under the Board is as follows:

Name of committee	Chairman	Member
Strategy and Development Committee	Wang Sheng (Executive Director)	Executive Director: Xue Jun Non-executive Director: Yang Tijun, Liu Chang, Liu Zhihong Independent Non-executive Director: Wang Zhenjun, Liu Li
Compliance and Risk Management Committee	Yang Tijun (Non-executive Director)	Executive Director: Xue Jun Non-executive Director: Li Hui Independent Non-executive Director: Wang Zhenjun, Liu Chun
Nomination and Remuneration Committee	Liu Li (Independent Non-executive Director)	Non-executive Director: Li Hui, Liu Chang Independent Non-executive Director: Wang Zhenjun, Liu Chun, Law Cheuk Kin, Stephen
Audit Committee	Liu Chun (Independent Non-executive Director)	Non-executive Director: Yang Tijun, Li Hui Independent Non-executive directors: Wang Zhenjun, Law Cheuk Kin Stephen, Liu Li

Note:

- At the 15th (extraordinary) meeting of the fourth session of the Board on 10 March 2023, the Resolution on Adjustment to the Composition of Special Committees of the Board of Directors was considered and adopted, which means that it was agreed for Mr. Yang Tijun to serve as the chairman of the Compliance and Risk Management Committee and a member of each of the Strategy and Development Committee and the Audit Committee; Li Hui to serve as a member of each of the Compliance and Risk Management Committee, the Nomination and Remuneration Committee and the Audit Committee; Liu Chang to serve as a member of each of the Strategy and Development Committee and the Nomination and Remuneration Committee. The rest will remain unchanged.
- On 20 October 2023, Mr. Chen Liang tendered his resignation as an executive director and Chairman of the Board, the chairman of the Strategy and Development Committee of the Board, the chairman of the Executive Committee of the Company and other related positions due to his work arrangements.
- On 26 October 2023, the Resolution on Appointment of Mr. Wang Sheng as Chairman of the Board of Directors of the Company was considered and approved at the 20th (extraordinary) meeting of the fourth session of the Board of the Company. It was agreed that Mr. Wang Sheng would be appointed as the chairman of the Board of Directors, the chairman of the Executive Committee and the chairman of the Strategy and Development Committee of the Board of Directors of the Company.
- On 13 December 2023, Mr. Liu Ruizhong applied for resignation as an independent non-executive Director of the Company, the chairman of the Nomination and Remuneration Committee under the Board, and a member of each of the Strategy and Development Committee and the Audit Committee as he had served as an independent non-executive Director for six years.
- On 15 January 2024, Mr. Jiang Yuesheng applied for resignation as a non-executive Director of the Company, an employee Director and a member of the Compliance and Risk Management Committee as he reached the statutory retirement age.
- At the 24th (extraordinary) meeting of the fourth session of the Board on 23 January 2024, it was agreed for Mr. Liu Li to serve as the chairman of the Nomination and Remuneration Committee and a member of each of the Strategy and Development Committee and the Audit Committee; Mr. Xue Jun to serve as a member of each of the Strategy and Development Committee and the Compliance and Risk Management Committee; Mr. Wang Sheng to cease to be a member of the Compliance and Risk Management Committee.

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① **Functions of the Strategy and Development Committee:**

The main duties, responsibilities and authorities of the Strategy and Development Committee are: to review the strategic development plans and to make recommendations to the Board; to review the Company's strategic capital allocation plans and to make recommendations to the Board; to evaluate the balanced development of various businesses and to make recommendations to the Board; to review the major organisational restructuring and organisational structure plans and to make recommendations to the Board; to conduct preliminary review of the Company's major investments, assets disposals and financing plans and to make recommendations to the Board; to study other major issues affecting the development of the Company and to make recommendations to the Board; and to deal with other matters authorised by the Board. For specific duties and responsibilities of the Strategy and Development Committee, please refer to the Rules of Procedure of the Strategy and Development Committee of the Board of Directors of the Company, which have been published on the website of the Company.

② **Functions of the Compliance and Risk Management Committee:**

The main duties, responsibilities and authorities of the Compliance and Risk Management Committee are: to review the Company's risk management policies and risk standards, as well as the fundamental concepts and scope of compliance management; to review and provide comments on the overall target and basic policies of compliance and risk management; to supervise and monitor the development of risk and compliance management systems of the Company; to formulate the Company's corporate governance policies, and to monitor their implementation; to review and monitor the Company's policies regarding compliance with laws and regulatory rules as well as their implementation; to monitor the effective implementation of risk and compliance management by the management of the Company and to evaluate the performance of the senior management in charge of risk and compliance management; and to deal with other matters authorised by the Board. For the specific duties and responsibilities of the Compliance and Risk Management Committee, please refer to the Rules of Procedure of the Compliance and Risk Management Committee of the Board of Directors of the Company, which have been published on the website of the Company.

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③ **Functions of the Nomination and Remuneration Committee:**

The main duties, responsibilities and authorities of the Nomination and Remuneration Committee are: to make recommendations to the Board on the size and composition of the Board and the Board committees based on the operations, the total amount of assets and the equity structure of the Company; to make recommendations to the Board on the number and composition of the senior management based on the Company's requirements of business operation as well as the requirements of the regulatory authorities; to review the selection criteria and procedures for Directors and senior management and to make recommendations to the Board; to search broadly for qualified individuals as candidates for Directors and senior management; to conduct review of the qualifications and conditions of the candidates for Directors based on the selection criteria and procedures and to make recommendations to the Board; to review the qualifications and conditions of the candidates for general manager (president), chief compliance officer and secretary to the Board as nominated by the chairman, as well as the candidates for deputy general manager (vice president), chief financial officer and other senior management officers as nominated by the general manager (president), based on the selection criteria and procedures and to make recommendations to the Board; to make recommendations to the Board on the candidates for members of other special committees under the Board; to formulate development plans of the senior management and training plans of key candidates and to make recommendations to the Board; to review and provide opinions on the assessment and remuneration management systems for Directors and senior management; to formulate the criteria and the procedures for the review of the performance of Directors and senior management and to implement and provide opinions on the performance review of Directors and senior management; to formulate salary incentive policies and plans for Directors (including non-executive Directors) and senior management and to make recommendations to the Board; to make recommendations to the Board on the specific remuneration of executive Directors, Supervisors and senior management (including non-monetary benefits, pension rights and compensation for loss or termination of office or appointment); to review the Company's basic remuneration management system and policies and to evaluate their effectiveness; and to deal with other matters authorised by the Board. For specific duties and responsibilities of the Nomination and Remuneration Committee, please refer to the Rules of Procedure of the Nomination and Remuneration Committee of the Board of Directors of the Company, which have been published on the website of the Company and the HKExnews website of Hong Kong Stock Exchange.

④ **Functions of the Audit Committee:**

The main duties, responsibilities and authorities of the Audit Committee are: to review the disclosure of the Company's accounting information and other major issues; to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and the terms of appointment of the external auditors and to deal with any relevant issues regarding the resignation or removal of external auditors; to supervise the annual audit and make judgment on the authenticity, accuracy and completeness of the audited financial reports, and to submit them to the Board for review; to conduct the control of connected transactions and daily management under the leadership of the Board; to review and evaluate the Company's internal control system; to review, supervise and evaluate the Company's internal audit, to monitor the Company's internal audit system and the implementation of internal audit plans, and to review and evaluate the procedure and effect of the work of the internal audit departments; and to deal with other matters authorised by the Board. For specific duties and responsibilities of the Audit Committee, please refer to the Rules of Procedure of the Audit Committee of the Board of Directors of the Company, which have been published on the website of the Company and the HKExnews website of Hong Kong Stock Exchange.

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(i) Meetings of special committees during the Reporting Period

1. During the Reporting Period, the Strategy and Development Committee convened 4 meetings.

Date of the meeting	Content of the meeting	Key opinions and recommendations	Other performance of duties
17 February 2023	The Strategic Development Plan (2023-2025) of China Galaxy Securities was considered and adopted and submitted to the Board for consideration.	The management should attach great importance to the decomposition, publicity, implementation and evaluation of strategies, and promote the integration of the process of implementing new strategies with the process of serving the national strategies.	–
22 March 2023	The Resolution on the Resolution on Consideration of 2022 Information Technology Management Project Report, the 2022 Annual Work Report of the Board of Directors, the Key Tasks of the Board of Directors in 2023, the 2022 Duty Performance Report of the Strategy and Development Committee of the Board of Directors, the Resolution on Galaxy Capital's Establishment of Hainan Free Trade Port Development and Investment PE Fund Management Co., Ltd., the Resolution on 2022 Profit Distribution Plan of the Company, the 2023 Work Plan of the Company, the Resolution on 2023 Capital Expenditure Budget of the Company were considered and adopted at the meeting, and submitted for consideration by the Board of Directors.	The Company should further refine the responsibilities of the management of its subsidiaries, enhance profitability and carry out risk prevention and control.	–
26 April 2023	The Resolution on the Amendment to the Management Measures (Revised in 2023) for Margin Financing and Securities Lending Business was considered and adopted at the meeting, and submitted for consideration by the Board of Directors.	–	–
27 October 2023	The Resolution on Management Measures for Strategic Planning was considered and adopted at the meeting, and submitted for consideration by the Board of Directors.	–	–

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Note:

1. On 29-30 March 2023, members of the Strategy and Development Committee conducted research on promoting the transformation of wealth management at Shanxi Branch Office and its securities branches.
2. On 11-15 April 2023, members of the Strategy and Development Committee conducted research on promoting the transformation of wealth management and enhancing the competitiveness of subsidiaries at Jiangsu Branch Office and its securities branches, Shanghai Branch Office, Galaxy Yuanhui, Galaxy Futures and Galaxy Derivatives.
3. The Human Resources Department presented a report about the Company serving the national strategies to members of the Strategy and Development Committee on 21 April 2023.
4. The Organisation Department of the Party Committee and the Wealth Management Department briefed members of the Strategy and Development Committee about the comprehensive reform of class-I branch offices on 21 April 2023.
5. On 26 April 2023, members of the Strategy and Development Committee conducted a research on the quality and effectiveness of serving the national strategies and the comprehensive reform of class-I branch offices at Beijing Branch Office.
6. On 27 April 2023, members of the Strategy and Development Committee conducted a research on the quality and effectiveness of serving the national strategies at Galaxy Capital.
7. On 15-19 May 2023, members of the Strategy and Development Committee conducted a research on the quality and effectiveness of serving the national strategies and the comprehensive reform of class-I branch offices at Zhejiang Branch Office and its securities branches.
8. On 13-16 June 2023, members of the Strategy and Development Committee conducted research on promoting the transformation of wealth management and serving the national strategies at Heilongjiang Branch Office and Jilin Branch Office.
9. On 25-28 July 2023, members of the Strategy and Development Committee conducted research on serving the national strategies at Gansu Branch Office and Jingning County.
10. On 12-14 September 2023, members of the Strategy and Development Committee conducted research on serving the national strategies and the comprehensive reform of class-I branch offices at Sichuan Branch Office, Chongqing Branch Office and their securities branches.
11. On 19-28 November 2023, members of the Strategy and Development Committee conducted research at Galaxy International Holdings and CGS-CIMB, in order to gain a comprehensive understanding of Galaxy International Holdings's and CGS-CIMB's business development, penetrative management and compliance risk control, as well as acquisition of the remaining shares of CGS-CIMB, etc.

Attendance of members at meetings

Names of committees	Names of members	Membership duties	Required attendance	Actual attendance
Strategy and Development Committee	Wang Sheng	Chairman	4	4
Strategy and Development Committee	Yang Tijun	Member	4	4
Strategy and Development Committee	Liu Zhihong	Member	4	4
Strategy and Development Committee	Liu Chang (appointed on 10 March 2023)	Member	3	3
Strategy and Development Committee	Wang Zhenjun	Member	4	4
Strategy and Development Committee	Chen Liang (resigned on 20 October 2023)	Chairman	3	3
Strategy and Development Committee	Liu Ruizhong (resigned on 13 December 2023)	Member	4	4

Note: Mr. Xue Jun and Mr. Liu Li were both appointed as members of the Strategy and Development Committee on 23 January 2024 and thus did not attend the relevant meetings in 2023.

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2. The Compliance and Risk Management Committee convened 2 meetings during the Reporting Period.

Date of the meeting	Content of the meeting	Key opinions and recommendations	Other performance of duties
22 March 2023	The Resolution on 2022 Risk Management Report of the Company, the Resolution on 2022 Compliance Report of the Company, the 2022 Anti-Money Laundering Report of the Company, the 2022 Report on Integrity Management of the Company, and the 2022 Duty Performance Report of the Compliance and Risk Management Committee of the Board of Directors were considered and adopted at the meeting.	The Company further improved the Group-level comprehensive risk management system and continued carrying out the whole-process risk control in 2022. The Company operated stably, kept risks under control, and performed well in terms of regulatory indexes, the Group's risk appetite and risk limits. In 2023, the Company should continue enhancing the risk control level, improve the sensitivity of risk perception, the accuracy of risk assessment and the timeliness of emergency response for key regions, key businesses, innovative businesses and key parts, and further strengthen the integrated risk management of subsidiaries.	–
29 August 2023	The Report on Compliance Management in the First Half of 2023 was considered and adopted at the meeting, and was submitted for consideration by the Board of Directors. The Petition on Review of Assessment Results of the Compliance of Chief Compliance Officer by the Compliance and Risk Management Committee of the Board of Directors was approved at the meeting. The Report on the Group's Risk Management in the First Half of 2023 was delivered.	–	–

Note:

- On 16 March 2023, members of the Compliance and Risk Management Committee conducted an analysis and study on the Risk Diagnosis Report of China Galaxy Securities with the Company's Risk Management Headquarters.
- On 17 August 2023, members of the Compliance and Risk Management Committee were briefed by the Risk Management Headquarters on the formulation of the Company's negative list.

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Attendance of members at meetings

Names of committees	Names of members	Membership duties	Required attendance	Actual attendance
Compliance and Risk Management Committee	Yang Tijun	Chairman	2	2
Compliance and Risk Management Committee	Wang Sheng	Member	2	2
Compliance and Risk Management Committee	Li Hui (appointed on 10 March 2023)	Member	2	2
Compliance and Risk Management Committee	Wang Zhenjun	Member	2	2
Compliance and Risk Management Committee	Liu Chun	Member	2	2
Compliance and Risk Management Committee	Jiang Yuesheng (resigned on 15 January 2024)	Member	2	2

Note: Mr. Jun Xue was appointed as a member of the Compliance and Risk Management Committee on 23 January 2024 and thus did not attend the relevant meetings in 2023.

3. The Nomination and Remuneration Committee convened 7 meetings during the Reporting Period.

Date of the meeting	Content of the meeting	Key opinions and recommendations	Other performance of duties
22 March 2023	The 2022 Duty Performance Report of the Nomination and Remuneration Committee of the Board of Directors were considered and adopted at the meeting, and submitted for consideration by the Board of Directors.	–	–
26 April 2023	The Resolution on Mr. Du Pengfei's Resignation as Business Director, Secretary of the Board and Executive Committee Member of the Company was considered and adopted at the meeting, and submitted for consideration by the Board of Directors.	The departure of a senior executive shall be put on records in accordance with regulatory requirements.	–

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Date of the meeting	Content of the meeting	Key opinions and recommendations	Other performance of duties
10 August 2023	The Resolution on Appointment of Mr. Liu Bing as Business Director and Member of the Executive Committee of the Company was considered and adopted at the meeting, and submitted for consideration by the Board of Directors.	A senior executive shall be appointed, which shall be put on records in accordance with regulatory requirements.	–
29 August 2023	The Resolution on Management Rules of the Group's Remuneration and the Resolution on Management Measures for the Evaluation and Remuneration of Directors, Supervisors, and Senior Management were considered and adopted at the meeting, and submitted for consideration by the Board of Directors.	The Company shall thoroughly implement the spirit of the CPC Central Committee and the State Council regarding the reform of the remuneration system and the total wage determination mechanism for state-owned financial enterprises, and strictly fulfill the relevant requirements.	–
26 October 2023	The Resolution on Appointment of Mr. Wang Sheng as Chairman of the Board of Directors of the Company was considered and adopted at the meeting, and submitted for consideration by the Board of Directors.	The appointment shall be put on records in accordance with regulatory requirements.	–
24 November 2023	The Resolution on Mr. Wang Sheng's Resignation as President of the Company and the Resolution on Appointment of Mr. Xue Jun as an Executive Director, the President and the Vice Chairman of the Executive Committee of the Company were considered and adopted at the meeting, and submitted for consideration by the Board of Directors.	A director and senior executive shall be appointed, which shall be put on records in accordance with regulatory requirements.	–

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Date of the meeting	Content of the meeting	Key opinions and recommendations	Other performance of duties
20 December 2023	The Resolution on Recommendation of Mr. Liu Li as a Candidate for Independent Director of the Company and the Resolution on Remuneration Settlement Plan for Senior Management for 2022 were considered and adopted at the meeting, and submitted for consideration by the Board of Directors.	A director shall be appointed, which shall be put on records in accordance with regulatory requirements.	–

Note:

- On 12 September 2023, members of the Nomination and Remuneration Committee conducted investigations on performance appraisal with CICC.
- On 12 October 2023, members of the Nomination and Remuneration Committee conducted investigations on performance appraisal with Northeast Securities.
- From 7 November to 8 November 2023, members of the Nomination and Remuneration Committee conducted investigations on performance appraisal with Guotai Junan and Shenwan Hongyuan Securities.

Attendance of members at meetings

Names of committees	Names of members	Membership duties	Required attendance	Actual attendance
Nomination and Remuneration Committee	Wang Zhenjun	Member	7	7
Nomination and Remuneration Committee	Liu Chun	Member	7	7
Nomination and Remuneration Committee	Law Cheuk Kin, Stephen	Member	7	7
Nomination and Remuneration Committee	Li Hui (appointed on 10 March 2023)	Member	7	7
Nomination and Remuneration Committee	Liu Chang	Member	7	7
Nomination and Remuneration Committee	Liu Ruizhong (resigned on 13 December 2023)	Chairman	6	6

Note: Mr. Liu Li was appointed as a member of the Nomination and Remuneration Committee on 23 January 2024 and did not attend the relevant meetings in 2023.

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4. The Audit Committee convened 6 meetings during the Reporting Period.

Date of the meeting	Content of the meeting	Key opinions and recommendations	Other performance of duties
17 February 2023	The Resolution on 2023 Appointment of the External Auditors of the Company was considered and adopted at the meeting, and submitted to the Board of Directors for consideration. The Petition on Appointment of an Intermediary to Complete the Audit of Branches for 2023 was approved.	–	–
22 March 2023	The Resolution on 2022 Final Accounts Plan of the Company, the Resolution on the 2022 Internal Control Evaluation Report of the Company, the Resolution on 2023 Appointment of the External Auditors of the Company, the Resolution on 2022 Annual Report of the Company, the Resolution on the 2022 Social Responsibility and Environmental, Social and Governance Report of the Company, the Resolution on the Signing of Agreement between the Company and Galaxy Financial Holdings and Ceilings to Be Set for Related Party Transactions from 2023 to 2025, the Resolution on the Special Report on the Deposit and Actual Use of the Proceeds for 2022, and the 2022 Duty Performance Report of the Audit Committee of the Board of Directors were considered and adopted at the meeting, and submitted for consideration by the Board of Directors. The Petition on 2023 Internal Audit Work Plan and the Audit Report on the Utilisation of the Proceeds from Public Issuance of A Share Convertible Corporate Bonds in 2022 were approved. Meanwhile, the external auditor delivered a report on the audit work in 2022.	The Company should further improve the accuracy of its application of Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments. In particular, the principle of prudence should be followed in terms of the application of impairment, structured entity and valuation methods.	–
26 April 2023	The Resolution on the Report for the First Quarterly Report of 2023 of the Company was considered and adopted at the meeting, and submitted for consideration by the Board of Directors. The Audit Report on the Management of Related Party Transactions of the Company for 2022 was delivered.	–	–

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Date of the meeting	Content of the meeting	Key opinions and recommendations	Other performance of duties
29 August 2023	The Resolution on the 2023 Interim Report of the Company was considered and adopted at the meeting, and submitted for consideration by the Board of Directors. The Report on Deficiencies Found in Evaluation of Internal Control and Rectification of Problems in 2022 and the 2022 Management Letter of the Company were approved. Meanwhile, the external auditor delivered a report on the mid-term review in 2023.	The Company shall attach great importance to the deficiencies and problems identified in the evaluation of internal control and complete the rectification in a timely manner.	–
27 October 2023	The Resolution on the Report for the Third Quarterly Report of 2023 of the Company was considered and adopted at the meeting, and submitted for consideration by the Board of Directors. The Report on the Internal Control Inspection of the Group's Significant Fund Matters (January to June 2023) was delivered.	–	–
20 December 2023	The Petition on 2023 Implementation Plan for Internal Control Assessment of the Company was approved. The Report on the 2023 Annual Audit Plan of the Company was delivered.	–	–

Note: On 7 April 2023, the members of the Audit Committee were briefed by the relevant department about the distribution of the Company's profits for the last three years.

Attendance of members at meetings

Names of committees	Names of members	Membership duties	Required attendance	Actual attendance
Audit Committee	Liu Chun	Chairman	6	6
Audit Committee	Wang Zhenjun	Member	6	6
Audit Committee	Law Cheuk Kin, Stephen	Member	6	6
Audit Committee	Yang Tijun	Member	6	6
Audit Committee	Li Hui (appointed on 10 March 2023)	Member	5	5
Audit Committee	Liu Ruizhong (resigned on 13 December 2023)	Member	5	5
Audit Committee	Liu Chang (appointed on 10 March 2023)	Member	1	1

- Note:*
- At the 15th (extraordinary) meeting of the fourth session of the Board of the Company on 10 March 2023, Ms. Liu Chang was elected to serve as a member of each of the Strategy and Development Committee and the Nomination and Remuneration Committee, and ceased to serve as a member of the Audit Committee.
 - Mr. Liu Li was appointed as a member of the Audit Committee on 23 January 2024 and did not attend the relevant meetings in 2023.

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V. OPERATION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee had no objection to the supervision matters during the Reporting Period.

Performance of duties by the Supervisory Committee, including its meetings and attendance

(i) Meetings of the Supervisory Committee

The Supervisory Committee performs its responsibilities and duties in accordance with the requirements of related laws and regulations and the Articles of Association and the Rules of Procedure of the Supervisory Committee. The Supervisory Committee held a total of 5 meetings in 2023, details of the meetings are as follows:

1. On 29 March 2023, the Company convened the 2023 first (regular) meeting of the fourth session of the Supervisory Committee, at which the Resolution on the 2022 Annual Work Report of the Supervisory Committee, the Resolution on Key Tasks of the Supervisory Committee in 2023, the Resolution on 2022 Annual Report of the Company, the Resolution on the 2023 Work Plan of the Company, the Resolution on 2022 Final Accounts Plan of the Company, the Resolution on 2022 Profit Distribution Plan of the Company, the Resolution on the 2022 Compliance Report of the Company, the Resolution on the 2022 Risk Management Report of the Company, the Resolution on the 2022 Internal Control Evaluation Report of the Company, the Resolution on the 2022 Social Responsibility and Environmental, Social and Governance Report of the Company, the Resolution on the Signing of Agreement between the Company and Galaxy Financial Holdings and Caps to Be Set for Related Party Transactions from 2023 to 2025 and the Resolution on the Special Report on the Deposit and Actual Use of the Proceeds for 2022 were considered and adopted. Reports about anti-money laundering in 2022, integrity management in 2022, finance-related resolutions and annual report audit were delivered.
2. On 27 April 2023, the Company convened the 2023 second (regular) meeting of the fourth session of the Supervisory Committee, at which the Resolution on the Report for the First Quarterly Report of 2023 of the Company was considered and adopted, and the attendees were briefed about leaders' duty performance benefits and business expenses for 2022 and budgeting for 2023.
3. On 30 August 2023, the Company convened the 2023 third (regular) meeting of the fourth session of the Supervisory Committee, at which the Resolution on 2023 Interim Report of the Company and the Resolution on Management Measures for the Evaluation and Remuneration of Directors, Supervisors, and Senior Management of the Company were considered and adopted, and the attendees were briefed about the deficiencies found in the evaluation of internal control and rectification of problems in 2022.
4. On 30 October 2023, the Company convened the 2023 fourth (regular) meeting of the fourth session of the Supervisory Committee, at which the Resolution on the Report for the Third Quarterly Report of 2023 of the Company was considered and adopted.
5. On 20 December 2023, the Company convened the 2023 fifth (extraordinary) meeting of the fourth session of the Supervisory Committee, at which the Resolution on Allowance Standard for External Supervisors was considered and adopted.

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(ii) Attendance of Supervisors at Meetings

Name of Supervisor	Position	Required attendance during the year	Actual attendance	Of which		
				On-site attendance	Online attendance	Attendance by proxy
Qu Yanping	Chairwoman of Supervisory Committee	5	5	4	1	0
Wei Guoqiang	Shareholder Supervisor	5	5	5	0	0
Tao Libin	External Supervisor	5	5	4	1	0
Chen Jijiang	Employee Supervisor	5	5	5	0	0
Fan Minfei	Employee Supervisor	5	5	5	0	0

(iii) Whether the Supervisory Committee Had Identified Any Risk Facing the Company in Its Supervisory Activities during the Reporting Period

Under its supervision during the Reporting Period, the Supervisory Committee identified no significant risk exposure of the Company. The Company has treated the general risk incidents that occurred and made relevant disclosures in accordance with the corresponding procedures. The Supervisory Committee had no objection to the supervision matters during the Reporting Period.

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(iv) Training for Supervisors

Date of training	Content of training	Targets of training
14 February 2023	Standard Operation and Information Disclosure of Listed Companies	Qu Yanping, Wei Guoqiang, Tao Libin, Chen Jijiang and Fan Minfei
8 September 2023	Training on anti-money laundering and countering the financing of terrorism for all staff in 2023	Qu Yanping, Wei Guoqiang, Tao Libin, Chen Jijiang and Fan Minfei
1 November 2023	Management Rules for Directors, Supervisors, Senior Management and Practitioners of Securities Companies	Qu Yanping, Wei Guoqiang, Tao Libin, Chen Jijiang and Fan Minfei
6 December 2023	The Company's 2023 anti-money laundering training for directors, supervisors and senior management cum meeting of the anti-money laundering leading group	Qu Yanping, Wei Guoqiang, Tao Libin, Chen Jijiang and Fan Minfei
14 December 2023	Special Training on Management Measures for Independent Directors of SSE Listed Companies in Beijing	Qu Yanping, Wei Guoqiang, Tao Libin, Chen Jijiang and Fan Minfei

VI. STATEMENTS OF THE COMPANY ON INABILITY TO MAINTAIN THE COMPANY'S INDEPENDENCE OR INABILITY TO MAINTAIN THE COMPANY'S INDEPENDENT OPERATIONS FROM THE CONTROLLING SHAREHOLDERS WITH RESPECT TO BUSINESS, PERSONNEL, ASSETS, ORGANISATION AND FINANCE

During the Reporting Period, the Company was able to maintain the independence from its controlling shareholder with respect to business, personnel, assets, organisation and finance, and the ability of the Company to operate independently had not been affected.

VII. ESTABLISHMENT AND IMPLEMENTATION OF APPRAISAL AND INCENTIVE MECHANISMS FOR SENIOR MANAGEMENT OFFICERS DURING THE REPORTING PERIOD

Pursuant to the relevant requirements under the Management Measures for the Performance of Operation Management Members of the Company, and the Provisional Management Measures for Remuneration of Senior Management Members of the Company, the Board manages the performance appraisal and remuneration of senior management members. The Company designates and formulates major work to senior management member according to the annual working plan and conducts appraisal based on the major work for the year completed by each individual. Subject to the existing legal framework, the Company adopts an annual performance incentive mechanism, under which the annual remuneration of senior management member is based on the overall performance of the Company, individual's performance appraisal and market conditions.

SECTION IX CORPORATE GOVERNANCE REPORT

VIII. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM

(i) Statement of the Board Regarding Its Liabilities on Internal Control

Establishing complete internal controls and effectively implementing them, evaluating their effectiveness and truly disclosing the evaluation report on the internal controls are the duties of the Board. The Supervisory Committee monitors the internal controls established and implemented by the Board. The operational management staff are responsible for organising and leading the daily operation of the internal control of the Company. The objectives of internal control of the Company are: reasonably guaranteeing the legality of operations of the Company and the effective execution of internal regulatory system; protecting against operational risks and moral risks; securing the safety and completeness of the assets of the Company and its customers; ensuring the reliability, completeness and timeliness of the business records, financial information and other information of the Company; and improving the Company's operational efficiency and effectiveness, fostering the achievement of strategies objectives of the Company.

Internal control can only provide reasonable guarantee for achieving the above objectives due to its inherent limitations; moreover, the effectiveness of internal control may also change in response to the change in the internal and external environment and business conditions of the Company.

The Board has completed an evaluation on the internal controls of the Group according to the requirements of the Basic Internal Control Norms for Enterprises, the Stock Exchange Listing Rules, the SSE Listing Rules and the relevant requirements of laws and regulations. According to the identification standards for defects in internal control over financial reporting of the Company, as at the reference date of internal control assessment (as at 31 December 2023), there was no material defect or important defect in the Group's internal control over the financial reporting. According to the identification standards for defects in internal control over non-financial reporting of the Company, as at the reference date of internal control assessment, there was no material defect or important defect in the Group's internal control over the non-financial reporting. In the opinion of the Board, the Group has maintained, in all material respects, effective internal control in accordance with the system of the internal control norms for enterprises and the relevant provisions.

The Board will further improve the environment and structure of internal control of the Company to enable them to provide reasonable the guarantee for the operation decision-making and stable development of the Group. With the gradual deepening of the national laws and regulations and the continuous development of the Group's business, the Company will further improve and perfect the internal control mechanism to gradually improve and constantly enhance the standard of corporate governance.

SECTION IX CORPORATE GOVERNANCE REPORT

(ii) Basis for Establishment of Internal Control over Financial Reporting

In accordance with the Basic Internal Control Norms for Enterprises and the Supporting Guidelines on Internal Control of Companies jointly issued by the Ministry of Finance, the CSRC, the Audit Office, the CBRC and the CIRC, the Guidelines on Internal Control of Securities Companies released by the CSRC and the Guides on Self-regulation of Listed companies on the Shanghai Stock Exchange No. 1 – Regulation of Operations released by the SSE, the Group has established a sound internal control system for financial reporting and the relevant rules and regulations in respect of accounting and audit, financial management, financial reporting and accounting information system. Through setting up a scientific financial management organisation with qualified financial accounting professionals, establishing completed financial accounting management system, and adopting appropriate accounting policies and reasonable accounting estimates, the Group has ensured that the financial statements it prepares meet the requirements of accounting standards and give a true, accurate and complete view of the financial position and results of operation of the Company.

During the Reporting Period, the Group had a sound internal control system for financial reporting and the system operated well. Based on the result of identification of major defects in internal control over financial accounting of the Company, as at the reference date of internal control assessment, the Group had no material defect or important defect in internal control in respect of financial reporting.

(iii) Internal Control Development

The Group has continually committed to the construction of internal control management system since its establishment. Under the Basic Internal Control Norms for Enterprises and the Guidelines for Internal Control of Securities Companies, the Group continued to improve the internal control system and applied it throughout the operational development of the Company.

During the Reporting Period, based on the Strategic Planning of Internal Control System Development and Development of the Company, the Group advanced and actively forged, by simultaneously carrying on measures, internal control concepts featuring the principles of “three ‘never’ and one ‘pursuing’” (never touching the red line, never stepping on the gray zone, never playing edge ball and pursuing liabilities for violation of disciplines and regulations), and the premise of mastering business, the criterion of practice norms, and the bottom line of regulatory requirements and the purpose of steady development. It has firmly established internal control concept of “standardised operation and steady development” among all the employees of the Company. The Group comprehensively sorted out various internal management systems, and promoted the system of “simultaneous abolition and reform” by batches. The Group also optimised and perfected the systems in terms of the system level definition, the improvement of system and institution regulation and system’s enforceability. In addition, it actively implemented the requirements for full coverage of compliance management, risk management and audit supervision and for the penetration management, and reinforced the penetration management over subsidiaries by formulating guidelines and measures on supervision and management of internal audit of subsidiaries, thereby improving the overall internal control and risk management effectiveness of the Group. It also established “1+5+N” internal control collaboration mechanism, and strengthened the information sharing and collaboration among special supervision departments, so as to promote the coordination and optimisation of constructing internal control system.

SECTION IX CORPORATE GOVERNANCE REPORT

As of the End of the Reporting Period, the Group has established an internal control system that is compatible with the nature, scale and complexity of the Company's business, and comprehensive management systems covering, among others, accounting, audit, financial management and internal audit, which can reasonably guarantee the legality and compliance of the Company's operation and management, asset security, financial reporting and related information, and improve operational efficiency and effectiveness. The Company has established relevant rules including the comprehensive administrative measures for Chinese walls and the insider registration system in accordance with regulatory requirements to strengthen the management of sensitive information and persons with inside information, strictly comply with business restrictions and effectively prevent inappropriate use and dissemination of sensitive information. In addition, the Group has also established the material information internal reporting and public disclosure systems in accordance with laws and regulations, the listing rules for Shanghai and Hong Kong and the Articles of Association to set out clear responsibilities and procedures for significant information reporting and disclosure, and material mistake accountability system, in order to ensure the information disclosed is true, accurate and complete and that all stakeholders of the Group have equal access to relevant information of the Company in a timely manner.

(iv) Evaluation of the Effectiveness of Internal Control

The Group has a mechanism for internal control governance. The audit department of the Company conducts audit on the revenue and expenditure of the main operating units of the Group and their operations and organises at least one self-evaluation on the effectiveness of the Company's internal control system annually in accordance with the annual audit plan approved by the Audit Committee of the Board, which covers financial, operational and compliance controls. The Board has conducted an evaluation of the effectiveness of the Group's internal control for 2023 covering all operating organisations and business units of the Group. If deficiencies in internal control are identified, the Company will promptly adopt rectification measures.

According to the identification standards for defects in internal control over financial reporting and non-financial reporting, as at the reference date of internal control evaluation (as at 31 December 2023), there was no material defect or important defect in the Group's internal control. Between the reference date of internal control evaluation report and the issue date of internal control evaluation report, there was no factors affecting the validity of the conclusion of the internal control evaluation of the Group.

The Board understands that the risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has reviewed the effectiveness of the Group's risk management and internal control systems and believes that the risk management and internal control systems were effective and sufficient during the Reporting Period.

For the scope and findings of the Group's review/inspection, please refer to "SECTION IV DISCUSSION AND ANALYSIS ON OPERATION – III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY – (vi) Establishment of Risk Management System" in this report, "VIII. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM – (i) Statement of the Board Regarding Its Liabilities on Internal Control" of this section "CORPORATE GOVERNANCE REPORT" in this report, and "XII. DEVELOPMENT OF COMPLIANCE MANAGEMENT SYSTEM, AND INSPECTION AND AUDIT COMPLETED BY THE COMPLIANCE DEPARTMENT AND THE AUDIT DEPARTMENT DURING THE REPORTING PERIOD" of this section "CORPORATE GOVERNANCE REPORT" in this report.

IX. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

During the Reporting Period, in order to effectively control operational risks and protect the legitimate rights and interests of shareholders, the Company exercised management control over its subsidiaries in accordance with national laws and regulations, such as the Company Law, and the regulatory systems, such as the Articles of Association, and performed functions of guidance, management and supervision over its subsidiaries in strict accordance with laws and regulations and corporate governance procedures, including but not limited to: strategic planning management, shareholding management, key personnel management, risk management, financial and capital management, audit management, as well as management of information reporting and material matters.

SECTION IX CORPORATE GOVERNANCE REPORT

X. INFORMATION ON AUDIT REPORT OF INTERNAL CONTROL

The Company has engaged Ernst & Young Hua Ming LLP as the audit firm for internal control. Ernst & Young Hua Ming LLP issued the Audit Report of Internal Control of China Galaxy Securities Co., Ltd.

For details of the audit report of internal control, please refer to the 2023 Audit Report of Internal Control of China Galaxy Securities Co., Ltd. published by the Company on the website of the SSE.

XI. RECTIFICATION OF ISSUES IDENTIFIED IN SELF-INSPECTION FOR SPECIAL ACTION ON GOVERNANCE OF LISTED COMPANIES

The Company has attached great importance to the construction of the governance mechanism of listed companies, and continued to improve the internal control standard system. During the Reporting Period, the Company actively carried out self-inspection and self-correction activities in related fields such as party building and corporate governance. The Company always adheres to the leadership of the Party and gives full play to the role of the grass-roots party organisations of state-owned enterprises in controlling the orientation. The Company has established a corporate governance structure with clear powers and responsibilities, and dynamically improved the corporate governance system. The Company's general meeting, Board of Directors, Supervisory Committee, and operating management exercised their powers and performed their duties in strict accordance with laws and regulations and the Articles of Association. The Company's information disclosure on the SSE and the Hong Kong Stock Exchange was timely, open and transparent, and it has established diversified channels for effective communication with investors, in compliance with relevant laws, regulations and regulatory documents.

XII. DEVELOPMENT OF COMPLIANCE MANAGEMENT SYSTEM, AND INSPECTION AND AUDIT COMPLETED BY THE COMPLIANCE DEPARTMENT AND THE AUDIT DEPARTMENT DURING THE REPORTING PERIOD

(i) Development of Compliance Management System

During the Reporting Period, the development of compliance management system of the Company is as follows:

1. *Improve compliance management organisational structure and provide organisational guarantee.*

Pursuant to the requirements of the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies issued by the CSRC and the Guidelines for the Implementation of Compliance Management of Securities Companies issued by the Securities Association of China, the Company established a multi-level compliance management system covering the Board of Directors and the Compliance and Risk Management Committee under the Board of Directors, the Supervisory Committee, the senior management, the Chief Compliance Officer, the Legal and Compliance Headquarters, persons-in-charge and compliance managers of subordinated units (which refer to the business lines, departments, branches and subsidiaries) and all staff members, and correspondingly defined the respective compliance management responsibilities that shall be fulfilled by them. During the Reporting Period, the Company strengthened compliance and accountability of its staff for illegal and noncompliant conduct, and further enhanced the awareness of staff at all levels of the Company and its subordinate units in discharging their duties, thereby effectively raising the awareness of compliance of the Company as a whole. Efforts were made to enhance the integrity management, incorporate integrity risk prevention and control into the business operation process by further improving the integrity risk prevention and control system, strengthening the mechanism of regular inspection of integrity risks, setting up an integrity information communication mechanism, establishing an integrity risk monitoring ledger and boosting integrity education, strengthen the checks and balances of power and the process monitoring, and actively create an atmosphere of integrity culture.

SECTION IX CORPORATE GOVERNANCE REPORT

2. Further optimise the penetration compliance management system and improve the efficiency of internal compliance management of the Company

During the Reporting Period, the Company further optimised its compliance management system in a top-down manner, including compliance management department, compliance teams of business departments and compliance personnel of branches and subsidiaries. Through the “standardisation and regulation” in areas including compliance management tools, compliance review standards, compliance inspection drafts, compliance monitoring indicators and compliance assessment procedures, the efficiency of duty performance of compliance management personnel at all levels was improved. It continued to strengthen the penetrative compliance management of subsidiaries, increase efforts on pre-event and in-event control, enhance the effectiveness of duty performance by compliance personnel of subsidiaries and the level of compliance management, and improve early warning of compliance risks. Actions were taken to work out anti-money laundering management solutions for overseas subsidiary bodies, and enhance the guidance on anti-money laundering of subsidiaries.

3. Adhere to the “risk-based” principle and strengthen the risk management of money laundering and terrorist financing

During the Reporting Period, the Company adhered to the “risk-based” principle, organised all subordinated units to complete the basic work and key tasks about anti-money laundering, and enhanced its overall anti-money laundering work level and money laundering risk prevention capabilities. The Company optimised its customer money laundering risk management framework and revised the important internal control system of anti-money laundering. Various parties worked together to complete a self-evaluation on money laundering risks and to improve the money laundering risk control mechanism and prevention and control strategies. Efforts were made to establish a sound mechanism for management of high-risk customers and strengthen the assessment and management of money laundering risk in new business. It dynamically adjusted and optimised the monitoring indicator system and continuously improved the quality of reports on suspicious transactions. Efforts were stepped up on the development of the information system to strengthen the foundation of daily management on anti-money laundering. The Company conducted solid training and publicity to promote the Company’s money laundering risk management culture. It closely cooperated with the regulatory authorities and shareholders to carry out research, training and so forth, and promoted industry exchanges and information sharing.

4. Improve the management of Chinese walls, conflicts of interest and staff practice to provide compliance protection for its business

The Company strengthened internal control management, continuously increased the management standard of Chinese walls and conflicts of interest, improved the Chinese wall system functions, and completed special inspections of Chinese walls of key business lines; consolidated the embedded business system process for conflicts of interest management, supported post setting and staffing for conflicts of interest management, enhanced identification and assessment of conflicts of interest, conflicts of interest management measures and avoidance of conflicts of interest; and constantly carried out inspections on staff’s securities investment behaviours, inspections of accounts and training and publicity for hot issues and typical violations of laws and regulations, thereby regulating staff’s practice.

SECTION IX CORPORATE GOVERNANCE REPORT

(ii) Inspections Completed by Compliance Department

During the Reporting Period, the Legal and Compliance Headquarters organised a number of on-site compliance inspections covering relevant business units, such as investment banking, wealth management, institutional business, investment and subsidiaries, and relevant functional departments, such as the Human Resources Department, the Office and the Audit Headquarters. Problems were identified and rectified in a timely manner. The regional compliance officers conducted on-site compliance inspections over various branches, during which problems were found and corrective actions were promptly taken.

(iii) Inspections and Audits Completed by Audit Department

During the Reporting Period, the Company placed the focus of its internal audits on key areas, significant matters and key aspects, in a bid to achieve effective results in the audit work. It organised policy tracking audits, audits on economic liabilities, special audits and comprehensive audits while ensuring the fulfillment of industry regulatory audit requirements. During the Reporting Period, the audit department of the Company organised and conducted a total of 244 audits, including 7 internal control audits on its annual self-evaluation of the internal control, annual assessment of the compliance effectiveness, and its securities investment fund custody business; 10 special audits on quality management of bond financing projects; 8 audits on economic liabilities of department heads at headquarters; 7 audits on economic liabilities and special audits of subsidiaries; 17 audits on internal control and economic liabilities of branches; 109 audits on internal control over securities branches, and 86 audits on economic liabilities of persons in charge of securities branches.

XIII. MISCELLANEOUS

(i) Rights of Shareholders

The Company convenes and holds general meetings in strict compliance with the relevant requirements of the Articles of Association, and the Rules of Procedures of the General Meetings, ensuring all shareholders, in particular medium and small shareholders, are able to enjoy equal status and sufficiently exercise their respective rights. All Directors, Supervisors and the senior management of the Company attended the general meetings and answered questions from shareholders in accordance with the provisions of the Articles of Association.

(ii) Compliance with the Code on Securities Transactions

The Company has adopted the Model Code for securities transactions by Directors and Supervisors. The Company has made specific enquiries to all Directors and Supervisors concerning the compliance with the Model Code. All Directors and Supervisors confirmed that they have complied with all standards set out in the Model Code during the Reporting Period.

SECTION IX CORPORATE GOVERNANCE REPORT

(iii) Responsibilities of Directors for Financial Statements

The following responsibility statement of Directors regarding the financial statements shall be read in conjunction with the responsibility statement of the public certified accountants included in the Independent Auditor's Report of this report. Each responsibility statement shall be understood separately.

All Directors acknowledge and confirm that they have responsibilities to compile the financial statements which truly reflects the business results of the Company in each financial year. To the best knowledge of all Directors, there are no events or situations which may cause any material adverse impact on the ongoing operations of the Company.

(iv) Appointment and Remuneration of Audit Firms

1. With the approval by the 2022 annual general meeting, the Company appointed Ernst & Young Hua Ming LLP and Ernst & Young as the Company's external auditors for 2023 to be responsible for the provision of related audit services and review services in accordance with the PRC Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively.

	Current appointment
Name of the domestic accounting firm	Ernst & Young Hua Ming LLP
Name of certified public accountant of domestic accounting firms	Leung Shing Kit, Shi Yuxuan (師宇軒)
Cumulative years of audit service for certified public accountants of domestic accounting firms	5 years
Name of the overseas accounting firm	Ernst & Young
Term of audit service of the overseas accounting firm	5 years

Remuneration for accounting firms: In accordance with a resolution passed at the 2022 annual general meeting of the Company, the annual external audit fee of the Company in 2023 amounted to RMB5.30 million, in which the interim review fee amounted to RMB1.44 million, the annual audit fee amounted to RMB2.84 million, the annual internal control audit fee amounted to RMB330,000, fee of agreed procedures for the first and the third quarters amounted to RMB580,000 and the environment, social and governance assurance fee amounted to RMB110,000. In 2023, the balance of audit fee for last year and the audit fee for this year paid by the Company to Ernst & Young Hua Ming LLP and Ernst & Young amounted to RMB5.225 million.

2. In addition to the above annual audit fee, the Group incurred total costs of RMB15.9881 million in 2023 as it hired other external audit firms to provide audit services such as off-office audit and economic responsibility audit.
3. In 2023, the Group hired Ernst & Young and other external audit firms to provide non-audit services for bond issuance, final settlement and payment of enterprise income taxes and so forth, and incurred total costs of RMB1.2044 million.

(v) Review by the Audit Committee

The Audit Committee has reviewed the 2023 Consolidated Financial Statements of the Company.

(vi) Company Secretary

During the Reporting Period, Ms. Ng Ka Man, the company secretary of the Company, was responsible for making recommendations on issues related to corporate governance to the Board, and ensuring the policies and procedures of the Board, applicable laws, rules and regulations were strictly followed. The main contact person of the Company is Mr. Wang Sheng, Executive Director and Chairman.

According to Rule 3.29 of the Stock Exchange Listing Rules, Ms. Ng Ka Man received relevant professional training of no less than 15 hours during the Reporting Period.

SECTION IX CORPORATE GOVERNANCE REPORT

(vii) Communication with Shareholders

The general meeting is the supreme authority of the Company. Shareholders exercise their rights through the general meeting. The Company formulated corresponding system to ensure the compliance of convening and holding general meeting. The Company clearly specified all rights of shareholders in the Articles of Association to ensure the right to information of shareholders, especially small and medium shareholders, and equality among all shareholders.

The Company highly respects the opinions and suggestions of shareholders, and has adopted communication with shareholders, with an aim to provide shareholders accurate and timely information, and maintain communication between the parties through diversified channels, to increase the transparency of the information disclosure of the Company. The Company has assigned dedicated persons to conduct various types of investor relations activities and communicate with shareholders in order to meet their reasonable requirements. Meanwhile, through the “Investor Relations” section on the website at www.chinastock.com.cn, the Company publishes announcements, financial data and other information of the Company to serve as an alternative channel promoting effective communication with shareholders. Shareholders can also make enquiries by phone, by email or write directly to the office address of the Company, which will be dealt with appropriately in a timely manner. Please refer to “SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION” in this report for the contact details.

The Company welcomes all shareholders to attend general meetings and provides convenience to shareholders who are attending if allowable. The Company’s Directors, Supervisors and senior management officers will attend general meetings. In accordance with code provision F.2.2 of the CG Code, the chairman of the Board, the Audit Committee, the Nomination and Remuneration Committee and the chairman of other special committees under the Board of Directors shall attend annual general meetings to answer questions raised at annual general meetings and the Company’s management shall ensure that the externally hired auditor will attend annual general meetings to answer the relevant questions raised by shareholders.

Shareholders may convene an extraordinary general meeting or a class meeting pursuant to Article 76 and Article 81 of the Articles of Association and put forward proposals. Shareholders may attend and vote at general meetings in person and by proxy. The minutes, the signature book of attending shareholders and the written proxy forms shall be maintained at the address of the Company. The copies of the minutes are available to all shareholders for inspection during business hours for free. The Articles of Association have been published on the website of the Company and the HKExnews website of the Hong Kong Stock Exchange.

The Company shall arrange the Board to answer questions raised by shareholders during the 2023 annual general meeting.

Through its official website, new media, telephone, fax, email, investor education bases and other channels, the Company communicates with investors at annual general meetings, investor presentations, roadshows, analyst meetings, receptions, seminars and so forth on the network infrastructure platforms of an investors’ website (www.investor.org.cn), stock exchanges and securities registration and clearing institutions. The Company has reviewed the aforesaid policy on communication with shareholders, and considers that the Company has provided shareholders with diversified channels for the shareholders to understand the business and operations of the Group, and channels for the shareholders to express their opinions and comments. During the Reporting Period, the Company has actively responded to the feedbacks of shareholders. In view of that, the Company considers the policy on communication with shareholders carried out during the year to be sufficient and effective.

SECTION IX CORPORATE GOVERNANCE REPORT

(viii) Investor Relations

The Company has set up an effective communication channel with investors. It carries out investor relationship maintenance work under the principles of openness and fairness and with a proactive attitude while conforming to the rules. During the Reporting Period, we focused on carrying out various forms of investor reception and communication activities to promote the interactive development of investor relations management and business. We managed investor relations activities by regular, periodic or dynamic category. The Company organised 3 press conferences for results announcements for all investors. It contacted domestic and foreign analysts to hold 2 large-scale research meetings and 27 small-size research meetings, and launched various communication and exchange activities between analysts and investors with nearly 100 attendances. During the Reporting Period, the Company disclosed information in an authentic, accurate, complete and timely manner according to laws, regulations and regulatory requirements to ensure that investors would know the important matters of the Company in a timely manner, protecting the investors' interests to the greatest extent.

(ix) Diversity Policy

1. *Board Diversity Policy and Director Nomination Policy*

The Company has adopted a Board Diversity Policy. The Board Diversity Policy adopted by the Company is summarized as follows: the Company understands and believes that Board diversity is beneficial to the Company, and treats such policy as one important factor for maintaining its competitiveness and realizing sustainable development and achieving strategic goal. The Company has taken the Board member diversity into consideration in various aspects when forming the Board, including but not limited to gender, age, culture and education background, professional experience, skill, knowledge, service term and others. The Company appoints the members of the Board based on the principle of meritocracy and emphasizes on competency, skills and experience required by the overall operation of the Board as much as possible at the time of selecting candidates to ensure the balance of the Board composition.

The Nomination and Remuneration Committee will review and estimate the composition of the Board, conduct review of the qualifications and conditions (including the independence of the independent non-executive Directors) of the candidates for Directors (including independent Directors) based on the selection criteria and procedures and taking into full consideration of the candidates' professional background, career experience and skills, and make suggestions to the Board on the appointment of new Directors of the Company.

The Nomination and Remuneration Committee shall follow the Board Diversity Policy when recommending candidates for election. The Nomination and Remuneration Committee is responsible for monitoring the implementation of the Board Diversity Policy. The Board and the Nomination and Remuneration Committee review the Board Diversity Policy on a regular basis. During the Reporting Period, the Nomination and Remuneration Committee nominated Ms. Li Hui as the candidate for non-executive Director of the fourth session of the Board. When nominating, the Company has taken into consideration her diverse background and extensive experience in stock markets, business administration, financial management and risk control as well as legal, compliance, gender and other aspects, which will play a positive role in maintaining the Company's competitive advantage, attaining sustainable development, achieving strategic objectives, and improving management efficiency and governance. The Board and the Nomination and Remuneration Committee shall discuss measurable objectives from time to time to achieve Board diversity. In terms of gender diversity, The Board of the Company has now achieved its goal of gender diversity. As at the date of disclosure of this report, there are seven male and three female members on the Board. the Company expects to maintain the current number of 3 female members in the Board in 2024. In addition, the Group offered all rounded trainings to both male and female employees who are considered as having suitable experience, skills and knowledge of the Group's operation and business, including but not limited to, operation, management, accounting, finance, and compliance. The Board considered that such strategy will offer chances for the Board to identify capable female employees to be nominated as a member of the Board in future with an aim to achieve gender diversity in the Board in the long run.

SECTION IX CORPORATE GOVERNANCE REPORT

Currently, the diversified composition of the Board of the Company is as follows:

Gender		Age		
Male 7 persons	Female 3 persons	40 to 49 2 persons	50 to 59 4 persons	60 to 69 4 persons
Position				
Executive Director 2 persons		Non-executive Director 4 persons		Independent non-executive Director 4 persons

2. Staff Diversity Policy

For details on staff diversity, including senior management, please refer to “SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF – VI. STAFF AND REMUNERATION” in this report.

(x) Amendments to the Articles of Association

The Company received the Approval of the Qualification of Market-Making Trading Business of Listed Securities for China Galaxy Securities Co., Ltd. (Zheng Jian Xu Ke [2022] No. 2170) on 16 September 2022 and the Approval of the Qualification of Market-Making Business of Stock Options for China Galaxy Securities Co., Ltd. (Zheng Jian Xu Ke [2022] No. 2941) on 21 November 2022. As required by the CSRC, the Company shall add “market making business of stock options” and “market making trading business of listed securities” in the business scope of Article 13 of the Articles of Association. The above amendments were considered and approved at the 14th Meeting (Extraordinary) of the Fourth Session of the Board of Directors on 17 February 2023 and the first extraordinary general meeting on 10 March 2023 in accordance with the corporate governance procedures.

CHINA GALAXY SECURITIES CO., LTD.
(Established in the People's Republic
of China with limited liability)
Report and Consolidated Financial Statements
For the year ended 31 December 2023
(Prepared in accordance with International Financial
Reporting Standards)

SECTION X INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

To the Shareholders of China Galaxy Securities Co., Ltd.

(Established in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of China Galaxy Securities Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 166 to 291, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

SECTION X INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

To the Shareholders of China Galaxy Securities Co., Ltd.

(Established in the People's Republic of China with limited liability)

Key audit matter

How our audit addressed the key audit matter

Consolidation of structured entities

The Group has acquired ownership interests in the structured entities through launch or investment. The total net assets of the consolidated structured entities were RMB39,007 million as at 31 December 2023 and the amount was significant to the consolidated financial statements. When determining whether a structured entity should be consolidated, a combination of factors need to be assessed according to the terms of the related contracts, including the Group's power over the structured entities, all variable returns obtained including investment income and management's remuneration, the circumstances under which the managers of the relevant structured entities can be removed. The assessment involves significant management's judgement and estimation.

Due to the above reasons, we identified the consolidation of structured entities as a key audit matter in our audit of the consolidated financial statements.

Relevant disclosures are included in Note 3.1 and Note 48 to the consolidated financial statements.

Our procedures in relation to the assessment of the consolidation scope of structured entities included:

- Testing and evaluating key controls of management on determining the consolidation of structured entities;
- Obtaining the list of the structured entities that the Group has acquired ownership interests through launch or investment. Reading the related investment contracts and service agreements in respect of the structured entities sampled from the complete list of the structured entities to assess the appropriateness of management's judgement of whether the Group controls these structured entities by considering the following factors:
 - The relevant activities of these structured entities and how variable returns were generated;
 - All variable returns entitled, primarily investment income and management's remuneration;
 - The Group's power over these structured entities and how it could affect the variable returns; and
 - Under what circumstances the managers of the relevant structured entities could be removed.
- Evaluating whether the disclosures of the structured entities in the financial statements comply with the requirements of accounting standards.

SECTION X INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

To the Shareholders of China Galaxy Securities Co., Ltd.

(Established in the People's Republic of China with limited liability)

Key audit matter

How our audit addressed the key audit matter

Measurement of expected credit losses ("ECLs")

As at 31 December 2023, the total carrying amount of financial assets measured at amortised cost and debt instruments measured at fair value through other comprehensive income held by the Group was RMB395,762 million, and the loss allowance that had been recognised for these financial assets on the basis of ECLs was RMB1,579 million, which was significant to the consolidated financial statements.

The Group measured the loss allowance for the financial instruments according to the ECL model. To measure the ECLs, management needs to make significant judgements and estimations on determining the timing of significant increase in credit risk, dividing the assets into groups with similar credit risk characteristics, assessing the models and assumptions used and estimating the cash flows that the Group expects to receive, and the forward-looking information.

Due to the above reasons, we identified the measurement of ECLs as a key audit matter in our audit of the consolidated financial statements.

Relevant disclosures are included in Note 2.5, Note 3 and Note 57.1 to the consolidated financial statements.

Our procedures in relation to management's measurement of ECLs included:

- Testing and evaluating management's key controls on the measurement of ECLs;
- Assessing the appropriateness of the impairment model used by management by evaluating the basis of the key assumptions and parameters such as the judgement of significant increase in credit risk, the division of the asset group with similar credit risk characteristics, the expectation of future cash flows, and the forward-looking information;
- Examining significant data inputs into the ECL model, including probability of default, loss given default, exposure at default, and reviewing the accuracy of the model calculation;
- For the credit-impaired assets, assessing the loss allowance computed by management with reference to the financial information of the borrowers, and the fair value of collateral, as appropriate; and
- Evaluating whether the disclosure of ECLs for financial assets in the financial statements met the requirements of accounting standards.

In the audit, we involved our internal experts to evaluate the methods, assumptions and important parameters of the ECL model.

SECTION X INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

To the Shareholders of China Galaxy Securities Co., Ltd.

(Established in the People's Republic of China with limited liability)

Key audit matter

How our audit addressed the key audit matter

Valuation of financial instruments measured at Level 3 fair value

As at 31 December 2023, the financial assets and financial liabilities measured at fair value held by the Group were RMB357,120 million and RMB45,170 million respectively, of which the financial assets and financial liabilities classified as Level 3 were RMB13,989 million and RMB4,601 million respectively and it was significant to the consolidated financial statements. Fair values of these financial instruments measured at Level 3 fair value were determined using valuation techniques. Selection of appropriate valuation techniques, relevant assumptions and unobservable inputs involves significant management's estimation.

Due to the above reasons, we identified the valuation of financial instruments measured at Level 3 fair value as a key audit matter in our audit of the consolidated financial statements.

Relevant disclosures are included in Note 2.5, Note 3 and Note 58 to the consolidated financial statements.

Our procedures in relation to the valuation of financial instruments measured at Level 3 fair value included:

- Testing and evaluating key controls of management on the valuation of financial instruments measured at Level 3 fair value;
- Evaluating the consistency of the valuation techniques used by management;
- Testing and evaluating relevant assumptions and inputs used;
- Evaluating the competency of valuation experts used by management in the valuation process and involving our internal valuation specialists to assess the models used. Assessing the reasonableness of management-related valuations by re-performing independent valuations; and
- Evaluating whether the disclosure of the fair value assessment of financial instruments measured by fair value and classified as Level 3 in the financial statements met the requirements of accounting standards.

Other information included in the Annual Report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

SECTION X INDEPENDENT AUDITOR'S REPORT

Responsibilities of the directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the directors of the Company, are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

SECTION X INDEPENDENT AUDITOR'S REPORT

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Shing Kit.

Ernst & Young

Certified Public Accountants

Hong Kong

28 March 2024

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	2023	2022 (Restated)
CONTINUING OPERATIONS			
Revenue			
Commission and fee income	5	7,581,992	8,513,989
Interest income	6	14,448,369	14,289,720
Investment income and gains or losses	7	7,657,861	5,590,112
		29,688,222	28,393,821
Income from bulk commodity trading		14,891,711	15,054,121
Other income, gains and losses	8	382,182	333,109
Total revenue, gains and other income		44,962,115	43,781,051
Depreciation and amortisation	9	(1,099,009)	(970,421)
Staff costs	10	(7,144,915)	(7,130,113)
Commission and fee expenses	11	(1,027,142)	(996,939)
Interest expenses	12	(10,285,645)	(9,126,572)
Cost from bulk commodity trading		(14,705,228)	(15,072,383)
Other operating expenses	13	(2,510,588)	(2,373,786)
Impairment losses, net of reversal	14	(20,122)	12,061
Credit loss expense	14	(33,501)	(152,903)
Total expenses		(36,826,150)	(35,811,056)
Share of results of joint ventures		(2,316)	872
Profit before income tax		8,133,649	7,970,867
Income tax expense	15	(249,640)	(202,385)
Profit for the year		7,884,009	7,768,482
Profit for the year attributable to:			
Owners of the Company		7,878,769	7,767,550
Non-controlling interests		5,240	932
Earnings per share (Expressed in RMB per share)			
– Basic	16	0.67	0.70
– Diluted	16	0.65	0.67

The accompanying notes form an integral part of these consolidated financial statements.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

	2023	2022 (Restated)
Profit for the year	7,884,009	7,768,482
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Fair value gains/(losses) on investments in equity instruments measured at fair value through other comprehensive income	497,203	(1,158,178)
Income tax effect on changes in fair value	(124,254)	289,229
Remeasurement of defined benefit obligation	(21,919)	(12,980)
Subtotal	351,030	(881,929)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	1,029	243,749
Debt instruments measured at fair value through other comprehensive income:		
– Fair value changes arising during the year	491,844	(1,971,198)
– Reclassification adjustments included in profit or loss	1,041,645	1,021,337
– Income tax that may be reclassified subsequently	(383,372)	237,465
Fair value losses on hedging instruments designated in cash flow hedges	–	(45)
Subtotal	1,151,146	(468,692)
Other comprehensive income/(expense) for the year (net of tax)	1,502,176	(1,350,621)
Total comprehensive income for the year (net of tax)	9,386,185	6,417,861
Total comprehensive income for the year attributable to:		
Owners of the Company	9,380,945	6,416,929
Non-controlling interests	5,240	932
	9,386,185	6,417,861

The accompanying notes form an integral part of these consolidated financial statements.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	As at 31 December 2023	As at 31 December 2022 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	18	669,630	688,037
Investment properties		7,248	7,444
Right-of-use assets	19	1,656,263	1,687,952
Goodwill	20	1,032,951	1,046,185
Other intangible assets	21	820,541	750,259
Interests in joint ventures	22	244,771	61,769
Financial assets measured at fair value through profit or loss	23	27,344,835	33,758,289
Debt instruments measured at fair value through other comprehensive income	25	90,829	83,795
Equity instruments measured at fair value through other comprehensive income	26	45,173,149	38,395,017
Debt instruments measured at amortised cost	27	959,951	2,293,041
Financial assets held under resale agreements	24	11,452,478	11,179,306
Deposits with exchanges and non-bank financial institutions	29	1,483,680	1,043,429
Other receivables and prepayments	28	1,176,861	1,180,211
Advances to customers	31	–	20,731
Deferred tax assets	30	276,155	394,848
Bank balances – fixed deposits	35	–	–
Total non-current assets		92,389,342	92,590,313
Current assets			
Advances to customers	31	91,217,899	84,308,585
Accounts receivable	32	12,943,204	10,481,417
Tax recoverable		322,382	785,099
Other receivables and prepayments	28	6,883,979	6,659,643
Financial assets measured at fair value through profit or loss	23	178,838,657	138,164,490
Debt instruments measured at fair value through other comprehensive income	25	97,267,109	109,241,168
Debt instruments measured at amortised cost	27	1,338,072	414,878
Financial assets held under resale agreements	24	11,296,675	9,114,091
Derivative financial assets	33	8,405,035	2,630,533
Deposits with exchanges and non-bank financial institutions	29	20,777,564	15,026,267
Clearing settlement funds	34	27,900,176	39,811,103
Bank balances	35	113,625,203	115,995,341
Total current assets		570,815,955	532,632,615

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 31 DECEMBER 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	As at 31 December 2023	As at 31 December 2022 (Restated)
Total assets		663,205,297	625,222,928
EQUITY AND LIABILITIES			
Equity			
Share capital	36	10,934,402	10,137,280
Other equity instruments	37	29,828,323	15,935,691
Reserves	38	59,434,640	48,551,376
Retained profits	38	30,268,996	27,974,379
Equity attributable to owners of the Company		130,466,361	102,598,726
Non-controlling interests		28,425	23,185
Total equity		130,494,786	102,621,911
Liabilities			
Non-current liabilities			
Bonds payable	39	68,731,531	64,539,717
Debt instruments	40	309,594	294,781
Financial liabilities measured at fair value through profit or loss	41	6,181,322	7,487,227
Other payables and accruals	42	179,311	209,790
Lease liabilities	19	1,007,158	1,203,991
Deferred tax liabilities	30	209,301	190,426
Total non-current liabilities		76,618,217	73,925,932
Current liabilities			
Bonds payable	39	29,687,047	30,886,076
Due to banks and other financial institutions	43	16,956,888	27,423,638
Debt instruments	40	28,227,730	29,305,088
Accounts payable to brokerage clients	44	120,261,793	129,645,925
Accrued staff costs	45	6,043,755	5,677,301
Other payables and accruals	42	53,710,046	37,820,022
Lease liabilities	19	688,572	520,012
Current tax liabilities		175,142	153,199
Financial liabilities measured at fair value through profit or loss	41	33,472,853	26,150,568
Derivative financial liabilities	33	5,515,913	2,597,860
Financial assets sold under repurchase agreements	46	161,352,555	158,495,396
Total current liabilities		456,092,294	448,675,085
Total liabilities		532,710,511	522,601,017
Total equity and liabilities		663,205,297	625,222,928

The accompanying notes form an integral part of these consolidated financial statements.

Approved and authorised for issue by the Board of Directors on 28 March 2024 and signed on its behalf by:

WANG SHENG

DIRECTOR

XUE JUN

DIRECTOR

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

	Equity attributable to owners of the Company											Total equity
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Reserves				Retained profits	Subtotal	Non-controlling interests	
					Cash flow hedging reserve	Translation reserve	General reserves	Other reserves				
At 31 December 2021	10,137,259	14,885,851	25,051,470	1,124,070	(814)	(270,263)	21,333,879	(55,755)	26,750,101	98,955,798	22,253	98,978,051
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	2,007	2,007	-	2,007
At 1 January 2022 (restated)	10,137,259	14,885,851	25,051,470	1,124,070	(814)	(270,263)	21,333,879	(55,755)	26,752,108	98,957,805	22,253	98,980,058
Profit for the year	-	-	-	-	-	-	-	-	7,767,550	7,767,550	932	7,768,482
Other comprehensive income for the year	-	-	-	(1,581,345)	(45)	243,749	-	(12,980)	-	(1,350,621)	-	(1,350,621)
Total comprehensive income for the year	-	-	-	(1,581,345)	(45)	243,749	-	(12,980)	7,767,550	6,416,929	932	6,417,861
Appropriation to general reserves	-	-	-	-	-	-	2,282,679	-	(2,282,679)	-	-	-
Capital increase by Convertible corporate bonds holders	21	1,049,840	181	-	-	-	-	-	-	1,050,042	-	1,050,042
Dividend declared (Note 17)	-	-	-	-	-	-	-	-	(3,142,550)	(3,142,550)	-	(3,142,550)
Distribution of interest to shareholders of perpetual bonds	-	-	-	-	-	-	-	-	(683,500)	(683,500)	-	(683,500)
Other comprehensive income that has been reclassified to retained profits	-	-	-	436,550	-	-	-	-	(436,550)	-	-	-
At 31 December 2022 (restated)	10,137,280	15,935,691	25,051,651	(20,725)	(859)	(26,514)	23,616,558	(68,735)	27,974,379	102,598,726	23,185	102,621,911

The accompanying notes form an integral part of these consolidated financial statements

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

	Equity attributable to owners of the Company											Total equity
	Share capital	Other equity instruments	Capital reserve	Reserves					Retained profits	Subtotal	Non-controlling interests	
				Investment revaluation reserve	Cash flow hedging reserve	Translation reserve	General reserves	Other reserves				
At 31 December 2022	10,137,280	15,935,691	25,051,651	(20,725)	(859)	(26,514)	23,616,558	(68,735)	27,965,366	102,589,713	23,185	102,612,898
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	9,013	9,013	-	9,013
At 1 January 2023 (restated)	10,137,280	15,935,691	25,051,651	(20,725)	(859)	(26,514)	23,616,558	(68,735)	27,974,379	102,598,726	23,185	102,621,911
Profit for the year	-	-	-	-	-	-	-	-	7,878,769	7,878,769	5,240	7,884,009
Other comprehensive income for the year	-	-	-	1,523,066	-	1,029	-	(21,919)	-	1,502,176	-	1,502,176
Total comprehensive income for the year	-	-	-	1,523,066	-	1,029	-	(21,919)	7,878,769	9,380,945	5,240	9,386,185
Appropriation to general reserves	-	-	-	-	-	-	2,313,439	-	(2,313,439)	-	-	-
Capital increase by other equity instrument holders	-	14,942,472	-	-	-	-	-	-	-	14,942,472	-	14,942,472
Convertible corporate bonds converted into share capital and capital reserve	797,122	(1,049,840)	7,172,452	-	-	-	-	-	-	6,919,734	-	6,919,734
Dividend declared (Note 17)	-	-	-	-	-	-	-	-	(2,331,516)	(2,331,516)	-	(2,331,516)
Distribution of interest to shareholders of perpetual bonds	-	-	-	-	-	-	-	-	(1,044,000)	(1,044,000)	-	(1,044,000)
Other comprehensive income that has been reclassified to retained profits	-	-	-	(104,803)	-	-	-	-	104,803	-	-	-
At 31 December 2023	10,934,402	29,828,323	32,224,103	1,397,538	(859)	(25,485)	25,929,997	(90,654)	30,268,996	130,466,361	28,425	130,494,786

The accompanying notes form an integral part of these consolidated financial statements.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	2023	2022
OPERATING ACTIVITIES			
Profit before income tax		8,133,649	7,970,867
Adjustments for:			
Interest expenses		10,285,645	9,126,572
Share of results of joint ventures		2,316	(872)
Depreciation and amortisation		1,099,009	970,421
Impairment losses, net of reversal		20,122	(12,061)
Credit loss expense		33,501	152,903
(Gains)/losses on disposal of property and equipment and other intangible assets		(14,564)	3,179
Foreign exchange losses		3,370	13,760
Net realised gains from disposal of debt instruments measured at fair value through other comprehensive income		(1,055,879)	(997,163)
Net realised (gains)/losses from disposal of equity instruments measured at fair value through other comprehensive income		(139,737)	436,549
Net realised gains from disposal of debt instruments measured at amortised cost		-	(78,458)
Interest income from debt instruments measured at fair value through other comprehensive income		(3,734,384)	(3,688,596)
Interest income from other financial assets		(29,966)	(116,571)
Dividend income from equity instruments measured at fair value through other comprehensive income		(1,988,131)	(2,056,389)
Interest income from debt instruments measured at amortised cost		(104,892)	(109,461)
Unrealised fair value (gains)/losses on financial assets measured at fair value through profit or loss		(1,711,812)	5,538,925
Unrealised fair value losses/(gains) on financial liabilities measured at fair value through profit or loss		898,077	(2,255,411)
Unrealised fair value gains on derivative financial instruments		(3,706,297)	(1,688,604)
		7,990,027	13,209,590

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	2023	2022
OPERATING ACTIVITIES (continued)			
Operating cash flows before movements in working capital		7,990,027	13,209,590
(Increase)/decrease in advances to customers		(6,936,686)	13,803,183
(Increase)/decrease in accounts receivable and other receivables and prepayments		(2,209,810)	(999,794)
(Increase)/decrease in financial assets held under resale agreements		(2,389,180)	1,913,465
Increase in financial assets at fair value through profit or loss and derivative financial assets		(32,526,579)	(42,080,429)
Increase in deposits with exchanges and non-bank financial institutions		(6,213,870)	(4,091,873)
Decrease/(increase) in clearing settlement funds – clients		11,345,654	(5,230,701)
Decrease in cash held on behalf of customers		2,721,901	3,257,643
Increase in accounts payable to brokerage clients, accrued staff costs and other payables and accruals		6,472,018	10,742,090
Increase in financial liabilities measured at fair value through profit or loss and derivative financial liabilities		7,183,284	18,271,494
Increase in financial assets sold under repurchase agreements		2,810,413	23,635,059
(Decrease)/increase in amounts due to banks and other financial institutions		(12,139,000)	2,899,000
Decrease/(increase) in restricted bank deposits		46,607	(513,462)
Cash from operations		(23,845,221)	34,815,265
Income taxes paid		(218,849)	(1,029,737)
Interest paid		(6,129,067)	(4,959,986)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(30,193,137)	28,825,542
INVESTING ACTIVITIES			
Dividends and interest received from investments		6,270,960	5,709,992
Purchases of property and equipment and other intangible assets		(695,160)	(1,153,832)
Proceeds from disposal of property and equipment and other intangible assets		23,301	(3,370)
Capital injection to joint ventures		(185,318)	(30,648)
Purchases of debt instruments at fair value through other comprehensive income		(204,829,764)	(272,744,154)
Proceeds from disposal of debt instruments at fair value through other comprehensive income		219,539,049	245,462,810
Purchases of equity instruments at fair value through other comprehensive income		(25,781,815)	(17,880,513)
Proceeds from disposal of equity instruments at fair value through other comprehensive income		19,500,888	13,157,438
Purchases of debt instruments measured at amortised cost		(1,247,860)	(851,104)
Proceeds from disposal of debt instruments measured at amortised cost		1,618,029	3,442,909
Capital transactions with non-controlling interests		(1,216,718)	-
Placement of bank deposits with original maturity of more than three months		(1,102,222)	(717,919)
Maturity of bank deposits with original maturity of more than three months		730,135	797,367
NET CASH FLOWS USED IN INVESTING ACTIVITIES		12,623,505	(24,811,024)

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	2023	2022
FINANCING ACTIVITIES			
Transaction costs paid on issuance of bonds		(170,566)	(221,403)
Proceeds from bonds issued		40,200,000	30,555,000
Repayment of bonds issued		(30,401,990)	(26,000,209)
Proceeds from debt instrument payables issued		47,716,113	67,053,560
Repayment of debt instrument issued		(48,882,359)	(68,814,975)
Proceeds from amounts due to banks and other financial institutions		1,648,057	453,586
Cash repayment of third-party interests in consolidated structured entities		(189,553)	(70,099)
Interest paid in respect of bonds, borrowings and financial instrument payables		(4,141,997)	(3,976,410)
Dividends paid		(3,069,864)	(3,770,571)
Payment of lease liabilities		(619,300)	(494,598)
Proceeds from issuance of a convertible bond		–	7,744,224
Proceeds from issuance of a perpetual bond		14,942,472	–
NET CASH FLOWS FROM FINANCING ACTIVITIES		17,031,013	2,458,105
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(538,619)	6,472,623
CASH AND CASH EQUIVALENTS AT 1 JANUARY		26,779,084	19,641,442
Effect of foreign exchange rate changes		94,491	665,019
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	47	26,334,956	26,779,084
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		16,287,436	13,547,817

The accompanying notes form an integral part of these consolidated financial statements.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts in thousands of Renminbi, unless otherwise stated)

1. CORPORATE INFORMATION

Pursuant to the approval from the China Securities Regulatory Commission (the “CSRC”), China Galaxy Securities Co., Ltd. (the “Company”) was established in Beijing, the People’s Republic of China (the “PRC”) on 26 January 2007. In May 2013, the Company issued H shares which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). On 23 January 2017, the Company completed its offering of 600 million A shares on the Shanghai Stock Exchange.

The domicile of the Company is Beijing. The registered office (principal place of business) of the Company is located at 101, floors 7-18, building 1, yard 8, Xiyong street, Fengtai District, Beijing, the PRC.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in securities and futures brokerage, institutional sales and investment research, proprietary trading and other securities trading services, margin financing and securities lending, asset management and wealth management, and equity investment management.

The Company’s immediate holding company is China Galaxy Financial Holdings Company Limited (中國銀河金融控股有限責任公司) (“Galaxy Financial Holdings”).

These audited consolidated financial statements were approved by the Board of Directors (the “Board”) on 28 March 2024.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and debt and equity financial assets. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Standards, amendments and interpretations effective in 2023

In the current year, the Group has applied the following new standards, amendments and interpretations to IFRSs that are effective for the Group’s annual period beginning on 1 January 2023.

On 1 January 2023, the Group adopted the following new standards, amendments and interpretations.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS12	<i>International Tax Reform – Pillar Two Model Rules</i>
<i>Amendments to IAS12</i>	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.2 Standards, amendments and interpretations effective in 2023 (continued)

As a consequence of the amendments to IFRS 17 issued in June 2020, the effective date of IFRS 17 was deferred to 1 January 2023, and IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Based on the assessment, the Group does not expect a material exposure to Pillar Two income taxes.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.2 Standards, amendments and interpretations effective in 2023 (continued)

The Group has summarized the impact of the implementation of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on main financial indicators of the comparative years as follows:

	Before accounting policy change 31 December 2022	Impact of IAS 12 Amendments	After accounting policy change 31 December 2022
Deferred tax assets	387,644	7,204	394,848
Deferred tax liabilities	192,235	(1,809)	190,426
Retained profits	27,965,366	9,013	27,974,379

	Before accounting policy change 2022	Impact of IAS 12 Amendments	After accounting policy change 2022
Income tax expense	209,391	(7,006)	202,385
Profit for the year	7,761,476	7,006	7,768,482

The adoption of amendments to IAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.3 Possible impact of amendments, new standards and interpretations issued but not yet effective

Up to the date of issue of the financial statements, the IASB has issued the following amendments, new standards and interpretations which are relevant to the Group. These amendments, new standards and interpretations are not yet effective for the year ended 31 December 2023 and have not been adopted in the financial statements.

Standards		Effective for annual periods beginning on or after
(1) Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No mandatory effective date yet determined but available for adoption
(2) Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
(3) Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
(4) Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
(5) Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
(6) Amendments to IAS 21	Lack of Exchangeability	1 January 2025

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.3 Possible impact of amendments, new standards and interpretations issued but not yet effective (continued)

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as at 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- (a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) Exposure, or rights, to variable returns from its involvement with the investee
- (c) The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Group's voting rights and potential voting rights

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of OCI (Other comprehensive income) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognised the related assets (including goodwill, liabilities, non-controlling interest and other components of equity), while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Material accounting policies

1) *Business combinations and goodwill*

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

1) *Business combinations and goodwill (continued)*

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the operation and the portion of the cash-generating unit retained.

2) *Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

2) Fair value measurement (continued)

Level 1 – Quoted prices (unadjusted in active markets for identical assets or liabilities)

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within "Share of results of joint ventures" in the statement of profit or loss.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognised its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

3) *Investments in associates and joint ventures (continued)*

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognised the loss within "Share of results of joint venture" in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognised any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4) *Revenue recognition*

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Securities brokerage and investment consulting business

Income from securities brokerage is recognised on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from the brokerage business is recognised when the related services are rendered.

Income from the investment consulting business is recognised when the relevant transactions have been arranged or the relevant services have been rendered.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

4) Revenue recognition (continued)

Revenue from contracts with customers (continued)

(b) Underwriting and sponsorship business

Income from the underwriting and sponsorship business is recognised when the obligation of underwriting or sponsoring is completed.

(c) Asset management business

Income from regular management fees is recognised periodically based on a predetermined fixed percentage of the asset value under the asset management agreement. Income from performance fees is recognised when the performance fee is determinable based on actual performance measurement, as and when contingent criteria associated are met.

(d) Other business

Income from other business is recognised when control of goods or services is transferred to the customers.

5) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash, subject to an insignificant risk of changes in value, and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

6) Leases

The Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognised right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

6) Leases (continued)

The Group as lessee (continued)

At the commencement date of the lease, the Group recognised lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments or a change in the assessment of an option) to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

7) Foreign currencies

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration), the date of the transaction is the date on which the Group initially recognised the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

On consolidation, the assets and liabilities of foreign operations are translated at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates for the reporting period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

7) *Foreign currencies (continued)*

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

8) *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are recognised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

9) *Government grants*

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

10) *Retirement benefit costs and termination benefits*

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognised related restructuring costs.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The Group recognised the following changes in the net defined benefit obligation in the consolidated statement of profit or loss:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

10) Retirement benefit costs and termination benefits (continued)

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reduction in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

11) Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefit accruing to employees (such as wages and salaries) after deducting any amount already paid.

12) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that is taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

12) Taxation (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

13) Property, plant and equipment

Property, plant and equipment including buildings held for use in the supply of services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated residual value rates and useful lives of each class of property and equipment which are required by the operation of the Group are as follows:

Classes	Estimated residual value rates	Useful lives
Buildings	5%	20 – 40 years
Electronic and communication equipment	0 – 4%	3 – 5 years
Motor vehicles	4 – 5%	4 – 10 years
Office equipment	0%	3 – 5 years
Leasehold improvements	0%	Over the lease term ranging from 36 months to 5 years

14) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

15) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The estimated useful life of computer software is 3 years.

16) Impairment of tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of tangible and intangible assets is estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

16) Impairment of tangible and intangible assets (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to other assets of the unit. An impairment loss is recognised immediately in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

17) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income derived from the Group's ordinary course of business is presented as revenue.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

17) Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application or initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

17) Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. For financial instruments other than purchased credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Investment income and gains or losses" line item in profit or loss.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

17) Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as at FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “net investment gains” line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECLs”) on financial assets which are subject to impairment under IFRS 9, including debt instruments measured at FVTOCI or amortised cost, advances to customers, accounts receivable, other receivables, financial assets held under resale agreements, deposits with exchanges and non-bank financial institutions, clearing settlement funds and bank balances. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECLs for accounts receivable without significant financing component. The ECLs on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECLs. The assessment of whether lifetime ECLs should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

17) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

- (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life;
- an actual or expected significant change in the financial instrument's external credit rating;
- an actual or expected internal credit rating downgrade for the borrower;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations;
- an actual or expected significant change in the operating results of the borrower;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- an actual or expected significant change in the quality of credit enhancements;
- significant changes in the expected performance and behaviour of the borrower.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

17) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument at fair value through OCI has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if it has a low risk of default, ii the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of “investment grade” as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- other events that the Group may consider as the evidence of default.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

17) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Measurement and recognition of ECLs

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default and the exposure at default). The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECLs reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECLs is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

For ECLs on loan commitments for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost of the financial asset.

For undrawn loan commitments, the loss allowances are the present value of the difference between:

- (a) the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan; and
- (b) the cash flows that the Group expects to receive if the loan is drawn down.

Except for investments in debt instruments that are measured at FVTOCI and loan commitments, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through the use of a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the investment revaluation reserve without reducing the carrying amounts of these debt instruments.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

17) Financial instruments (continued)

Derecognition of financial assets

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognised an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

17) Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9/IAS 39 permits the entire combined contract to be designated as at FVTPL.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

17) Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at FVTPL (continued)

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities (including bonds payable, debt instruments, other payables and accruals, due to banks and other financial institutions, accounts payable to brokerage clients and financial assets sold under repurchase agreements) are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

17) Financial instruments (continued)

Hedge accounting

The Group designates certain derivatives as hedging instruments.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument; and
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge so that it meets the qualifying criteria again).

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other income, gains and losses" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the losses accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

17) Financial instruments (continued)

Hedge accounting (continued)

Fair value hedges

Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss. The changes in fair value of hedging instruments that are designated and qualify as fair value hedges are recorded in the income statement, together with the changes in fair value of the hedged item attributable to the hedged risk. The net result is included as ineffectiveness in the income statement. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the period to maturity.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting. If the hedged items are derecognised, the unamortised fair value is recorded in profit or loss.

Financial assets sold under repurchase agreements and financial assets held under resale agreements

Financial assets held under resale agreements and financial assets sold under repurchase agreements are recorded at the amount actually paid or received when the transactions occur, and are recognised in the statement of financial position. The assets held under the agreements to resell are registered as off-balance-sheet items, while the assets sold under the agreements to repurchase are recorded in the statement of financial position.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

17) Financial instruments (continued)

Financial assets sold under repurchase agreements and financial assets held under resale agreements (continued)

The bid-ask spread of the financial assets under agreements to resell and financial assets sold under agreements to repurchase is recognised as interest income or interest expense using the effective interest rate method in the reselling or repurchasing period.

Securities lending

The Group lends securities to clients and the cash collateral required under securities lending agreements and interest arising from these agreements are included in “accounts payable to brokerage clients”. Securities lent to clients are not derecognised and are continued to be recorded as “Financial assets at fair value through profit or loss”.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when both of the following conditions are satisfied: (i) the Group currently has a legal enforceable right to set off the recognised amounts; and (ii) the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

18) Inventories

Inventories are recognised at cost for initial recognition. The cost of inventories comprises all costs of purchase, costs of conversion and other costs.

At the balance sheet date, inventories are measured at the lower of cost and net recognised value. When net recognised value is lower than the carrying amount, the Group decreases the carrying amount to net recognised value. The decreased amount is recognised in profit or loss and corresponding allowance is made.

Net recognised value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and related taxes.

19) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in Note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Consolidation of structured entities

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For collective asset management schemes and investment funds where the Group involves as manager and also as investor, the Group considers the scope of its decision-making authority and assesses whether the combination of interests it holds together with its remuneration and credit enhancements creates exposure to variability of returns from the activities of the collective asset management schemes and investment funds that is of such significance that it indicates that the Group is a principal. The collective asset management schemes and investment funds are consolidated if the Group acts in the role of principal.

Determination on classification of financial assets

Classification and measurement of financial assets depends on the results of whether the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or FVTOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 Critical judgements in applying accounting (continued)

Measurement of ECLs

The following significant judgements are required in applying the accounting requirements for measuring the ECLs:

Significant increase in credit risk

ECLs are measured as an allowance equal to 12-month ECLs for stage 1 assets, or lifetime ECLs for stage 2 or stage 3 assets. An asset classified as stage 2 when its credit risk has increased significantly since initial recognition, and it comes to stage 3 when it is credit impaired (but it is not purchased original credit impaired). In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to Note 57 for more details.

The Group has applied a “three-stage” impairment model for ECL measurement based on changes in credit quality since initial recognition of financial assets as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified as “Stage 1” and has its credit risk continuously monitored by the Group;
- If a significant increase in credit risk (“SICR”) since initial recognition is identified, the financial instrument is classified as Stage 2 but is not yet deemed to be credit-impaired. The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative and qualitative criteria have been met:
 - for margin financing: the occurrence of fore-warning credit management actions such as margin call measure triggered based on the pre-determined threshold of the relevant loan balances to collateral ratios, significant deterioration in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements which have an effect on the probability of a default occurring; and
 - for debt securities investments: significant deteriorations between the investment’s initial external or internal credit rating and the credit rating at the reporting date. The Group considers that the debt securities have experienced a significant increase in credit risk if the securities are more than 30 days past due on its contractual payments.
- If the financial instrument is credit-impaired, the financial instrument is then classified as Stage 3. The Group determines a financial instrument to be credit impaired upon the occurrence of credit events including:
 - for margin financing: credit management actions such as force liquidation of a margin client’s position triggered based on the pre-determined threshold of margin loan to collateral ratios; and collateral valuation falling short of the related margin loan amount; and
 - for debt securities investments: significant deterioration in the investment’s internal and external rating whereby the issuer is assessed to be typically in default, with little prospect for recovery of principal or interest; or, significant financial difficulty of the issuer. The Group considers that the debt securities are credit impaired if the securities are more than 90 days past due.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 Critical judgements in applying accounting (continued)

Measurement of ECLs (continued)

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets transfer from 12-month to lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECLs changes because the credit risk of the portfolios differ.

Models and assumptions used

The Group uses various models and assumptions in estimating ECLs. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See Note 57 for more details on ECLs.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurement of financial instruments

Certain of the Group's financial assets and financial liabilities amounting to RMB13,989 million and RMB4,601 million respectively as at 31 December 2023 (RMB9,413 million and RMB2,308 million respectively as at 31 December 2022) are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. See Note 58 for further disclosures.

Measurement of ECLs

Forward-looking information

When measuring ECLs, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 57 for more details.

Probability of default (PD)

PD constitutes a key input in measuring ECLs. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Refer to Note 57 for more details.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Key sources of estimation uncertainty (continued)

Measurement of ECLs (continued)

Loss given default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Refer to Note 57 for more details.

Provision for ECLs on accounts receivable and other receivables

The Group uses a provision matrix to calculate ECLs for accounts receivable and other receivables. The provision rates are based on shared credit risk characteristics as groupings of accounts receivable and other receivables that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts receivable and other receivables with significant balances and credit impairment are assessed for ECL individually.

The provision for ECLs is sensitive to changes in estimates. The information about the ECLs and the Group's accounts receivable and other receivables are disclosed in Note 57.1, respectively.

Impairment assessment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which the goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss/further impairment loss may arise. As at 31 December 2023, the carrying amount of goodwill was RMB1,033 million (31 December 2022: RMB1,046 million).

Income Tax

Determining provisions for income tax requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and provides for taxes accordingly. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be recognised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

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4. SEGMENT REPORTING

Information reported to the board of directors of the Company, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on the nature of products sold and services provided by the Group, which is also consistent with the Group’s basis of organization, whereby the businesses are organized and managed separately as individual strategic business units that offer different products and serve different markets. Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to the board of directors, which are consistent with the accounting and measurement criteria in the preparation of the consolidated financial statements.

Specifically, the Group’s operating segments are as follows:

- (a) **Wealth Management:** This segment mainly provides clients with agency trading of stocks, funds, bonds, derivative financial instruments, etc., with financial services including investment advisory, portfolio advice, financial product sales and asset allocation, and offers them margin trading, stock-pledged repurchases, agreed repurchase transactions and so forth.
- (b) **Investment Banking:** It provides one-stop investment banking services for a variety of corporate and government clients, including equity financing, bond financing, structured financing, financial advisory, asset securitisation and diversified financing solutions.
- (c) **Institutional Business:** It is principally engaged in the provision of prime brokers, seat leasing, custody outsourcing, investment research, sales and trading for institutional clients.
- (d) **International Business:** It primarily provides brokerage and sales, investment banking, research and asset management services to global institutional clients, corporate clients and retail clients through Galaxy International Holdings, CGS-CIMB and other business platforms.
- (e) **Investment Trading:** It is engaged in investment trading of equity securities, fixed-income securities, commodities and derivative financial instruments with its own funds, and provides integrated financial solutions for clients’ investment, financing and risk management.
- (f) **Other Parent-subsidiary Integration Business:** Focusing on “client demand”, “professional development” and “collaborative income generation”, the Group actively integrates the business platforms of subsidiaries, such as futures, private equity investment management, alternative investment and asset management, with the above-mentioned five business lines, in a bid to strengthen business collaboration and resources connection, and continuously offer integrated financial services for clients.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and there was no change in the basis during both periods. Segment profit or loss represents the profit earned or loss incurred by each segment without allocation of income tax expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Segment assets or liabilities are allocated to each segment, excluding deferred tax assets and liabilities. Inter-segment balance mainly resulted from futures brokerage transaction carried out by the wealth management segment for the proprietary trading and other securities trading services segment and are eliminated upon consolidation. The segment result excludes income tax expense while the segment assets and liabilities include prepaid taxes and current tax liabilities, respectively.

The Group operates in Mainland China, Hong Kong and other overseas areas, representing the locations of both income from external customers and assets of the Group. Segment revenue and all assets of the Group in respect of the international business segment are attributable to operations in Hong Kong and other overseas areas, while other segment revenue and assets of the Group are attributable to operations in Mainland China. No revenue from a single customer amounted to more than 10% to the Group’s revenue for the years ended 31 December 2023 and 2022.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

4. SEGMENT REPORTING (continued)

The operating and reportable segment information provided to the CODM for the years ended 31 December 2023 and 2022 is as follows:

	Wealth Management	Investment Banking	Institutional Business	International Business	Investment Trading	Other Parent- Subsidiary Integration Business	Reportable segment total	Others	Eliminations	Consolidated total
For the year ended 31 December 2023										
Segment revenue and results										
Revenue and net investment gains										
- External	12,218,002	531,954	201,794	3,715,336	11,886,940	2,479,127	31,033,153	820,747	(2,165,678)	29,688,222
- Inter-segment	258,284	-	82	-	-	-	258,366	-	(258,366)	-
Other income	58,318	-	-	111,729	1,253	15,130,009	15,301,309	(27,416)	-	15,273,893
Segment revenue and other income	12,534,604	531,954	201,876	3,827,065	11,888,193	17,609,136	46,592,828	793,331	(2,424,044)	44,962,115
Segment expenses	8,221,375	475,850	27,431	3,507,395	6,452,895	16,630,939	35,315,885	1,966,336	(456,071)	36,826,150
Segment result	4,313,229	56,104	174,445	319,670	5,435,298	978,197	11,276,943	(1,173,005)	(1,967,973)	8,135,965
Share of result of associates and joint ventures	-	-	-	-	-	(2,316)	(2,316)	-	-	(2,316)
Profit/(loss) before income tax	4,313,229	56,104	174,445	319,670	5,435,298	975,881	11,274,627	(1,173,005)	(1,967,973)	8,133,649
As at 31 December 2023										
Segment assets and liabilities										
Segment assets	183,351,253	41,993	45,042,243	37,495,058	314,295,748	94,581,956	674,808,251	246,092,792	(257,971,901)	662,929,142
Deferred tax assets										276,155
Group's total assets										663,205,297
Segment liabilities	182,248,054	164,311	44,115,912	29,364,092	276,999,782	80,623,945	613,516,096	141,116,714	(222,131,600)	532,501,210
Deferred tax liabilities										209,301
Group's total liabilities										532,710,511
Other segment information										
Depreciation and amortization	519,575	20,055	22,961	147,981	18,628	79,961	809,161	289,848	-	1,099,009
Impairment losses	(15,362)	(14)	(14,956)	46,795	(16,061)	55,705	56,107	(2,484)	-	53,623
Additions to non-current assets	73,548	-	-	48,247	-	71,738	193,533	402,987	-	596,520
Interest income from operations	7,379,844	95	103,973	1,859,764	1,180,804	840,850	11,365,330	300,210	-	11,665,540
Interest income from investments	-	-	-	25,060	2,745,195	12,574	2,782,829	-	-	2,782,829
Interest expenses	598,156	-	35,898	1,028,529	4,409,862	398,789	6,471,234	3,815,417	(1,006)	10,285,645

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(Amounts in thousands of Renminbi, unless otherwise stated)

4. SEGMENT REPORTING (continued)

The operating and reportable segment information provided to the CODM for the years ended 31 December 2023 and 2022 is as follows (continued):

	Wealth Management	Investment Banking	Institutional Business	International Business	Investment Trading	Other Parent- Subsidiary Integration Business	Reportable segment total	Others	Eliminations	Consolidated total
For the year ended 31 December 2022										
Segment revenue and results										
Revenue and net investment gains										
- External	12,481,075	625,810	679,614	2,971,062	7,621,904	3,419,975	27,799,440	879,465	(285,084)	28,393,821
- Inter-segment	88,110	-	-	679	-	1,349	90,138	-	(90,138)	-
Other income	48,869	-	-	154,027	(3,419)	15,149,018	15,348,495	38,735	-	15,387,230
Segment revenue and other income	12,618,054	625,810	679,614	3,125,768	7,618,485	18,570,342	43,238,073	918,200	(375,222)	43,781,051
Segment expenses	7,618,841	449,934	337,444	3,074,011	5,426,699	17,193,178	34,100,107	1,667,527	43,422	35,811,056
Segment result	4,999,213	175,876	342,170	51,757	2,191,786	1,377,164	9,137,966	(749,327)	(418,644)	7,969,995
Share of result of associates and joint ventures	-	-	-	-	-	2,707	2,707	(1,835)	-	872
Profit/(loss) before income tax	4,999,213	175,876	342,170	51,757	2,191,786	1,379,871	9,140,673	(751,162)	(418,644)	7,970,867
As at 31 December 2022										
Segment assets and liabilities										
Segment assets	185,400,092	43,226	40,605,379	32,854,963	317,651,869	72,892,803	649,448,332	215,335,732	(239,955,984)	624,828,080
Deferred tax assets										394,848
Group's total assets										625,222,928
Segment liabilities	184,574,911	172,377	34,696,331	26,420,750	288,834,672	66,502,920	601,201,961	131,541,318	(210,332,688)	522,410,591
Deferred tax liabilities										190,426
Group's total liabilities										522,601,017
Other segment information										
Depreciation and amortization	522,387	23,134	3,532	144,673	19,291	77,733	790,750	179,671	-	970,421
Impairment losses	(201,375)	(12,869)	(15,980)	86,372	(7,724)	286,952	135,376	5,466	-	140,842
Additions to non-current assets	20,518	-	-	60,407	-	23,997	104,922	517,354	-	622,276
Interest income from operations	7,867,107	107	142,839	1,301,067	2,216,944	985,005	12,513,069	180,004	-	12,693,073
Interest income from investments	-	-	-	-	2,719,182	7,656	2,726,838	-	-	2,726,838
Interest expenses	496,170	-	21,224	534,759	3,747,275	485,688	5,285,116	3,838,067	3,389	9,126,572

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

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5. COMMISSION AND FEE INCOME

	2023	2022
Commission on securities dealing and broking and handling fee income	5,802,021	6,712,774
Underwriting and sponsors' fees	524,476	638,071
Commission on futures and option contracts dealing and broking and handling fee income	569,514	561,006
Consultancy and financial advisory fee income	170,927	156,091
Asset management fee income	457,106	441,198
Others	57,948	4,849
	7,581,992	8,513,989

6. INTEREST INCOME

The following is the analysis excluding interest income from investments:

	2023	2022
Deposits with exchanges and financial institutions	3,844,343	3,457,463
Advances to customers and securities lending	5,734,025	5,879,073
Financial assets held under resale agreements	1,000,759	1,038,556
Debt instruments measured at fair value through other comprehensive income	3,734,384	3,688,596
Debt instruments measured at amortised cost	104,892	109,461
Interest income from other financial assets	29,966	116,571
	14,448,369	14,289,720

7. INVESTMENT INCOME AND GAINS OR LOSSES

	2023	2022
Realised and unrealised gains/(losses) from		
– debt instruments measured at FVTOCI	1,055,879	997,163
– debt instruments measured at amortised cost	–	78,458
– financial assets measured at FVTPL	5,480,741	(2,560,386)
– financial liabilities designated at FVTPL	(1,091,081)	2,075,620
– derivatives	1,503,504	2,874,343
– financial liabilities held for trading	(1,279,313)	68,525
Dividend income from		
– equity instruments measured at FVTOCI	1,988,131	2,056,389
	7,657,861	5,590,112

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8. OTHER INCOME, GAINS AND LOSSES

	2023	2022
Government grants	60,461	88,733
Gains or loss on disposals of property and equipment and other intangible assets	14,564	(3,179)
Foreign exchange gains or losses	(3,370)	(13,760)
Gross rental income	6,740	5,654
Others	303,787	255,661
	382,182	333,109

These government grants were received by the Group from the local governments to support operations in designated locations.

9. DEPRECIATION AND AMORTISATION

	2023	2022
Depreciation for right-of-use assets	564,278	545,607
Depreciation for property and equipment	317,977	260,376
Depreciation for investment properties	196	196
Amortisation of other intangible assets	216,558	164,242
	1,099,009	970,421

10. STAFF COSTS

	2023	2022
Salaries, bonus and allowances	5,459,498	5,544,946
Social welfare	935,243	847,396
Contributions to annuity schemes	279,848	259,081
Supplementary retirement benefits	22,470	24,251
Early retirement benefits	19	35
Others	447,837	454,404
	7,144,915	7,130,113

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11. COMMISSION AND FEE EXPENSES

	2023	2022
Securities and futures dealing and broking expenses	870,008	908,622
Underwriting and sponsors' fee expenses	38,303	5,843
Other service expenses	118,831	82,474
	1,027,142	996,939

12. INTEREST EXPENSES

	2023	2022
Presented below are interest expenses on the following liabilities:		
– Bonds payable	3,310,796	3,018,633
– Financial assets sold under repurchase agreements	3,843,022	3,281,315
– Debt instruments	531,639	838,780
– Accounts payable to brokerage clients	1,094,554	1,055,441
– Due to banks and other financial institutions	1,087,765	676,106
– Third-party interests in consolidated structured entities and others	401,544	254,210
– Securities lending	16,325	2,087
	10,285,645	9,126,572

13. OTHER OPERATING EXPENSES

	2023	2022
General and administrative expenses	1,193,119	1,217,480
Value-added tax and surcharges	149,679	139,574
Minimum operating lease rentals in respect of rented premises	94,739	105,241
Data transmission expenses	258,818	355,930
Securities investor protection funds	73,355	72,109
Business travel expenses	128,537	50,373
Utilities expenses	36,024	36,904
Auditors' remuneration	22,493	20,293
Sundry expenses	553,824	375,882
	2,510,588	2,373,786

For the year ended 31 December 2023, included in "Other operating expenses" were operating lease expenses related to lease liabilities of RMB62 million.

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14. CREDIT LOSS EXPENSE AND IMPAIRMENT LOSSES, NET OF REVERSAL

	2023	2022
Credit loss expense:		
– Financial assets held under resale agreements (Note 24)	(60,104)	(232,069)
– Advances to customers (Note 31)	49,624	52,078
– Accounts receivable (Note 32)	5,110	89,104
– Other receivables (Note 28)	15,273	271,558
– Debt instruments measured at FVTOCI (Note 25)	(14,234)	18,559
– Debt instruments measured at amortised cost (Note 27)	38,688	(46,290)
– Bank balances	(856)	(37)
Impairment losses:		
– Inventories	21,027	(12,963)
– Intangible asset (Note 21)	(905)	902
	53,623	140,842

Details of impairment assessment for the year ended 31 December 2023 are set out in Note 57.

15. INCOME TAX EXPENSE

	2023	2022 (Restated)
Current income tax		
– PRC Enterprise Income Tax	595,501	935,713
– Overseas Profits Tax	102,450	65,858
Underprovision in prior years:		
– PRC Enterprise Income Tax	11,154	(3,326)
– Overseas Profits Tax	(5,596)	(4,104)
Subtotal	703,509	994,141
Deferred income tax	(453,869)	(791,756)
	249,640	202,385

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate applicable to PRC enterprises is 25%.

Taxation on profits of Hong Kong, Singapore and other countries and regions has been calculated on the estimated assessable profits in accordance with local tax regulations at the rates of taxation prevailing in the countries or regions in which the Group operates.

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15. INCOME TAX EXPENSE (continued)

The reconciliation between the income tax expense at the statutory tax rate of 25% and the effective tax rate is as follows:

	2023	2022 (Restated)
Profit before income tax	8,133,649	7,970,867
Tax at the statutory tax rate of 25%	2,033,412	1,992,717
Tax effect of share of losses/(profits) of joint ventures	114	(218)
Tax effect of expenses not deductible for tax purposes	237,802	310,393
Tax effect of income not taxable for tax purposes	(1,937,158)	(1,964,308)
Effect of different tax rates of subsidiaries	(13,347)	2,201
Utilisation of tax losses/deductible temporary differences previously not recognised	(2,460)	(2,674)
Tax effect of tax losses and temporary differences not recognised	3,117	6,576
Underprovision in respect of prior years	5,558	(14,437)
Others	(77,398)	(127,865)
Income tax expense for the year	249,640	202,385

16. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company and the number of ordinary shares in issue during the year.

	2023	2022 (Restated)
Profit attributable to equity holders of the Company	7,878,769	7,767,550
Less: Profit attributable to other equity holders of the Company ⁽¹⁾	919,044	683,500
Profit attributable to ordinary equity holders of the Company	6,959,725	7,084,050
Weighted average number of shares in issue (thousand)	10,346,845	10,137,260
Basic earnings per share (in RMB)	0.67	0.70

(1) For the purpose of calculating basic earnings per ordinary share in respect for the year ended 31 December 2023, an amount of RMB919 million (2022: RMB684 million) attributable to perpetual subordinated bonds were deducted from profits attributable to equity holders of the Company.

Diluted earnings per share was computed by dividing the net profit attributable to the owners of the Company based on assuming conversion of all dilutive potential shares for the period by the adjusted weighted average number of ordinary shares in issue. The Company had convertible bonds as dilutive potential ordinary shares.

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16. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

	2023	2022 (Restated)
Profit attributable to ordinary equity holders of the Company	6,959,725	7,084,050
Add: Interest expense on convertible bonds, net of tax for the twelve months ended 31 December	132,323	142,385
Net profit used to determine diluted earnings per share	7,092,048	7,226,435
Weighted average number of shares in issue (thousand)	10,346,845	10,137,260
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares (thousand)	587,557	609,028
Weighted average number of ordinary shares for diluted earnings per share (thousand)	10,934,402	10,746,288
Diluted earnings per share (in RMB)	0.65	0.67

17. DIVIDENDS

Dividends for ordinary shareholders of the Company declared during the year:

	2023	2022
Dividends declared	2,331,516	3,142,550
Distribution to other equity instrument holders	1,044,000	683,500

On 29 June 2023, the Annual General Meeting reviewed and approved the Profit Distribution Plan for 2022. Accordingly, the Company distributed a total cash dividend of RMB2,331.52 million for 2022 (2021: cash dividend of RMB3,142.55 million).

The dividend distributions by the Company triggered the mandatory interest payment event for perpetual subordinated bonds. As at 31 December 2023, the Company has recognised the dividend payable to other equity instrument holders of RMB1,044.00 million (31 December 2022: RMB683.50 million).

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18. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Electronic and communication equipment	Motor vehicles	Office equipment	Leasehold improvements	Total
COST						
As at 1 January 2022	280,046	1,045,519	78,642	145,410	395,279	1,944,896
Additions	113	334,743	2,134	13,544	62,392	412,926
Transfer or reclassification	–	9,518	–	(2,658)	(5,922)	938
Exchange gains or losses	(84)	11,549	(29)	(3,328)	(100)	8,008
Disposals/write-off	–	(172,219)	(4,551)	(17,563)	(98,476)	(292,809)
As at 31 December 2022	280,075	1,229,110	76,196	135,405	353,173	2,073,959
ACCUMULATED DEPRECIATION						
As at 1 January 2022	185,618	747,420	67,586	106,540	290,620	1,397,784
Charge for the year	12,047	176,849	2,625	12,422	56,433	260,376
Transfer or reclassification	–	7,107	553	–	–	7,660
Exchange gains or losses	(94)	10,079	(81)	4,323	(7,343)	6,884
Disposals/write-off	–	(171,450)	(3,521)	(16,056)	(95,755)	(286,782)
As at 31 December 2022	197,571	770,005	67,162	107,229	243,955	1,385,922
CARRYING VALUE						
As at 31 December 2022	82,504	459,105	9,034	28,176	109,218	688,037
COST						
As at 1 January 2023	280,075	1,229,110	76,196	135,405	353,173	2,073,959
Additions	–	211,362	1,852	10,658	84,291	308,163
Transfer or reclassification	–	2,756	–	(382)	–	2,374
Exchange gains or losses	72	262	(527)	(2,833)	1,574	(1,452)
Disposals/write-off	(10,661)	(67,872)	(6,242)	(12,398)	(39,690)	(136,863)
As at 31 December 2023	269,486	1,375,618	71,279	130,450	399,348	2,246,181
ACCUMULATED DEPRECIATION						
As at 1 January 2023	197,571	770,005	67,162	107,229	243,955	1,385,922
Charge for the year	11,337	237,810	2,213	11,001	55,616	317,977
Exchange gains or losses	72	(124)	(540)	(306)	1,106	208
Disposals/write-off	(8,197)	(66,349)	(5,401)	(11,669)	(35,940)	(127,556)
As at 31 December 2023	200,783	941,342	63,434	106,255	264,737	1,576,551
CARRYING VALUE						
As at 31 December 2023	68,703	434,276	7,845	24,195	134,611	669,630

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19. LEASES

(a) RIGHT-OF-USE ASSETS

	Buildings
Cost	
As at 1 January 2022	2,466,215
Additions	681,023
Deductions	(356,069)
Exchange gains or losses	26,418
As at 31 December 2022	2,817,587
Accumulated depreciation	
As at 1 January 2022	895,436
Charge for the year	545,607
Deductions	(313,683)
Exchange gains or losses	2,275
As at 31 December 2022	1,129,635
Net book value	
As at 1 January 2022	1,570,779
As at 31 December 2022	1,687,952
Cost	
As at 1 January 2023	2,817,587
Additions	555,016
Deductions	(334,343)
Exchange gains or losses	6,780
As at 31 December 2023	3,045,040
Accumulated depreciation	
As at 1 January 2023	1,129,635
Charge for the year	564,278
Deductions	(308,195)
Exchange gains or losses	3,059
As at 31 December 2023	1,388,777
Net book value	
As at 1 January 2023	1,687,952
As at 31 December 2023	1,656,263

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19. LEASES (continued)

(b) LEASE LIABILITIES

The Group's lease liabilities are analysed by the maturity date – undiscounted analysis

	As at 31 December 2023	As at 31 December 2022
Less than 1 year	764,194	599,453
Over 1 years	1,014,150	1,277,149
Undiscounted lease liabilities	1,778,344	1,876,602
Lease liabilities	1,695,730	1,724,003

20. GOODWILL

	Goodwill
Gross carrying amount	
As at 1 January 2023	1,046,185
Exchange gains	(13,234)
As at 31 December 2023	1,032,951
Accumulated impairment losses	
As at 1 January 2023	–
Impairment losses recognised during the reporting period	–
As at 31 December 2023	–
Net book value	
As at 1 January 2023	1,046,185
As at 31 December 2023	1,032,951

Impairment testing on goodwill

Goodwill acquisition through business combination is allocated to the following cash-generating units (“CGUs”) for impairment testing:

- Securities brokerage business cash-generating unit;
- CGS-CIMB Securities business cash-generating unit; and
- CGS-CIMB Holdings business cash-generating unit.

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20. GOODWILL (continued)

Impairment testing on goodwill (continued)

The carrying amount of goodwill allocated to each of the CGU is as follows:

	Securities brokerage		CGS-CIMB Securities		CGS-CIMB Holdings		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Carrying amount of goodwill	223,278	223,278	218,772	215,657	590,901	607,250	1,032,951	1,046,185

Assumptions were used in the value in use calculation of the CGUs for 31 December 2023 and 31 December 2022. The following describes each key assumption on which management has based on its cash flow projections to undertake impairment testing of goodwill:

Securities brokerage business cash-generating unit

In January 2007, the Company acquired the securities brokerage business, investment banking business and related assets and liabilities of former China Galaxy Securities Co., Ltd. (Hereinafter referred to as “former Galaxy Securities”), as well as the equity of Galaxy Futures held by former Galaxy Securities. The difference between the acquisition cost and the fair value of the identifiable net assets acquired in the acquisition business is recognized as goodwill of the Securities brokerage business cash-generating unit.

The recoverable amount of the securities brokerage CGU has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, such estimation is based on the unit’s past performance and management’s expectations for the market development. The cash flows beyond the 5-year period are assumed to remain unchanged. The key parameters for the forecast period include revenue growth of -5.00% to 5.00% (As at 31 December 2022: from 0.55% to 33.26%), profit margin of 48.15% (As at 31 December 2022: 56.40%) and pre-tax discount rate of 14.06% (As at 31 December 2022: 15.04%). The key parameters of the stabilization period include revenue growth rate of 0% (As at 31 December 2022: 0%), profit margin of 48.15% (As at 31 December 2022: 56.40%) and pre-tax discount rate of 14.06% (As at 31 December 2022: 15.04%). The discount rate reflected specific risks related to the CGU. As at 31 December 2023, the recoverable amount of the CGU was RMB16.34 billion.

As at 31 December 2023, there was no impairment of the relevant CGU containing the goodwill and trading rights with indefinite useful lives (see Note 21) as the recoverable amounts of the CGU exceed their respective carrying amounts.

CGS-CIMB Securities business cash-generating unit

The Group acquired the CGS-CIMB Securities International Pte. Ltd (“CGS-CIMB Securities”) in April 2019. The Group recognised the excess of acquisition cost over the fair value of the net identifiable assets acquired as the goodwill.

For the purpose of impairment testing, CGS-CIMB Securities is considered as a CGU as a whole based on the acquisition scope from the perspective of the directors of the Group. The CGU belongs to the International Business Segment. The main cash inflow generated by the CGU is basically independent of the cash inflow generated by other assets or CGUs, so it constitutes a CGU. The CGU is consistent with prior years.

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20. GOODWILL (continued)

Impairment testing on goodwill (continued)

CGS-CIMB Securities business cash-generating unit (continued)

Assumptions were used in the value in use calculation of the CGUs for 31 December 2023. The recoverable amount of the CGUs is based on the present value of expected future cash flows, which was determined based on financial forecasts approved by management covering a 7-year period. The cash flows beyond the 7-year period are assumed to remain unchanged. The key parameters for the forecast period include revenue growth of 0% to 13.31%, (As at 31 December 2022: from -1.60% to 6.40%), profit margin of 15.67% to 18.11% (As at 31 December 2022: from 13.65% to 18.11%) and pre-tax discount rate of 10.12% (As at 31 December 2022: 10.25%). The key parameters of the stabilization period include revenue growth rate of 0%, profit margin of 18.11% (As at 31 December 2022: 18.11%) and pre-tax discount rate of 10.12% (As at 31 December 2022: 10.25%). The discount rate reflected specific risks related to the CGU. As at 31 December 2023, the recoverable amount of the CGU was RMB2.35 billion. There was no impairment of the relevant CGU containing the goodwill as the recoverable amounts of the CGU exceed their respective carrying amounts.

No impairment was provided at 31 December 2023 and 2022.

CGS-CIMB Holdings business cash-generating unit

The Group acquired the CGS-CIMB Holdings in December 2021. The Group recognised the goodwill of 100% equity held by the original controller of the asset group after confirming the identifiable assets and liabilities of the acquired business.

For the purpose of impairment testing, CGS-CIMB Holdings is considered as a CGU as a whole based on the acquisition scope from the perspective of the directors of the Group. The CGU belongs to the International Business Segment. The main cash inflow generated by the CGU is basically independent of the cash inflow generated by other assets or CGUs, so it constitutes a CGU. The CGU is consistent with prior years.

Assumptions were used in the value in use calculation of the CGUs for 31 December 2023. The recoverable amount of the CGUs is based on the present value of expected future cash flows, which was determined based on financial forecasts approved by management covering a 9-year period. The cash flows beyond the 9-year period are assumed to remain unchanged. The key parameters for the forecast period include: revenue growth of 0% to 12.33% (As at 31 December 2022: from -9.34% to 19%), profit margin of 28.73% to 39.35%, and pre-tax discount rate of 8.49%. The key parameters of the stabilization period include revenue growth rate of 0%, profit margin of 39.35% and pre-tax discount rate of 8.49%. The discount rate reflected specific risks related to the CGU. As at 31 December 2023, the recoverable amount of the CGU was RMB3.13 billion. There was no impairment of the relevant CGU containing the goodwill as the recoverable amounts of the CGU exceed their respective carrying amounts.

No impairment was provided at 31 December 2023 and 2022.

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21. OTHER INTANGIBLE ASSETS

	Trading rights	Trademark	Computer software and others	Total
COST				
As at 1 January 2022	304,908	4,890	814,023	1,123,821
Additions	–	–	211,133	211,133
Exchange gains or losses	103	453	19,403	19,959
Disposals/write-off	–	–	(2,695)	(2,695)
As at 31 December 2022	305,011	5,343	1,041,864	1,352,218
ACCUMULATED AMORTISATION				
As at 1 January 2022	–	4,890	414,117	419,007
Charge for the year	–	–	164,242	164,242
Exchange gains or losses	–	453	17,680	18,133
Disposals/write-off	–	–	(347)	(347)
As at 31 December 2022	–	5,343	595,692	601,035
IMPAIRMENT				
As at 1 January 2022	–	–	–	–
Charge for the year (Note 14)	–	–	902	902
Exchange gains or losses	–	–	22	22
As at 31 December 2022	–	–	924	924
CARRYING VALUE				
As at 31 December 2022	305,011	–	445,248	750,259
COST				
As at 1 January 2023	305,011	5,343	1,041,864	1,352,218
Additions	–	–	289,735	289,735
Exchange gains or losses	10	39	16,652	16,701
Disposals/write-off	(1,400)	(5,382)	(1,112)	(7,894)
As at 31 December 2023	303,621	–	1,347,139	1,650,760
ACCUMULATED AMORTISATION				
As at 1 January 2023	–	5,343	595,692	601,035
Charge for the year	–	–	216,558	216,558
Exchange gains or losses	–	39	18,140	18,179
Disposals/write-off	–	(5,382)	(207)	(5,589)
As at 31 December 2023	–	–	830,183	830,183
IMPAIRMENT				
As at 1 January 2023	–	–	924	924
Others	–	–	(905)	(905)
Exchange gains or losses	–	–	17	17
As at 31 December 2023	–	–	36	36
CARRYING VALUE				
As at 31 December 2023	303,621	–	516,920	820,541

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21. OTHER INTANGIBLE ASSETS (continued)

Trading rights mainly comprise the trading rights on the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and Hong Kong Futures Exchange. These rights allow the Group to trade securities and futures contracts on or through these exchanges.

Impairment testing on intangible assets with indefinite useful lives

The trading rights held by the Group are considered by the directors of the Company as having indefinite useful lives because they are expected to contribute net cash inflows indefinitely. These intangible assets will not be amortised until their useful lives are determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that they may be impaired. They are assessed for impairment individually or attached to the relevant CGUs.

The respective recoverable amounts of these trading rights or CGUs where the trading rights are allocated to, using a value in use calculation, exceed their carrying amounts. Accordingly, there was no impairment of the trading rights as at 31 December 2023 and 2022.

22. INTEREST IN JOINT VENTURES

(1) Details of the Group's investment in joint ventures are as follows:

	As at 31 December 2023	As at 31 December 2022
As at 1 January	61,769	30,250
Cost of investment in joint ventures	185,318	30,648
Share of post-acquisition profits and other comprehensive income	(2,316)	871
End of the year	244,771	61,769

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22. INTEREST IN JOINT VENTURES (continued)

(2) Details of the Group's joint ventures at the end of the year are as follows:

Name of entity	Country of registration	Principal place of business	Proportion of ownership interest held by the Group 31/12/2023	Proportion of voting rights held by the Group 31/12/2023	Principal activities
China Securities Lize Real Estate (Beijing) Co., Ltd. *	China	China	34.16%	34.16%	Real estate development and property management
Gansu Jingning Galaxy Development Fund Co., Ltd. *	China	China	1.00%	33.33%	Equity investment and project investment
Gansu Jingning Galaxy Revitalization Fund Co., Ltd *	China	China	1.00%	33.33%	Equity investment and project investment
Zhongshan Xingzhong Galaxy green industry investment fund LLP*	China	China	20.00%	60.00%	Equity investment and project investment
Yinhe core kinetic energy No. 1 equity investment fund (Yantai) partnership LLP *	China	China	1.85%	50.00%	Equity investment and project investment
Haiyan Yinhe fashion smart manufacturing equity investment fund partnership LLP *	China	China	19.90%	40.00%	Equity investment and project investment
Hainan Galaxy Shipeng New Kinetic Energy Industry Investment Fund Partnership LLP *	China	China	20.00%	50.00%	Equity investment and project investment
Komsomolskaya Galaxy Innovation No. 9 Equity Investment Partnership LLP *	China	China	5.00%	33.33%	Equity investment and project investment
Zhaoyuan Galaxy Hongxu Equity Investment Fund Partnership LLP *	China	China	19.90%	40.00%	Equity investment and project investment
Zhenjiang Yunfan Innovation Investment Fund Partnership LLP *	China	China	20.00%	28.57%	Equity investment and project investment
Huzhou Galaxy Furui Equity Investment Partnership *	China	China	20.00%	40.00%	Equity investment and project investment
Zhaoyuan Galaxy Hongbo Industrial Investment Partnership *	China	China	19.90%	40.00%	Equity investment and project investment
Jilin Galaxy Zhengyuan Digital Economy Private Equity Partnership LLP*	China	China	20.00%	60.00%	Equity investment and project investment
Qingdao Dongzheng Digital Source Yunlan Equity Investment Center LLP*	China	China	19.35%	60.00%	Equity investment and project investment
Changxing Galaxy Kunxin Equity Investment Fund Partnership LLP*	China	China	20.00%	40.00%	Equity investment and project investment
Shanghai No.0 Bay Innovation Ceyuan Private Equity Fund Partnership LLP*	China	China	1.00%	40.00%	Equity investment and project investment
Zhangjiagang Galaxy Ruiwen Emerging Industry Equity Investment Fund Partnership LLP*	China	China	20.00%	50.00%	Equity investment and project investment
Deqing Fengrui Equity Investment Partnership LLP*	China	China	20.00%	33.00%	Equity investment and project investment
Fuqi Galaxy (Fuzhou) Industrial Investment Partnership LLP*	China	China	19.80%	60.00%	Equity investment and project investment

* The joint ventures do not have official English names.

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23. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2023	As at 31 December 2022
Non-current		
Debt securities	23,762,993	21,655,196
Funds	538,189	848,756
Other investments (a)	3,043,653	11,254,337
	27,344,835	33,758,289
Current		
Debt securities	84,058,231	69,310,373
Equity securities	30,278,759	14,756,292
Funds	26,500,805	30,075,607
Structured deposits and wealth management products	3,176,376	3,199,507
Trust schemes	1,214,934	538,271
Other investments (a)	32,374,002	19,034,090
Add: Accrued interests	1,235,550	1,250,350
	178,838,657	138,164,490

- (a) The balance mainly represents investments in: (i) collective asset management schemes issued and managed by the Group, whereby the Group's interest in and exposure to them are not significant, (ii) targeted asset management schemes (or trust investments) managed by non-bank financial institutions, which mainly invest in debt securities, publicly traded equity securities listed in the PRC, funds and loans, (iii) privately offered funds, (iv) equity investments in unlisted enterprises, and (v) perpetual bonds.

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24. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at 31 December 2023	As at 31 December 2022
Non-current		
Analyzed by collateral type:		
Equity securities	11,484,332	11,355,696
Less: Impairment	(31,854)	(176,390)
	11,452,478	11,179,306
Analyzed by market of collateral:		
Stock exchanges	11,452,478	11,179,306
Current		
Analyzed by collateral type:		
Equity securities	9,555,298	7,273,121
Debt securities	1,714,599	1,790,829
Funds	–	–
Add: Accrued interest	51,893	65,246
Less: Impairment	(25,115)	(15,105)
	11,296,675	9,114,091
Analyzed by market of collateral:		
Stock exchanges	11,087,152	8,595,521
Interbank bond market	199,943	498,783
Over the counter	9,580	19,787

The movements in the allowance for impairment of financial assets held under resale agreements are set out below:

	As at 31 December 2023	As at 31 December 2022
At the beginning of the year	191,495	423,277
Impairment losses recognised, net of reversal (Note 14)	(60,104)	(232,069)
Others	(74,422)	287
At the end of the year	56,969	191,495

Details of impairment assessment are set out in Note 57.

As at 31 December 2023, the fair values of collateral received by the Group were approximately RMB63,429 million (31 December 2022: RMB52,889 million).

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25. DEBT INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2023	As at 31 December 2022
Non-current		
Debt securities	90,829	83,795
Current		
Debt securities	95,918,175	107,849,229
Add: Accrued interest	1,348,934	1,391,939
	97,267,109	109,241,168

The movements in the allowance for impairment of debt instruments measured at fair value through other comprehensive income are set out below:

	2023	2022
At the beginning of the year	198,646	180,087
Impairment losses recognised, net of reversal (Note 14)	(14,234)	18,559
At the end of the year	184,412	198,646

Details of impairment assessment are set out in Note 57.

26. EQUITY INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2023	As at 31 December 2022
Non-current		
Equity securities	9,446,958	3,294,792
Perpetual bonds	35,724,652	35,100,091
Other investments	1,539	134
	45,173,149	38,395,017

- (1) These equity instruments are neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies. At the date of initial application of IFRS 9, the Group elected to present in other comprehensive income the subsequent changes in fair value of these investments previously classified as available-for-sale financial assets carried at fair value under IAS 39.
- (2) During 2023, due to the Group's disposal of equity instruments measured at fair value through other comprehensive income, RMB105 million of other comprehensive income transferred into retained earnings (2022: RMB-437 million).

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27. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	As at 31 December 2023	As at 31 December 2022
Non-current		
Debt securities ⁽¹⁾	989,016	2,347,244
Less: Impairment	(29,065)	(54,203)
	959,951	2,293,041
Current		
Debt securities ⁽¹⁾	1,369,360	7,664
Others	–	373,310
Add: Accrued interest	33,044	34,082
Less: Impairment	(64,332)	(178)
	1,338,072	414,878

(1) As at 31 December 2023, the interest rates on these debt securities are between 2.80%-6.80% per annum. (31 December 2022: 0.99%-6.80% per annum).

(2) The movements in the allowance for impairment of debt instruments measured at amortised cost are set out below:

	Year ended 31 December	
	2023	2022
At the beginning of the year	54,381	100,482
Impairment losses recognised, net of reversal (Note 14)	38,688	(46,290)
Exchange difference and others	328	189
At the end of the year	93,397	54,381

Details of impairment assessment are set out in Note 57.

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28. OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December 2023	As at 31 December 2022
Non-current		
Prepayments	1,154,126	1,154,127
Others	22,735	26,084
	1,176,861	1,180,211
Current		
Prepaid taxes	–	899
Accrued interest	10,200	20
Prepayments	332,106	439,686
Margin financing clients receivable	202,857	201,310
Inventories	2,159,632	911,126
Customer trading deposits	2,821,008	4,230,218
Others	2,093,947	1,599,980
Subtotal	7,619,750	7,383,239
Less: Impairment	(735,771)	(723,596)
Total	6,883,979	6,659,643

As at 31 December 2023, the provision for impairment of inventories amounted to RMB19.58 million.

The movements in the allowance for impairment of other receivables are set out below:

	Year ended 31 December	
	2023	2022
At the beginning of the year	723,596	452,528
Impairment losses recognised, net of reversal (Note 14)	15,273	271,558
Exchange difference and others	(3,098)	(490)
At the end of the year	735,771	723,596

Details of the impairment assessment are set out in Note 57.

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29. DEPOSITS WITH EXCHANGES AND NON-BANK FINANCIAL INSTITUTIONS

	As at 31 December 2023	As at 31 December 2022
Non-current		
Deposits with stock exchanges	209,381	230,346
Deposits with futures and commodity exchanges	42,421	7,531
Guarantee fund paid to the Shenzhen Stock Exchange	472,041	163,892
Others	759,837	641,660
	1,483,680	1,043,429
Current		
Deposits with futures and commodity exchanges	20,571,570	14,016,464
Deposits with CSFCL	205,994	1,009,803
	20,777,564	15,026,267

30. DEFERRED TAXATION

For presentation purpose, certain deferred tax assets and deferred tax liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December 2023	As at 31 December 2022 (Restated)
Deferred tax assets	276,155	394,848
Deferred tax liabilities	209,301	190,426
	66,854	204,422

	2023	2022 (Restated)
Net deferred income tax liabilities/assets, at the beginning of the year	204,422	(968,513)
Recognised in profit or loss	370,058	791,757
Recognised in other comprehensive income	(472,692)	381,178
Recognised in retained profits	(34,934)	-
Net deferred income tax liabilities/assets, at the end of the year	66,854	204,422

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes, if any, and the taxes are to be levied by the same tax authority, and of the same taxable entity.

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30. DEFERRED TAXATION (continued)

The movements of deferred tax assets and liabilities are set out below:

	Changes in fair value of financial assets at fair value through profit or loss	Changes in fair value of financial assets at FVTOCI	Accrued staff costs	Allowance for impairment losses	Accrued interest expenses	Accrued expenses	Changes in fair value of derivative instruments	Accrued interest income	Provisions	Lease liabilities	Unrecovered losses	Right-of-use assets	Others	Total
As at 1 January 2022	(851,125)	(374,689)	146,324	315,704	501,340	31,759	407,552	(1,160,119)	-	394,701	-	(392,695)	12,735	(968,513)
(Charge)/credit to profit or loss	706,761	-	471,838	19,565	127,423	49,607	(417,564)	(214,904)	-	59,870	-	(29,293)	18,454	791,757
Credit to other comprehensive income	-	381,178	-	-	-	-	-	-	-	-	-	-	-	381,178
As at 31 December 2022	(144,364)	6,489	618,162	335,269	628,763	81,366	(10,012)	(1,375,023)	-	454,571	-	(421,988)	31,189	204,422
(Charge)/credit to profit or loss	(380,850)	-	321,436	(15,999)	107,960	3,861	(880,228)	(64,055)	9,491	3,678	1,224,097	7,922	32,745	370,068
Credit to other comprehensive income	-	(472,692)	-	-	-	-	-	-	-	-	-	-	-	(472,692)
Credit to retained profits	-	-	-	-	-	-	-	-	-	-	(34,934)	-	-	(34,934)
As at 31 December 2023	(525,214)	(466,203)	939,598	319,270	736,723	85,227	(890,240)	(1,439,078)	9,491	458,249	1,189,163	(414,066)	63,934	66,854

- (1) At the end of the year, the Group has unrecognised deductible tax losses and temporary differences of approximately RMB135 million (31 December 2022: RMB156 million, as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised.)

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31. ADVANCES TO CUSTOMERS

	As at 31 December 2023	As at 31 December 2022
Non-current		
Other loans and advances	–	20,731
	–	20,731
Current		
Loans to margin clients	87,746,331	81,128,984
Other loans and advances	237,578	418,091
Add: Accrued interest	3,544,505	3,023,921
Less: Impairment	(310,515)	(262,411)
	91,217,899	84,308,585

- (1) The credit facility limits for margin clients are determined by the discounted market value of the collateral securities accepted by the Group.

As at 31 December 2023, the Group received collateral with fair value amounted to RMB261,409 million (31 December 2022: RMB262,964 million), in connection with its margin financing business. As at 31 December 2023 and 2022, the fair values of cash and securities collaterals held by the Group for majority of the margin clients are higher than the carrying amounts of each individually.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value to the users of these consolidated financial statements in view of the nature of business of securities margin financing.

The Group determines the allowance for advances to customers based on the evaluation of collectability and on management's judgment including the assessment of change in credit quality and collateral.

- (2) The movements in the allowance for impairment are set out below:

	Year ended 31 December	
	2023	2022
At the beginning of the year	262,411	201,145
Impairment losses recognised, net of reversal (Note 14)	49,624	52,078
Amounts written off	(2,065)	–
Exchange difference and others	545	9,188
At the end of the year	310,515	262,411

Details of impairment assessment are set out in Note 57.

The concentration of credit risk is limited due to the customer base being large and diversified.

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32. ACCOUNTS RECEIVABLE

	As at 31 December 2023	As at 31 December 2022
Accounts receivable of:		
Client securities settlement	2,669,375	3,798,963
Brokers and dealers	7,512,067	4,986,264
Clearing house	2,674,549	1,513,676
Underwriting and sponsors fee	29,630	45,950
Trading rights rental commission	65,946	75,510
Asset management and funds distribution handling fees	147,125	207,977
Others	41,262	37,946
Subtotal	13,139,954	10,666,286
Less: Impairment	(196,750)	(184,869)
Total	12,943,204	10,481,417

An aging analysis of accounts receivable is as follows:

	As at 31 December 2023	As at 31 December 2022
Within 1 year	12,886,502	10,388,064
Between 1 and 2 years	7,885	56,534
Between 2 and 3 years	33,604	19,144
Over 3 years	15,213	17,675
	12,943,204	10,481,417

The movements in the allowance for impairment of accounts receivable are set out below:

	Year ended 31 December	
	2023	2022
At the beginning of the year	184,869	90,478
Impairment losses recognised, net of reversal (Note 14)	5,110	89,104
Amounts written off	(2,321)	–
Exchange difference and others	9,092	5,287
At the end of the year	196,750	184,869

The credit term of accounts receivable is generally within three months. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimize credit risk. Overdue balances are regularly monitored by management.

Details of impairment assessment are set out in Note 57.

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33. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2023		
	Nominal amounts	Asset	Liability
Hedging instruments:			
Currency forward	138,676	–	375
Commodity futures	1,534,753	–	–
Non-hedging instruments:			
Equity Derivatives	3,339,213,645	6,796,248	1,829,895
Interest Rate Derivatives	1,066,223,462	–	669
Other Derivatives	99,461,036	1,608,787	3,684,974
Total	4,506,571,572	8,405,035	5,515,913

	As at 31 December 2022		
	Nominal amounts	Asset	Liability
Hedging instruments:			
Currency forward	175,327	1,241	–
Commodity futures	105,609	–	–
Non-hedging instruments:			
Equity Derivatives	117,470,714	2,272,030	2,358,803
Interest Rate Derivatives	494,286,653	–	–
Other Derivatives	53,982,044	357,262	239,057
Total	666,020,347	2,630,533	2,597,860

- (1) Under the daily mark-to-market and settlement arrangement, stock index futures, interest rate swaps, treasury bond futures, commodity futures, forward contracts of underlying bonds and gold deferred trades were settled daily and the corresponding receipts and payments were included in clearing settlement funds.

34. CLEARING SETTLEMENT FUNDS

	As at 31 December 2023	As at 31 December 2022
Clearing settlement funds held with clearing houses for:		
– House accounts	9,341,348	9,906,621
– Clients accounts	18,516,938	29,856,238
Add: Accrued interest	41,890	48,244
Total	27,900,176	39,811,103

These clearing settlement funds are held by the clearing houses for the Group and these balances carry interest at prevailing market interest rates.

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35. BANK BALANCES

	As at 31 December 2023	As at 31 December 2022
House accounts	18,843,909	18,403,639
Cash held on behalf of customers	94,508,403	97,230,303
Add: Accrued interest	272,891	361,399
	113,625,203	115,995,341

Bank balances comprise time and demand deposits at banks which bear interest at the prevailing market rates.

The Group maintains accounts with banks to hold customers' deposits arising from normal business transactions. The corresponding liabilities are recorded as accounts payable to brokerage clients (Note 44).

As at 31 December 2023, the ECL allowance for bank balances amounted to RMB1.10 million.

Details of impairment assessment are set out in Note 57.

36. SHARE CAPITAL

The Company's number of shares and nominal value are as follows:

	As at 31 December 2023	As at 31 December 2022
Issued and fully paid ordinary shares of RMB1 each (in thousands)		
Domestic shares	7,243,417	6,446,295
H shares	3,690,985	3,690,985
	10,934,402	10,137,280
Share capital (in RMB thousands)		
Domestic shares	7,243,417	6,446,295
H shares	3,690,985	3,690,985
	10,934,402	10,137,280

On 30 March, 2022, the Company issued 2022 A-Share convertible bonds with a par value of RMB7.8 billion. The bonds are converted into A-share of the Company from 30 September 2022. As at 31 December 2023, RMB7,780.61 million of the bonds had been converted into A-share of the Company, and the number of shares formed as a result of the conversion was 797,143,499 shares. Specifically, RMB7,780.40 million bonds had been converted into A-share of the Company during 2023, and the number of shares formed as a result of the conversion was 797,122,580 shares. (As of 31 December 2022, a total of RMB209,000.00 of bonds have been converted into A-share of the Company, and the number of shares formed as a result of the conversion was 20,919 shares).

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37. OTHER EQUITY INSTRUMENTS

	As at 31 December 2023	As at 31 December 2022
Perpetual subordinated bonds ⁽¹⁾	29,828,323	14,885,851
Equity of convertible bonds ⁽²⁾	–	1,049,840
	29,828,323	15,935,691

(1) On 24 November 2020, the Company issued RMB5 billion perpetual subordinated bonds (“20 Yinhe Y1”) at par, with a coupon rate of 4.80%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

On 29 March 2021, the Company issued RMB5 billion perpetual subordinated bonds (“21 Yinhe Y1”) at par, with a coupon rate of 4.57%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

On 21 April 2021, the Company issued RMB5 billion perpetual subordinated bonds (“21 Yinhe Y2”) at par, with a coupon rate of 4.30%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

On 18 May 2023, the Company issued RMB5 billion perpetual subordinated bonds (“23 Yinhe Y1”) at par, with a coupon rate of 3.63%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

On 9 June 2023, the Company issued RMB5 billion perpetual subordinated bonds (“23 Yinhe Y2”) at par, with a coupon rate of 3.58%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

On 17 November 2023, the Company issued RMB5 billion perpetual subordinated bonds (“23 Yinhe Y3”) at par, with a coupon rate of 3.43%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

The above six issues of bonds are set with the issuer’s renewal option and no investor’s resale option. At the end of each repricing cycle of the current bonds, the issuer has the right to choose to extend the current bonds for one repricing cycle, which is for five years, or pay the current bonds in full, while the investor has no right to require the issuer to redeem the current bonds.

The coupon rate for the perpetual subordinated bonds is fixed in the first 5 years and will be repriced every 5 years. The coupon rate will be repriced as the sum of the current basis rate, the initial spread, and an additional 300 basis points. The repriced coupon rate will remain unchanged in the next 5 years. The current basis rate is defined as the average yields of 5 years treasury bonds from the interbank fixed rate bond yield curve published on China Bond website 5 working days before the interest repricing date.

The issuer has the right to defer interest payments, unless “Mandatory interest payments events” have been triggered, so that at each interest payment date, the issuer may choose to defer the current interest payment, as well as any previously deferred interest payments and accreted interests thereon, to the next payment date, without being subject to any limitation with respect to the number of deferrals. Mandatory interest payment events are only triggered when there are distributions of dividends to ordinary equity holders or reductions of registered capital.

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

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37. OTHER EQUITY INSTRUMENTS (continued)

- (2) In March 2022, as approved by the CSRC, the Company issued 6-year A-Share convertible bonds with a par value of RMB7.8 billion. The convertible bonds bear a fixed annual interest rate of 0.20% for the first year, 0.40% for the second year, 0.60% for the third year, 1.00% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. The initial conversion price is RMB10.24 per share. In July 2022, the conversion price is RMB9.93 per share. The convertible bond holders may exercise their rights to convert the convertible bonds into the Company's A Shares at the stipulated conversion price during the period ("Conversion Period") beginning six months after the date of issuance until the maturity date. Within 5 trading days after maturity, the Company shall redeem the outstanding convertible bonds at 106% of the par value, inclusive of interest for the sixth year.

During the Conversion Period, if the closing price of the Company's A Shares is not less than or equal to 130% of the prevailing conversion price for at least 15 trading days out of any 30 consecutive trading days, or if the total outstanding amount is less than RMB30 million, the Company has the right to redeem all or part of the outstanding convertible bonds at par value plus accrued interest.

The convertible corporate bonds issued have been split into the liability and equity components. After considering direct transaction costs, the Company recognised the equity part of the convertible corporate bonds as other equity instruments amounting to RMB1,050 million.

38. RESERVES AND RETAINED PROFITS

The amounts of the Group's reserves and the movements therein during the year are presented in the consolidated statement of changes in equity.

(a) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of face value and the difference between the considerations of the acquisition of equity interests from non-controlling shareholders and the carrying amount of the proportionate net assets. As at 31 December 2023, the amount attributable to the owners of the company is RMB32,224.10 million (31 December 2022: RMB25,051.65 million.)

(b) Investment revaluation reserve

The investment revaluation reserve represents cumulative gains and losses arising on the revaluation of equity instruments at FVTOCI, debt instruments at FVTOCI that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those equity instruments at FVTOCI and debt instruments at FVTOCI are disposed of or are determined to be impaired. As at 31 December 2023, the amount attributable to the owners of the company is RMB1,397.54 million (31 December 2022: RMB-20.73 million).

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38. RESERVES AND RETAINED PROFITS (continued)

(c) Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain and loss arising on changes in fair value of the hedging instrument that are recognised and accumulated under the cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy. As at 31 December 2023, the amount attributable to the owners of the company is RMB-0.86 million (31 December 2022: RMB-0.86 million).

(d) Translation reserve

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the year, and the income and expenses are translated at the average exchange rates or at the approximate exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the translation reserve. As at 31 December 2023, the amount attributable to the owners of the company is RMB-25.49 million (31 December 2022: RMB -26.51 million).

(e) General reserves

General reserves comprise of the statutory surplus reserve, discretionary surplus reserve, reserve for general risk and transaction risk reserve. As at 31 December 2023, the amount attributable to the owners of the company is RMB25,930.00 million (31 December 2022: RMB23,616.56 million)

Pursuant to the Company Law of the PRC, in accordance with the Company's articles of association, 10% of the net profit of the Company, determined in accordance with the relevant accounting rules and financial regulations applicable to enterprises in the PRC ("PRC GAAP"), is required to be transferred to the statutory surplus reserve until such time when this reserve reaches 50% of the share capital of the Company. The reserve appropriated can be used for expansion of business scale and capitalisation. If the statutory surplus reserve is capitalised into share capital, the remaining reserve is required to be not less than 25% of the Company's registered capital before capitalisation.

The Company may also make appropriations from its net profit to the discretionary surplus reserve provided the appropriation is approved by a resolution of the shareholders.

In accordance with the Financial Rules for Financial Enterprises, the Company is required to appropriate 10% of net profit before distribution, determined in accordance with PRC GAAP, to the reserve for general risk.

Pursuant to the Securities Law of the PRC, the Company is required to appropriate 10% of the net profit before distribution, determined in accordance with PRC GAAP, to the transaction risk reserve.

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38. RESERVES AND RETAINED PROFITS (continued)

(e) General reserves (continued)

According to the Operational Guidelines for the Application of the Guiding Opinions on Regulating the Asset Management Business of Financial Institutions to Securities Companies with Asset Management Business of Large Collective products (CSRC Announcement [2018] No. 39), risk reserves of 10% of the management fee income shall be provided for large collective products in accordance with the relevant provisions of public funds.

In accordance with Interim Measures for the Supervision and Administration of Risk Reserve of the Public Offering of Securities Investment Fund (Order No. 94 of the CSRC on 24 September 2013), the Company, as a custodian of securities investment fund, is required to appropriate no less than 2.5% of fund custodian revenue as reserve for general risk. The accrualment could be suspended on condition that the ending balance of risk reserve reached 0.25% of the aggregate of net asset values of the mutual funds under custody at the end of last quarter.

In accordance with the Provisional Regulations on the Supervision of Important Money Market Funds (CSRC Announcement [2023] No. 42), the Company, as a fund sales institution shall establish a risk reserve mechanism for important money market funds, and the proportion of risk reserve set aside from all sales revenue of important money market funds shall not be less than 20% per month. When the risk reserve balance reaches 0.25% of the sales retention scale of important money market funds at the end of the previous quarter, it can no longer be withdrawn.

The Company's PRC subsidiaries are also subject to the statutory requirements to appropriate their earnings to the statutory surplus reserve, the reserve for general risk and the transaction risk reserve.

Out of the Group's retained profits, an amount of RMB572.59 million as at 31 December 2023 (31 December 2022: RMB494.06 million) represents the Company's share of its subsidiaries' statutory surplus reserve which cannot be used for profit distribution.

(f) Distributable profits

In accordance with the relevant regulations, the distributable profits of the Company are deemed to be the lower of (i) the retained profits determined in accordance with PRC GAAP and (ii) the retained profits determined in accordance with IFRSs.

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39. BONDS PAYABLE

As at 31 December 2023 and 2022, bonds payable comprised subordinated bonds and corporate bonds.

Details of the bonds issued by the Group are as follows:

Non-current

Value date	Maturity date	Coupon rate	As at 31 December 2023 Carrying amount	As at 31 December 2022 Carrying amount
17 April 2023	17 April 2026	3.34%	4,082,961	—
17 April 2023	17 April 2025	3.09%	1,019,483	—
13 January 2023	13 January 2025	3.58%	2,581,595	—
18 January 2022	18 January 2025	3.15%	3,086,066	3,082,293
21 March 2022	21 March 2025	3.38%	1,081,295	1,079,968
08 August 2022	08 August 2025	2.72%	3,330,882	3,324,935
20 July 2021	20 July 2026	3.45%	1,824,506	1,825,525
26 April 2022	26 April 2025	2.95%	1,527,829	1,525,942
09 June 2022	09 June 2025	3.06%	5,077,022	5,070,732
26 July 2022	26 July 2025	2.83%	2,020,623	2,018,212
11 August 2022	11 August 2027	3.08%	5,046,390	5,042,617
05 September 2022	05 September 2025	2.54%	1,006,046	1,004,787
05 September 2022	05 September 2027	2.95%	4,026,756	4,023,736
17 February 2023	17 February 2025	3.09%	1,024,793	—
17 February 2023	17 February 2026	3.28%	3,024,244	—
09 March 2023	09 March 2025	3.25%	1,077,598	—
09 March 2023	09 March 2026	3.35%	3,278,507	—
17 July 2023	17 July 2026	2.74%	3,028,175	—
17 July 2023	17 July 2028	3.08%	2,013,178	—
18 August 2023	18 August 2026	2.66%	2,016,123	—
18 August 2023	18 August 2028	2.98%	3,021,392	—
14 September 2023	14 September 2026	2.95%	3,022,688	—
14 September 2023	14 September 2028	3.20%	1,005,947	—
14 September 2023	14 September 2033	3.33%	1,006,205	—
18 October 2023	18 October 2026	3.08%	4,512,534	—
14 December 2023	14 December 2026	2.98%	1,995,438	—
14 December 2023	14 December 2028	3.14%	2,993,255	—
08 August 2022	08 August 2024	2.46%	—	1,711,535
18 January 2022	18 January 2024	2.97%	—	1,026,349
21 January 2021	21 January 2024	3.58%	—	3,305,956
04 February 2021	04 February 2024	3.67%	—	2,581,249
20 July 2021	20 July 2024	3.13%	—	3,241,985
09 August 2021	09 August 2024	3.15%	—	4,045,726
15 September 2021	15 September 2024	3.30%	—	1,316,257
28 September 2021	28 September 2024	3.40%	—	1,007,708
20 October 2021	20 October 2024	3.55%	—	1,810,624
22 November 2021	22 November 2024	3.35%	—	3,606,660
20 December 2021	20 December 2024	3.20%	—	3,994,037
26 July 2022	26 July 2024	2.60%	—	2,016,849
24 March 2022	23 March 2028	0.40%	—	6,876,035
			68,731,531	64,539,717

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39. BONDS PAYABLE (continued)

Current

Value date	Maturity date	Coupon rate	As at 31 December 2023 Carrying amount	As at 31 December 2022 Carrying amount
14 January 2020	14 January 2023	3.75%	–	4,144,247
18 January 2022	18 January 2024	2.97%	1,028,235	–
08 August 2022	08 August 2024	2.46%	1,715,210	–
17 February 2020	17 February 2023	3.25%	–	1,850,618
11 March 2020	11 March 2023	3.03%	–	1,024,279
29 July 2020	29 July 2023	3.72%	–	3,045,505
23 October 2020	23 October 2023	3.70%	–	3,019,568
21 January 2021	21 January 2023	3.24%	–	1,854,965
21 January 2021	21 January 2024	3.58%	3,307,969	–
04 February 2021	04 February 2023	3.50%	–	1,547,348
04 February 2021	04 February 2024	3.67%	2,582,690	–
20 July 2021	20 July 2024	3.13%	3,242,991	–
09 August 2021	09 August 2023	2.93%	–	2,022,018
09 August 2021	09 August 2024	3.15%	4,047,508	–
15 September 2021	15 September 2023	3.15%	–	3,227,537
15 September 2021	15 September 2024	3.30%	1,316,804	–
28 September 2021	28 September 2023	3.30%	–	2,519,674
28 September 2021	28 September 2024	3.40%	1,008,127	–
20 October 2021	20 October 2023	3.40%	–	4,225,197
20 October 2021	20 October 2024	3.55%	1,811,331	–
22 November 2021	22 November 2023	3.10%	–	2,405,120
22 November 2021	22 November 2024	3.35%	3,610,056	–
20 December 2021	20 December 2024	3.20%	3,995,398	–
26 July 2022	26 July 2024	2.60%	2,020,728	–
			29,687,047	30,886,076

All of these bonds are denominated in RMB.

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40. DEBT INSTRUMENTS

	As at 31 December 2023 Carrying Amount	As at 31 December 2022 Carrying Amount
Non-current		
Structured notes ⁽²⁾	309,594	294,781
	309,594	294,781
Current		
Short-term financing bills ⁽¹⁾	25,194,318	22,664,788
Structured notes ⁽²⁾	3,033,412	6,640,300
	28,227,730	29,305,088

(1) Short-term financing bills

The details of short-term financing bills as at 31 December 2023 are as follows:

Name	Issue amount RMB'000	Value date	Maturity date	Coupon rate
Principal Protected Note	243,301	7 July 2023	20 June 2024	2.65%-3.05%
Commercial Paper	460,476	22 December 2023	22 March 2024	4.30%
2023 CGS-CIMB CP CO11	159,836	12 October 2023	16 January 2024	4.95%
2023 CGS-CIMB CP CA05	41,982	12 October 2023	16 January 2024	6.45%
2023 CGS-CIMB CP D002	126,796	17 October 2023	16 January 2024	4.95%
2023 CGS-CIMB CP D002	76,684	17 October 2023	16 January 2024	6.45%
23 CGS CP003	4,000,000	21 September 2023	21 March 2024	2.47%
23 CGS CP004	4,000,000	16 October 2023	12 April 2024	2.52%
23 CGS CP005	4,000,000	07 November 2023	10 May 2024	2.59%
23 CGS CP006	2,000,000	22 November 2023	22 August 2024	2.65%
23 CGS CP007	2,000,000	23 November 2023	23 May 2024	2.62%
23 CGS CP008	4,000,000	07 December 2023	06 June 2024	2.77%
23 CGS CP009	4,000,000	21 December 2023	21 March 2024	2.69%

(2) Structured notes

Structured notes are a special type of financing allowed by CSRC.

As at 31 December 2023, for structured notes issued by the Company, their coupon rates are from 1.95% to 6.00% (31 December 2022: 1.85% to 6.66%).

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41. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

(1) Financial liabilities held for trading:

	As at 31 December 2023	As at 31 December 2022
Current		
Equity Securities	328,970	245,896
Debt Securities	18,622,873	12,520,806
	18,951,843	12,766,702

(2) Financial liabilities designated as at fair value through profit or loss:

	As at 31 December 2023	As at 31 December 2022
Non-current		
Financing payables ⁽¹⁾	6,181,322	6,270,509
Contractual liabilities arising from the forward acquisitions of non-controlling interests ⁽²⁾	-	1,216,718
	6,181,322	7,487,227
Current		
Financing payables ⁽¹⁾	14,068,340	12,744,334
Structured products embedded with equity swaps ⁽³⁾	452,670	639,532
	14,521,010	13,383,866

(1) Financing payables are financing instruments issued by the Group and its returns to holders are mainly linked to the performance of stock index, bond index, gold contracts and ETF funds.

(2) The amount represents contractual liabilities arising from the forward acquisitions of non-controlling interests of CGS-CIMB Securities and CGS-CIMB Holdings by the Group during 2021. In 2023, the Group completed the above acquisitions of non-controlling interests.

(3) Structured products embedded with equity swaps are payable to the clients at maturity of the corresponding derivatives and their balance is linked to the performance of the corresponding equity swaps.

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42. OTHER PAYABLES AND ACCRUALS

	As at 31 December 2023	As at 31 December 2022
Non-current		
Third-party interests in consolidated structured entities	179,311	209,790
	179,311	209,790
Current		
Third-party interests in consolidated structured entities	142,189	301,263
Customer trading deposits	40,088,306	26,111,354
Other payables to trading clients	1,048,780	458,865
Settlement payable	7,888,589	7,685,605
Value-added tax and other taxes	179,762	167,252
Accrued expenses	804,233	905,463
Sundry payables	31,773	55,768
Payable for the securities investor protection fund	64,297	64,469
Dividends payable	804,631	498,979
Others	2,657,486	1,571,004
	53,710,046	37,820,022

43. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2023	As at 31 December 2022
Unsecured short-term bank loans ⁽¹⁾	12,823,947	16,374,890
Margin funds loans ⁽²⁾	4,060,000	11,000,000
Add: Interest payable	72,941	48,748
	16,956,888	27,423,638

(1) As at 31 December 2023, the unsecured short-term bank loans bear interest at 1.42%-7.52% (31 December 2022: 0.89% to 6.85% per annum), and are repayable within 1 year (31 December 2022: within 6 months.)

(2) The margin funds loans borrowed by the Group from CSFCL are secured by cash collateral of RMB130 million and shares listed in the PRC with a fair value of approximately RMB658 million. These margin funds loans bear interest at 2.12%-2.30% per annum and are repayable within 3months.

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44. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

The majority of the accounts payable balances are repayable on demand except where certain balances represent margin deposits and cash collateral received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value to the readers of these consolidated financial statements in view of the nature of these businesses.

Accounts payable to brokerage clients mainly include money held on behalf of clients at banks and at clearing houses by the Group, and are interest-bearing at the prevailing market interest rates.

As at 31 December 2023, included in the Group's accounts payable to brokerage clients were approximately RMB8,222 million (31 December 2022: RMB11,704 million) received from clients for margin financing and securities lending arrangement.

45. ACCRUED STAFF COSTS

	As at 31 December 2023	As at 31 December 2022
Salaries, bonus and allowances	5,374,788	5,012,014
Social welfare	27,091	22,558
Annuity schemes	30,133	57,147
Supplementary retirement benefits	443,917	421,257
Early retirement benefits	390	460
Others	167,436	163,865
	6,043,755	5,677,301

Note:

(1) Defined Contribution Plans

The employees of the Group participate in the basic endowment insurance plan operated by the governmental authorities, and the Group makes contributions at the prescribed rate based on the benchmark determined with reference to the average monthly income of the individual employee for the previous year, which will be within the upper and lower limits of the contribution benchmark of the local basic endowment insurance plan. Save for the aforesaid contributions, the Group has no further payment obligations. The corresponding expenditure is included in the current profit or loss in the period when it incurred. There are no contributions forfeited under the basic social endowment insurance plan as all contributions are fully vested to the employees upon the payment is made.

In addition to the basic social endowment insurance plan organised and implemented by the local labor and social security departments in accordance with relevant PRC laws and regulations, the Group also operates an enterprise annuity plan under a defined contribution model for eligible employees, under which the contributions and the investment gains thereon for the individual employee's personal account will be vested to such individual employee in accordance with the relevant rules. The contributions to the enterprise annuity fund that are not vested to the individual employee due to the employee's resignation will not be used to offset the existing contributions, but will be transferred to the public account of such enterprise annuity fund and allocated among members of such enterprise annuity fund after the procedures for approval are completed in accordance with the relevant regulations.

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45. ACCRUED STAFF COSTS (continued)

Note: (continued)

(2) Defined Benefit Plans

The Group operates post-employment benefit plans under a defined benefit model (including the supplementary retirement benefits and the early retirement benefits) for eligible employees. For the defined benefit plans, the benefit obligations incurred under the defined benefit plans will be vested by the Group in the period when the employees provide services according to the formula determined by the projected unit credit method and included in the current profit or loss.

Supplementary retirement benefits

Supplementary retirement benefits contain two parts: 1) pensions and medical benefits to qualified employees who will retire on or before 31 December 2014 and are still alive at the end of the reporting period; 2) during the year ended 31 December 2023, additional supplementary benefits including heating and cooling expenses reimbursements to certain existing employees after their retirements were introduced to those employees by the Group. Accordingly, the increases in the present value of the supplementary retirement benefits for employee service in prior periods and the current period were recognised as past service costs and current service costs, respectively, during the year ended 31 December 2023.

Movements in the present value of supplementary retirement benefits are as follows:

	Year ended 31 December	
	2023	2022
Beginning of the year	421,257	405,480
Amounts charged to profit or loss:		
Current service costs	11,185	11,759
Interest on obligation	11,286	12,492
Benefits paid	(21,730)	(21,454)
Amount credited/(charged to OCI):		
Actuarial losses/(gains) arising from assumption changes	16,988	4,057
Actuarial losses/(gains) from experience adjustments	2,196	8,119
Exchange difference	2,735	804
End of the year	443,917	421,257

The Company has engaged PricewaterhouseCoopers Consultants (Shenzhen) Limited, Shanghai Branch, a member of the China Association of Actuaries, to conduct an actuarial evaluation on the supplementary retirement benefit plan and the early retirement benefit plan of the Company on 31 December 2023. The projected unit credit method has been adopted for such evaluation. Net interest on the net defined benefit plans liability was included in staff costs.

The plans typically expose the Company to interest rate risk and longevity risk.

- Interest rate risk: a decrease in the bond interest rate will increase the plan liability.
- Longevity risk: the present value of the defined benefit plan liability is calculated by reference to the best estimate of China Life Insurance Pension life table (CLA2010-2013. An increase in the life expectancy of the plan participants will increase the plan's liability.)

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45. ACCRUED STAFF COSTS (continued)

Note: (continued)

(2) Defined Benefit Plans (continued)

Supplementary retirement benefits (continued)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	31 December 2023 %	31 December 2022 %
Discount rates of supplementary retirement benefits	2.7	3.1
Discount rates of early retirement benefits	2.2	2.5
Expected rates of increase in benefits	4	4
Mortality rates	According to the Annuitant Table set out in the China Life Insurance Mortality Table (2010-2013) published by the China Banking and Insurance Regulatory Commission	
Turnover rates	5	5
Turnover rates of customer manager	40	40

Discount rates are set to be the government bond yields with similar maturities. As at 31 December 2023, the duration of supplementary retirement benefits was 14.0 (31 December 2022: 16.0).

No plan assets have been created for the supplementary retirement benefit plan and the early retirement benefit plan. Therefore, no relevant information about the market value of plan assets, the level of funding, or material surplus or deficiency could be disclosed.

Sensitivity analysis of supplementary retirement benefits

Significant actuarial assumptions for the determination of the defined obligation of the Company are discount rate and benefit growth rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Effect on the pension	Change in assumptions	Benefit obligation	
		31 December 2023	31 December 2022
Discount rate	-50bps	29,065	26,924
Discount rate	+50bps	(26,051)	(24,174)
Benefit growth rate	-50bps	(14,500)	(15,514)
Benefit growth rate	+50bps	29,065	27,694

(3) As at 31 December 2023, the balance of long-term remuneration payables included in salaries, bonus and allowances payables was RMB 1,533.72 million (as at 31 December 2022: RMB 1,488.42 million).

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46. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 31 December 2023	As at 31 December 2022
Current		
Analyzed by collateral type:		
Debt securities	133,380,178	131,383,227
Funds	12,076,671	12,225,835
Shares	120,184	351,762
Golds	15,287,904	14,093,699
Add: Interests payable	487,618	440,873
	161,352,555	158,495,396
Analyzed by market of collateral:		
Stock exchanges	81,407,440	86,471,202
Interbank bond market	63,396,590	57,001,856
Over the counter	16,060,907	14,581,465
Add: Interests payable	487,618	440,873
	161,352,555	158,495,396

Financial assets sold under repurchase agreements bear effective interest at 1.45%-8.80% (31 December 2022: 0.83%-6.66% per annum).

47. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	As at 31 December	
	2023	2022
Bank balances – house accounts	16,993,608	16,872,463
Clearing settlement funds – house accounts	9,341,348	9,906,621
	26,334,956	26,779,084

Cash and cash equivalents do not include bank deposits held by the Group with original maturity of more than three months held by the Group and are restricted for use. As at 31 December 2023, bank deposits with original maturity of more than three months held by the Group were RMB1,096 million (31 December 2022: RMB730 million) and there were bank deposits of RMB754 million restricted for use (31 December 2022: RMB801 million).

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48. INTERESTS IN STRUCTURED ENTITIES

(a) Structured entities set up and managed by the Group

Structured entities consolidated by the Group include the asset management schemes, funds and other investments where the Group involves through launch or investment. These special vehicles issue units to investors, including the Group, to finance their operations, which are primarily investments in various debt and equity instruments.

The Group has committed to holding investments of RMB6 million (31 December 2022: RMB6 million) in collective asset management schemes managed by the Group till the end of the investment period. These investments are usually the most junior tranches in these schemes and will be utilised to absorb losses of more senior tranches. As at 31 December 2023 and 2022, the contributions from the Group to those collective asset management schemes equaled the committed investments and the Group's maximum losses are limited to the carrying amounts of these investments.

As at 31 December 2023, the total assets of the consolidated structured entities are RMB40,166 million (31 December 2022: RMB31,741 million) and the total net assets of the consolidated structured entities are RMB39,007 million (31 December 2022: RMB30,607 million). The carrying amount of third-party interests in the consolidated structured entities are RMB322 million (31 December 2022: RMB511 million), and these interests are presented in Note 42.

The Group also has interests in unconsolidated collective asset management schemes which the remuneration of the Group is commensurate with the services provided and the variable returns the Group exposed to are not considered to be significant. The Group therefore considers such decision-making rights are acting as an agent for the investors and hence did not consolidate these structured entities.

The amount of unconsolidated structured entities managed by the Group amounted to RMB90,214 million as at 31 December 2023 (31 December 2022: RMB116,100 million). The Group's interests are equal to the maximum exposure to loss of interests held by the Group in these unconsolidated structured entities, which amounted to RMB414 million as at 31 December 2023 (31 December 2022: RMB544 million).

During the year, management fee income and investment gains from the unconsolidated asset management schemes managed by the Group amounted to RMB447 million (31 December 2022: RMB342 million).

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48. INTERESTS IN STRUCTURED ENTITIES (continued)

(b) Structured entities set up and managed by third party institutions in which the Group holds interests

The types of structured entities that the Group does not consolidate but in which it holds interests include funds, asset management schemes, trust schemes, asset-backed securities and wealth management products issued by banks or other financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The carrying amount of the related accounts in the consolidated statement of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities as at 31 December 2023 and 2022, which are listed below:

	As at 31 December 2023 Financial assets measured at fair value through profit or loss	As at 31 December 2022 Financial assets measured at fair value through profit or loss
Carrying amount of interests held by the Group		
– Funds	27,038,994	30,959,027
– Trust schemes and wealth management products	3,227,497	2,995,138
– Asset management schemes	414,486	543,574
– Others	18,267,625	16,322,514
Total	48,948,602	50,820,253

49. TRANSFERS OF FINANCIAL ASSETS

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

Repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells securities, rights and interests in a margin loan and simultaneously agrees to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities, rights and interests in margin loans transferred. These transferred assets are not derecognised from the consolidated financial statements but regarded as “collateral” for the liabilities because the Group retains substantially all the risks and rewards of these transferred assets.

The proceeds from selling the transferred assets are presented as financial assets sold under repurchase agreements, as disclosed in Note 46. Since the Group transfers contractual rights to receive the cash flows of the securities, it does not have the ability to sell or repledge these transferred assets during the term of these arrangements.

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49. TRANSFERS OF FINANCIAL ASSETS (continued)

Repurchase agreements (continued)

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

	Financial assets measured at fair value through profit or loss	Total
As at 31 December 2023		
Carrying amount of transferred assets	1,333,444	1,333,444
Carrying amount of associated liabilities	(1,276,502)	(1,276,502)
Net position	56,942	56,942

	Financial assets measured at fair value through profit or loss	Total
As at 31 December 2022		
Carrying amount of transferred assets	718,032	718,032
Carrying amount of associated liabilities	(694,624)	(694,624)
Net position	23,408	23,408

Securities lending arrangements

The Group entered into securities lending agreements with clients to lend out its own securities classified as financial assets measured at fair value through profit or loss and equity instruments measured at fair value through other comprehensive income, using the client's securities or cash as collateral, and as the Group still retains all the risks of the relevant securities, it has not derecognized such securities in the balance sheet, and the carrying amount of such securities was RMB847.53 million as at 31 December 2023 (the carrying amount of such securities was RMB748.78 million as at 31 December 2022).

50. CAPITAL COMMITMENTS

	As at 31 December	
	2023	2022
Contracted but not provided for		
Leasehold improvements	14,676	19,927
Property and equipment	110,503	239,214
Total	125,179	259,141

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51. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

For the year ended 31 December 2023

Name	Fee	Salaries and allowances	Employer's contribution to pension schemes	Bonuses	Total
Executive Directors:					
Wang Sheng	–	1,514	282	531	2,327
Xue Jun ⁽²⁾	–	1,389	283	465	2,137
Jiang Yuesheng	–	700	320	246	1,266
Chen Liang ⁽³⁾	–	1,251	256	781	2,288
Non-executive Directors:					
Yang Tijun ⁽¹⁾	–	–	–	–	–
Liu Chang	–	–	–	–	–
Liu Zhihong	–	–	–	–	–
Li Hui	–	–	–	–	–
Independent Non-executive Directors:					
Wang Zhenjun	270	–	–	–	270
Liu Ruizhong ⁽⁴⁾	260	–	–	–	260
Liu Chun	260	–	–	–	260
Luo Zhuojian	210	–	–	–	210
Supervisors:					
Wei Guoqiang	–	–	–	–	–
Qu Yanping	–	1,514	280	558	2,352
Chen Jijiang	–	718	309	1,039	2,066
Fan Minfei	–	752	309	1,041	2,102
Tao Libin	120	–	–	–	120

(1) The emoluments of these non-executive directors of the Company were borne or partially borne by its shareholders and other related parties including Galaxy Financial Holdings and Central Huijin Investment Ltd. ("Central Huijin"). No allocation of the emoluments among these related parties and the Group has been made.

(2) Appointed as an executive director on on 24 November 2023.

(3) Resigned as an executive director on on 20 October 2023.

(4) Resigned as an Independent non-executive director on 13 December 2023.

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51. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

For the year ended 31 December 2022

Name	Fee	Salaries and allowances	Employer's contribution to pension schemes	Bonuses	Total
Executive Directors:					
Chen Liang ⁽²⁾	–	1,484	286	733	2,503
Wang Sheng	–	699	110	61	870
Jiang Yuesheng	–	635	305	203	1,143
Chen Gongyan ⁽³⁾	–	730	114	850	1,694
Non-executive Directors:					
Yang Tijun ⁽¹⁾	–	–	–	–	–
Liu Chang	–	–	–	–	–
Liu Zhihong	–	–	–	–	–
Li Hui	–	–	–	–	–
Liu Dingping ⁽⁵⁾	–	–	–	–	–
Independent Non-executive Directors:					
Wang Zhenjun	270	–	–	–	270
Liu Ruizhong	260	–	–	–	260
Liu Chun	260	–	–	–	260
Luo Zhuojian	210	–	–	–	210
Supervisors:					
Qu Yanping	–	1,484	268	122	1,874
Chen Jijiang	–	702	291	1,037	2,030
Fan Minfei	–	752	291	1,042	2,085
Tao Libin	120	–	–	–	120
Wei Guoqiang ⁽⁴⁾	–	–	–	–	–

(1) The emoluments of these non-executive directors of the Company were borne or partially borne by its shareholders and other related parties including Galaxy Financial Holdings and Central Huijin Investment Ltd. ("Central Huijin"). No allocation of the emoluments among these related parties and the Group has been made.

(2) Appointed as an executive director on 18 August 2022.

(3) Resigned as an executive director on 18 August 2022.

(4) Appointed as a supervisor on 29 June 2022.

(5) Resigned as a non-executive director on 30 September 2022.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The non-executive and independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

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51. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The supervisors' emoluments shown above were mainly for their services as supervisors of the Company.

Pursuant to the PRC relevant regulations, a portion of the performance-based bonus for certain executive directors, non-executive directors and supervisors are deferred for a minimum of 3 years contingent upon the future performance.

As of the date of the issuance of these consolidated financial statements, the above compensation packages including performance-based bonus for executive directors, non-executive directors and supervisors for the year ended 31 December 2023 have not been finalized. The management of the Group believes that the difference between the final emoluments and that disclosed above will not have a significant impact on the consolidated financial statements of the Group.

For the years ended 31 December 2023 and 2022, no directors or supervisors of the Company waived any emoluments and no emoluments were paid by the Company to any of the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

52. FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the five highest paid employees during the reporting periods are as follows:

	2023	2022
Basic salaries and allowances	3,595	2,769
Bonuses	13,937	11,866
Employer's contribution to pension schemes	1,034	999
	18,566	15,634

Bonuses are discretionary and determined by reference to the Group's and the individuals' performance. No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years of 2023 and 2022.

The number of the highest paid employees whose remuneration fell within the following bands is as follows:

	2023 No. of employees	2022 No. of employees
Emolument bands		
– HKD3,000,001 to HKD3,500,000	1	1
– HKD3,500,001 to HKD4,000,000	3	3
– HKD4,000,001 to HKD4,500,000	1	1
– HKD4,500,001 to HKD5,000,000	–	–
– HKD5,000,001 to HKD5,500,000	–	–
– HKD6,000,001 to HKD6,500,000	–	–
– HKD10,000,001 to HKD10,500,000	–	–
	5	5

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53. RELATED PARTY TRANSACTIONS

(a) Transactions and balances with governmental related entities operated in the PRC

(1) Immediate holding company and its fellow subsidiaries

Galaxy Financial Holdings is a financial holding company approved by the State Council of the PRC and was established in Beijing on 8 August 2005. Galaxy Financial Holdings owned 5,186,538,364 shares (31 December 2022: 5,186,538,364 shares), representing 47.43% of the entire equity interest of the Company as at 31 December 2023 (31 December 2022: 51.16%). The shareholders of Galaxy Financial Holdings are Central Huijin Investment Ltd. ("Central Huijin") with 69.07% equity interest, the Ministry of Finance (the "MOF") with 29.32% equity interest and the National Council for Social Security Fund (the "SSF") with 1.61% equity interest.

Central Huijin is a wholly-owned subsidiary of China Investment Corporation Limited, and is established in Beijing, PRC. Central Huijin was established to hold certain equity investments as authorised by the State Council and does not engage in other commercial activities. Central Huijin exercises legal rights and obligations in the Group on behalf of the PRC Government.

The MOF is one of the ministries under the State Council, primarily responsible for state fiscal revenue and expenditures, and taxation policies.

The SSF is a government agency at the ministerial level directly under the State Council of the PRC, primarily responsible for the management and operation of National Social Security Fund.

During the years ended 31 December 2023 and 2022, the Group provided securities brokerage and asset management services to Galaxy Financial Holdings and its subsidiaries and details of the significant transactions and balances are set out below.

	As at 31 December 2023	As at 31 December 2022
Accounts receivable	2,575	2,706
Accounts payable to brokerage clients	16,865	182,946
Other assets	663	663
Financial liabilities measured at fair value through profit or loss	828,434	–
Other liabilities	6	11

	2023	2022
Commission and fee income	16,416	18,850
Investment income and gains or losses	(3,079)	–
Interest expenses	981	331
Rental expenses paid or payable	2,254	13,944

During the year ended 31 December 2023, accounts payable to brokerage clients from Galaxy Financial Holdings amounted to RMB0.22 million (31 December 2022: RMB0.31 million).

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53. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions and balances with governmental related entities operated in the PRC (continued)

(2) Central Huijin Group

Central Huijin holds equity interests in a number of banks and non-bank financial institutions in the PRC under the direction of the Chinese government (collectively referred to as the “Central Huijin Group”). The Group enters into transactions with Central Huijin Group under normal commercial terms. Such transactions mainly include deposits at banks, securities and futures dealing and broking, underwriting of equity and debt securities, and purchases and sales of equity and debt securities issued by banks and non-bank financial institutions within the Central Huijin Group.

The Group's material transactions with the Central Huijin Group

	2023	2022
Commission and fee income	52,779	(8,785)
Interest income from banks and other financial institutions within the Central Huijin Group	1,470,903	1,093,800
Investment gains of equity and debt securities issued by banks and other financial institutions within the Central Huijin Group	76,171	384,661
Interest expenses to brokerage clients within the Central Huijin Group	586,832	296,085
Other operating expenses	15,185	4,734

The Group's material balances with the Central Huijin Group

	As at 31 December 2023	As at 31 December 2022
Equity and debt securities issued by banks and non-bank financial institutions within the Central Huijin Group classified as		
– financial assets measured at FVTOCI-Bond	590,006	1,046,462
– financial assets measured at FVTPL	6,279,774	8,109,433
– financial assets measured at FVTOCI-Equity	3,002,646	2,529,097
– financial assets measured at AC	388,718	383,422
Bank balances deposited with banks within the Central Huijin Group	56,065,113	62,006,771
Derivative financial assets	824,752	98,158
Accounts receivable	7,421	21,735
Right-of-use assets	16,666	5,077
Other receivables and prepayments	1,529	261,043
Due to banks and other financial institutions	2,697,128	1,617,430
Derivative financial liabilities	301,905	28,064
Financial assets sold under repurchase agreements	45,024,802	40,422,536
Accounts payable to brokerage clients within the Central Huijin Group	527,077	701,131
Lease liabilities	16,650	4,703
Other payables and accruals	1,658,946	1,325,999

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53. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions and balances with governmental related entities operated in the PRC (continued)

(3) Transactions with other government-related entities in the PRC

Other than disclosed above, a significant portion of the Group's transactions are entered into with government-related entities including securities and futures dealing and broking, underwriting of debt securities, purchases and sales of government bonds, and equity and debt securities issued by other government-related entities. These transactions are entered into under normal commercial terms and conditions. At the end of the reporting period, the Group held such investments in equity and debt securities and had balances with these government-related entities including accounts payable to brokerage clients.

The directors of the Company consider that transactions with government-related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those entities are government related. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the counterparties are government related entities.

(b) Other related parties

(1) Joint venture which have transactions with the Group are as follows:

Details of the Group's joint ventures at the end of the year are disclosed in Note 22.

The Group's material transactions with the Joint ventures

	Year ended 31 December	
	2023	2022
Other income, gains and losses	16,157	5,639

Name	Relationship
China Securities Lize Real Estate (Beijing) Co., Ltd. ("China Securities Lize Real Estate") 中證麗澤置業(北京)有限責任公司	Joint venture

The Group's material transactions with other related parties

The Group's material balances with the Joint ventures

	As at 31 December 2023	As at 31 December 2022
Other receivables and prepayments	1,154,126	1,154,126

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53. RELATED PARTY TRANSACTIONS (continued)

(b) Other related parties (continued)

(2) Key management personnel compensations

Key management personnel are those persons having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and other members of senior management.

The key management compensation for the years ended 31 December 2023 and 2022 comprises:

	2023	2022
Salaries, allowances, bonuses, social welfare and annuity scheme contribution	23,469	23,941

54. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December 2023	As at 31 December 2022
Financial assets		
Financial assets at amortized cost	297,009,462	294,688,496
– Debt instruments measured at amortized cost	2,298,023	2,707,919
– Financial assets held under resale agreements	22,749,153	20,293,397
– Deposits with exchanges and non-bank financial institutions	22,261,244	16,069,696
– Bank balances	113,625,203	115,995,340
– Advances to customers	91,217,899	84,329,316
– Accounts receivable	12,943,204	10,481,417
– Other financial assets	4,014,560	5,000,308
– Clearing settlement funds	27,900,176	39,811,103
Debt instruments measured at fair value through other comprehensive income	97,357,938	109,324,963
Equity instruments measured at fair value through other comprehensive income	45,173,149	38,395,017
Financial assets measured at fair value through profit or loss (FVTPL)	206,183,492	171,922,779
Derivative financial assets	8,405,035	2,630,533
Financial liabilities		
Financial liabilities at amortized cost	367,197,229	476,073,825
– Bonds payable	98,418,578	95,425,793
– Debt instruments	28,537,324	29,599,869
– Other financial liabilities	53,710,046	35,483,204
– Accounts payable to brokerage clients	8,221,838	129,645,925
– Due to banks and other financial institutions	16,956,888	27,423,638
– Financial assets sold under repurchase agreements	161,352,555	158,495,396
Financial liabilities held for trading	18,951,843	12,766,702
Financial liabilities designated as at fair value through profit or loss	20,702,332	20,871,093
Derivative financial liabilities	5,515,913	2,597,860

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55. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group offsets the following financial assets and financial liabilities since the Group currently has a legally enforceable right to set off the balances, and intends either to settle on a net basis, or to realise the balances simultaneously.

(a) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

As at 31 December 2023						
Type of financial assets	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial * instruments	Cash collateral received	
Accounts receivable from clearing house and brokers ⁽¹⁾	11,495,888	(1,176,350)	10,319,538	(1,013,708)	(336,560)	8,969,270
Total	11,495,888	(1,176,350)	10,319,538	(1,013,708)	(336,560)	8,969,270

As at 31 December 2022						
Type of financial assets	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial * instruments	Cash collateral received	
Accounts receivable from clearing house and brokers ⁽¹⁾	5,377,367	(441,350)	4,936,017	(425,383)	(148,316)	4,362,318
Total	5,377,367	(441,350)	4,936,017	(425,383)	(148,316)	4,362,318

* These represent the market values of shares pledged by customers which are capped at the outstanding balances of the respective customers.

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55. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

As at 31 December 2023						
Type of financial liabilities	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
Accounts payable to clearing house and brokers ⁽¹⁾	7,501,361	(1,176,350)	6,325,011	(1,013,708)	30,211	5,341,514
Total	7,501,361	(1,176,350)	6,325,011	(1,013,708)	30,211	5,341,514

As at 31 December 2022						
Type of financial liabilities	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
Accounts payable to clearing house and brokers ⁽¹⁾	4,989,313	(441,350)	4,547,963	(425,383)	(20,884)	4,101,696
Total	4,989,313	(441,350)	4,547,963	(425,383)	(20,884)	4,101,696

Notes:

- (1) Under the continuous net settlement, certain receivables and payables with Hong Kong Securities Clearing Company Limited and other brokers on the same settlement dates are settled on net basis.

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56. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bonds payable	Debt instruments	Due to banks and other financial institutions	Dividends payable
At 31 December 2022	95,425,793	29,599,869	8,390,374	498,979
Financing cash flows	6,558,025	(1,594,184)	573,860	(3,069,864)
Non-cash changes:				
Interest expenses	3,310,796	531,639	1,087,765	–
Conversion of convertible bonds	(6,876,036)	–	–	–
Dividends declared	–	–	–	3,375,516
At 31 December 2023	98,418,578	28,537,324	10,051,999	804,631

	Bonds payable	Debt instruments	Due to banks and other financial institutions	Dividends payable
At 31 December 2021	84,232,115	31,149,825	7,926,244	443,500
Financing cash flows	8,175,045	(2,539,360)	(464,130)	(3,770,571)
Non-cash changes:				
Interest expenses	3,018,633	989,404	928,260	–
Dividends declared	–	–	–	3,826,050
At 31 December 2022	95,425,793	29,599,869	8,390,374	498,979

The ending balances as at 31 December 2023 and 2022 shown above excluded certain amounts from due to banks and other financial institutions and interest accrued on them as they were related to operating activities of the Group.

57. FINANCIAL RISK MANAGEMENT

Overview

The Group's risk management objectives are to ensure its development within a sustainable and healthy direction, its business operated orderly within an acceptable risk framework and its overall risks within a measurable, controllable and acceptable manner, aiming to achieve the Group's overall development strategy. The Group's risk management strategy is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance, and reliably measure and monitor the risks on a timely and effective manner to ensure the risks are controlled within the tolerance level.

In daily operation, the Group is mainly exposed to credit risk, market risk, operational risk and liquidity risk. The Group has established risk management policies and procedures to identify and analyze these risks, set appropriate risk indicators, risk limits, risk policies and internal control processes, and monitor and manage the risks continuously through its information system.

Risk management principles include the consideration of the levels of comprehensiveness, prudence, counter checking and balancing and independence.

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57. FINANCIAL RISK MANAGEMENT (continued)

Risk management organizational structure

The risk management of the Company at the upper level involving the Board of Directors, the Supervisory Committee and the management as the major bodies of the comprehensive risk management system and according to the “three-layer defence” lays down the foundation of risk management, incorporates risk management of subsidiaries in a single system and implements a vertical management of risks, among which:

The Board of Directors is the highest decision-making body of the risk management system, taking the ultimate responsibility for the Company’s risk management duties through its sub-committees, Compliance and Risk Management Committee and Audit Committee. The Supervisory Committee monitors whether the Board of Directors and the management have fulfilled their responsibilities in respect of risk management on a timely and effective manner according to laws and regulations. The management is responsible for the implementation of risk management strategies, objectives and policies. The chief risk officer is in charge of overall risk management.

Business departments, functional departments and branches are charged with the primary responsibility for risk management. They shall execute the Company’s risk management strategies and policies, understand and give due consideration to various risks when making decisions, and identify, assess, monitor and report relevant risks in a timely and effective manner. The Company deploys dedicated/part-time risk management and compliance personnel in business departments and branches to be responsible for the management of specific risks and compliance management. Risk Management Headquarters, Legal and Compliance Department, Financial Management Department, Capital Management Headquarters, Audit Headquarters and Disciplinary Inspection Committee are responsible for monitoring and managing various risks.

Each subsidiary establishes its own risk management framework, policies, IT system and risk control indicator system according to the risk appetite and framework of the Company and the Company’s requirement on comprehensive risk management for its subsidiaries. It has to ensure consistency and effectiveness of overall risk management, taking into account of factors such as its own capital level, risk tolerance and complexity of business.

57.1 Credit risk

Credit risk is the risk of loss due to failures or inability to fulfil obligations by counterparties, or the downgrade of credit rating of them. The Group’s financial assets exposed to credit risk mainly include advances to customers, accounts receivable, other financial assets, financial assets measured at amortised cost, financial assets measured at FVTOCI, financial assets held under resale agreements, financial assets measured at FVTPL, deposits with exchanges and non-bank financial institutions, clearing settlement funds and bank balances. Taking no account of collateral or other credit enhancements, the maximum credit exposure of financial assets to the extent exposed to credit risk approximates to their carrying amount at the reporting date.

Bank balances of the Group are mainly deposited in state-owned commercial banks or joint-stock commercial banks with good credit rating, and clearing settlement funds are deposited with the China Securities Depository and Clearing Corporation Limited (the “CSDCC”).

For proprietary trading business, counterparties are evaluated and only parties with good credit rating are authorised to trade with.

The Group invests primarily in bonds with rating of AA or above. Therefore, the Group considers the credit exposure of proprietary trading business is not significant.

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57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Margin trading assets consist of advances to customers and securities lent to customers. The main credit risk of these financial assets is customers' failure to repay the principal, interest or securities lent to them. The Group monitors margin trading clients' accounts on an individual customer basis and call for additional margin deposits, cash collateral or securities, whenever necessary. The advances to margin clients are monitored through their collateral ratios, which ensure the value of the pledged assets is sufficient to cover the advances.

The credit risk of the Group also arises from their securities and futures brokerage business. In the case of customers failing to deposit adequate funds, the Group may have to complete trade settlements by using their own funds. To mitigate these credit risks, the Group requires cash deposit of full amounts for all transactions before they settle on behalf of customers.

As at 31 December 2023, other than those financial assets whose carrying amounts represent maximum exposure to credit risks, the Group is also exposed to credit risks arising from security lending and borrowing activities as clients may default on returning securities borrowed. Securities lent to clients may include securities collateral received from other clients under similar lending and borrowing arrangements. Therefore, these securities may not be recognised in the consolidated statement of financial position of the Group. As at 31 December 2023, the total amount of the securities (both the Group's own securities and securities borrowed by the Group) lent to clients was RMB2,430 million (31 December 2022: RMB3,681 million).

The concentration of credit risk is limited due to the counterparty and customer base being large and diversified.

Impairment under the ECLs model

The Group recognised a loss allowance for ECLs on financial assets which are subject to impairment under IFRS 9 using the ECLs models, including debt instruments measured at FVTOCI or amortised cost, advances to customers, accounts receivable, other receivables, financial assets held under resale agreements, deposits with exchanges and non-bank financial institutions, clearing settlement funds and bank balances. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition.

The key inputs used for measuring ECLs based on the "probability of default" approach are the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"); or, based on the loss rate approach, the key input is the loss rate. These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

Significant increase in credit risk

Except for accounts receivable without significant financing component which are always measured on the lifetime ECLs basis, the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECLs.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets.

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57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Impairment under the ECLs model (continued)

Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life;
- an actual or expected significant change in the financial instrument's external credit rating;
- an actual or expected internal credit rating downgrade for the borrower;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations;
- an actual or expected significant change in the operating results of the borrower;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- an actual or expected significant change in the quality of credit enhancement; and
- significant changes in the expected performance and behaviour of the borrower.

Internal credit risk ratings

The Group has developed internal credit rating models and functional internal credit rating systems based on the characteristics of different industries and target customer bases, to perform rating for borrowers or bond issuers. The Group gradually apply the internal credit rating results to business authorisation, limit measurement, quota approval, risk monitoring, asset quality management and etc., which have become important tools for decision-making and risk management in credit business.

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECLs. The Group generates a base case scenario of future forecast of relevant economic variables, along with a series of representative ranges of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

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57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Impairment under the ECLs model (continued)

Measurement of ECLs

The measurement of ECLs is a function of the PD, LGD and EAD based on the probability of default approach. The assessment of the PD and LGD is based on historical data adjusted by forward-looking information.

Generally, the ECLs is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For undrawn loan commitments, the ECLs is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

The Group measures ECLs considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is a common business practice.

The measurement of ECLs is based on the probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis as noted below.

Groupings based on shared risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as instrument type, credit risk grade, collateral type, remaining term to maturity and the value of collateral relative to the financial asset if it has an impact on the probability of a default occurring (loan-to-value ratios). The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

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57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Impairment under the ECL model (continued)

Measurement of ECLs (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

As at 31 December 2023	Notes	12-month or lifetime ECL	Gross carrying amount	ECL
Financial assets held under resale agreements	24	12-month ECL	22,586,839	21,178
		Lifetime ECL (not credit-impaired)	190,344	6,852
		Credit-impaired	28,939	28,939
			22,806,122	56,969
Debt instruments measured at fair value through other comprehensive income	25	12-month ECL	97,247,030	92,917
		Lifetime ECL (not credit-impaired)	110,908	1,495
		Credit-impaired	–	90,000
			97,357,938	184,412
Debt instruments measured at amortised cost	27	12-month ECL	2,168,586	1,704
		Lifetime ECL (not credit-impaired)	141,581	43,154
		Credit-impaired	81,253	48,539
			2,391,420	93,397
Advances to customers	31	12-month ECL	87,954,753	87,077
		Lifetime ECL (not credit-impaired)	3,491,191	145,423
		Credit-impaired	82,470	78,015
			91,528,414	310,515
Other financial assets measured at amortised cost*		12-month ECL	180,388,644	65,160
		Lifetime ECL (not credit-impaired)	365,269	91,026
		Credit-impaired	924,093	777,433
Total			181,678,006	933,619
			395,761,900	1,578,912

* Other financial assets measured at amortised cost include accounts receivable, other receivables, deposits with exchanges and non-bank financial institutions, clearing settlement funds and bank balances.

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(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Impairment under the ECL model (continued)

Measurement of ECLs (continued)

The following tables show the reconciliation of loss allowances that have been recognised:

- (1) Loss allowances for financial assets held under resale agreements

	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
As at 1 January 2023	25,820	3,249	162,426	191,495
Changes due to financial instruments recognised as at 1 January:				
– Increase	–	88	–	88
– Decrease	(88)	–	–	(88)
– Impairment losses recognised	2,775	6,764	–	9,539
– Impairment losses reversed	(10,012)	(3,249)	(59,052)	(72,313)
– Write-off	–	–	(67,950)	(67,950)
New financial assets purchased	2,670	–	–	2,670
Exchange difference and others	13	–	(6,485)	(6,472)
As at 31 December 2023	21,178	6,852	28,939	56,969

- (2) Loss allowances for debt instruments measured at fair value through other comprehensive income

	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
As at 1 January 2023	106,679	1,967	90,000	198,646
Changes due to financial instruments recognised as at 1 January:				
– Impairment losses recognised	833	–	–	833
– Impairment losses reversed	(66,012)	(515)	–	(66,527)
New financial assets purchased	51,417	43	–	51,460
As at 31 December 2023	92,917	1,495	90,000	184,412

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(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Impairment under the ECL model (continued)

Measurement of ECLs (continued)

(3) Loss allowances for debt instruments measured at amortised cost

	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
As at 1 January 2023	5,842	–	48,539	54,381
Changes due to financial instruments recognised as at 1 January:				
– Impairment losses recognised	154	42,849		43,003
– Impairment losses reversed	(4,315)			(4,315)
New financial assets purchased	–		–	
Exchange difference and others	23	305		328
As at 31 December 2023	1,704	43,154	48,539	93,397

(4) Loss allowances for advances to customers

	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
As at 1 January 2023	123,810	49,433	89,168	262,411
Changes due to financial instruments recognised as at 1 January:				
– Transfers between stages				
– Increase	797	13,031	1	13,829
– Decrease	(628)	(797)	(12,404)	(13,829)
– Impairment losses recognised	68,540	85,441	3,284	157,265
– Impairment losses reversed	(113,911)	(2,311)	(14)	(116,236)
Write-off	–	–	(2,065)	(2,065)
New financial assets purchased	8,453	142	–	8,595
Exchange difference and others	16	484	45	545
As at 31 December 2023	87,077	145,423	78,015	310,515

Due to the fluctuation of the stock market, the collateral valuations fell short of the related margin loan amount. The overall increase of the loss allowance for advances to customers was RMB166 million for the year ended 31 December 2023.

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(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Impairment under the ECLs model (continued)

Measurement of ECLs (continued)

- (5) Loss allowances for other financial assets measured at amortised cost

	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
As at 1 January 2023	88,670	96,459	725,260	910,389
Changes due to financial instruments recognised as at 1 January:				
– Transfers between stages				
– Increase	–	–	7,718	7,718
– Decrease	(7,278)	(440)	–	(7,718)
– Impairment losses recognised	5,131	3,996	67,884	77,011
– Impairment losses reversed	(89,687)	(11,338)	(18,607)	(119,632)
Amounts written off	–	–	(2,321)	(2,321)
New financial assets purchased	61,312	261	575	62,148
Exchange difference and others	7,012	2,088	(3,076)	6,024
As at 31 December 2023	65,160	91,026	777,433	933,619

The most significant movements of loss allowance for other financial assets measured at amortised cost during the year arose from impairment losses recognised as a result of deterioration of credit quality of these financial assets.

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(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Impairment under the ECLs model (continued)

Measurement of ECLs (continued)

The tables below summarize the Group's investments in bonds by their external credit rating.

External credit rating	As at 31 December 2023	As at 31 December 2022
Domestic bonds		
China's Sovereign Credit	119,581,799	114,672,460
AAA	52,442,474	47,577,682
AA+	6,999,813	8,584,998
AA	745,249	1,753,078
AA-	630,450	464,135
Under AA-	453,686	557,746
Not rated	24,959,575	27,100,098
Subtotal	205,813,046	200,710,197
Offshore bonds		
Other Countries' Sovereign Credit	–	20,207
A	216,534	137,448
B	1,299,696	1,493,925
Not rated	1,383,458	1,511,970
Subtotal	2,899,688	3,163,550
Total	208,712,734	203,873,747

Note: China's Sovereign Credit represents the credit rating of Chinese government bonds. The credit ratings of offshore bonds use the lowest ratings of the ones given by Moody's, Standard & Poor's and Fitch, if available; or otherwise shown as "not rated".

57.2 Market risk

Market risk is the risk of loss arising from adverse change in fair value or movement in cash flows in respect of financial instruments, due to interest rate risk, currency risk or price risk.

Within the scope of risk partiality, the Group formulates market risk authorisation for proprietary business lines, including transaction limit, risk value, sensitivity, stop loss limit, stress test, concentration and other risk indicators. According to the role and limitations of different indicators, the Group establishes complementary indicator systems of different types and levels, and manages them according to different dimensions. The Group continuously monitors the market risk status and the implementation of relevant risk authorisation, and takes timely control and mitigation measures to limit, transfer and reduce market risk.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.2 Market risk (continued)

The Risk Management Headquarters, which is independent of the business department, is the centralized department of market risk management. It identifies, evaluates, monitors and reports the market risks faced by its own funds participating in business and products, and independently evaluates and verifies the valuation methods and risk measurement models of financial instruments used in the process of business development. The Risk Management Headquarters monitors the implementation of risk authorisation of the business department, reveals the risks on a timely basis, reports the market risk status to the operation management or its authorised organization, the board of directors and its Risk Management Committee on a regular basis, and makes special risk reports on special or major risk issues from time to time. Each business department is the first party in charge of market risk management. According to the market risk monitoring results, they select the market risk hedging and risk mitigation strategies suitable for risk preference, mainly including risk dispersion and risk hedging, and actively transfers, controls and reduces market risk. Giving feedback about the market risk management status of the Department to the Risk Management Headquarters regularly or irregularly.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The securities price risk of the Group was mainly derived from the positions held in businesses such as proprietary investment, and market making business. In order to control risks effectively, the Group mainly adopted the following measures. Firstly, by creating securities investment portfolios, the Group made use of financial derivatives to carry out effective risk hedging. Secondly, the risk exposures of the Group's positions were managed on an unified basis. Through the defensive lines of the internal risk division of the business department and the Risk Management Headquarters, the Group implemented measures including independent risk monitoring, analysis and reporting to discover and handle risks in a timely manner. Thirdly, the Company implemented the market risk limit management mechanism to control the size of risk exposures, risk concentration, loss limits and other indicators, and made irregular adjustments so as to cope with the ever-changing market risks, business conditions or risk tolerance level of the Company. Fourthly, the Group adopted quantitative means such as Value at Risk("VaR") and combined with other methods such as scenario analysis and stress test to assess the relative and absolute risks of the portfolios.

The Company, Galaxy International, which takes a great market risk adopts "VaR" as the risk evaluation tool for measuring the market risk of the entire securities investment portfolio which comprises various financial instruments, and utilise stress testing as an effective supplement to the VaR analysis. VaR analysis is a statistical technique that estimates the potential maximum losses that could occur on risk positions due to movements in interest rates, stock prices or currency rates over a specified time period and at a given level of confidence.

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(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.2 Market risk (continued)

Price risk (continued)

The analysis of the Company's VaR (confidence level of 95% and a holding period of one trading day) by types of risks is as follows:

The Company	2023			
	2023/12/31	Average	Lowest	Highest
VaR of equity price	161,452	147,124	82,422	224,064
VaR of interest rate	151,177	119,069	75,783	170,317
VaR of commodity price	24,449	11,570	3,953	27,229
Total portfolio VaR	214,401	190,996	131,699	255,548

The Company	2022			
	2022/12/31	Average	Lowest	Highest
VaR of equity price	55,379	60,436	20,292	197,346
VaR of interest rate	158,527	102,115	44,649	228,472
VaR of commodity price	8,233	6,873	1,688	14,335
Total portfolio VaR	171,659	133,000	67,939	256,613

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group utilises sensitivity analysis as the main tool of monitoring interest rate risk and measuring the impact to profit and equity for a reasonable and possible change of interest rates, assuming all other variables were held constant. Debt securities of the Group mainly comprise corporate bonds, and the Group mitigates the interest rate risk through monitoring the durations and convexities of its bond portfolios. Interest rate risk in connection with cash held on behalf of customers in bank balances and clearing settlement funds is offset by the associated accounts payable to brokerage clients because their terms match with each other.

The tables below summarize the Group's interest-bearing financial assets and liabilities by their remaining terms to repricing or contractual maturity date, whichever is earlier. Other financial assets and liabilities not included below are not exposed to significant interest rate risk.

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(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.2 Market risk (continued)

Interest rate risk (continued)

As at 31 December 2023

	Less than 1 year	More than 1 but less than 3 years	More than 3 but less than 5 years	More than 5 years	Total
Financial assets					
Advances to customers	91,217,899	–	–	–	91,217,899
Debt instruments measured at fair value through other comprehensive income	10,822,219	30,049,458	18,955,068	37,531,193	97,357,938
Debt instruments measured at amortised cost	1,366,519	545,588	–	385,916	2,298,023
Financial assets held under resale agreements	11,274,699	11,474,454	–	–	22,749,153
Financial assets measured at fair value through profit or loss	11,469,534	33,073,339	29,527,641	36,157,249	110,227,763
Clearing settlement funds	27,900,176	–	–	–	27,900,176
Bank balances	113,625,013	–	–	–	113,625,013
Subtotal	267,676,059	75,142,839	48,482,709	74,074,358	465,375,965
Financial liabilities					
Bonds payable	29,687,047	49,618,409	18,106,917	1,006,205	98,418,578
Due to banks and other financial institutions	16,956,888	–	–	–	16,956,888
Debt instruments	28,227,730	309,594	–	–	28,537,324
Accounts payable to brokerage clients	8,221,838	–	–	–	8,221,838
Financial assets sold under repurchase agreements	161,352,555	–	–	–	161,352,555
Other financial liabilities	142,189	–	–	179,311	321,500
Subtotal	244,588,247	49,928,003	18,106,917	1,185,516	313,808,683
Net interest-bearing position	23,087,812	25,214,836	30,375,792	72,888,842	151,567,282

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(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.2 Market risk (continued)

Interest rate risk (continued)

As at 31 December 2022

	Less than 1 year	More than 1 but less than 3 years	More than 3 but less than 5 years	More than 5 years	Total
Financial assets					
Advances to customers	84,219,550	109,766	–	–	84,329,316
Debt instruments measured at fair value through other comprehensive income	968	–	–	109,323,995	109,324,963
Debt instruments measured at amortised cost	409,322	1,750,392	155,341	392,864	2,707,919
Financial assets held under resale agreements	9,704,078	10,589,319	–	–	20,293,397
Financial assets measured at fair value through profit or loss	15,010,003	32,043,054	17,349,628	28,555,874	92,958,559
Clearing settlement funds	39,811,103	–	–	–	39,811,103
Bank balances	88,275,187	27,720,000	–	–	115,995,187
Subtotal	237,430,211	72,212,531	17,504,969	138,272,733	465,420,444
Financial liabilities					
Bonds payable	30,886,076	46,771,803	10,891,878	6,876,036	95,425,793
Due to banks and other financial institutions	27,423,638	–	–	–	27,423,638
Debt instruments	29,305,088	294,781	–	–	29,599,869
Accounts payable to brokerage clients	129,645,925	–	–	–	129,645,925
Financial assets sold under repurchase agreements	158,495,396	–	–	–	158,495,396
Other financial liabilities	301,263	–	–	209,790	511,053
Subtotal	376,057,386	47,066,584	10,891,878	7,085,826	441,101,674
Net interest-bearing position	(138,627,175)	25,145,947	6,613,091	131,186,907	24,318,770

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57. FINANCIAL RISK MANAGEMENT (continued)

57.2 Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis

The Group uses sensitivity analysis as the main tool to monitor interest rate risk, and measures the impact on the Group's total profit and other comprehensive income without considering the impact of corporate income tax, when the interest rate changes reasonably and possibly under the assumption that other variables remain unchanged as follows:

	2023	2022
Profit before income tax for the year		
Increase by 100 basis points	(2,503,221)	(1,771,261)
Decrease by 100 basis points	2,503,221	1,771,261

	2023	2022
Other comprehensive income before income tax		
Increase by 100 basis points	(5,117,815)	(5,876,687)
Decrease by 100 basis points	5,117,815	5,876,687

The influence on the total profit refers to the influence of certain changes in the interest rate in the middle of the next year on the net interest-generating position interest income and the changes in the fair value after the revaluation of the trading financial assets and trading financial liabilities held at the end of the year.

The influence on other comprehensive income refers to the influence of the changes in the fair value of other debt investments held at the end of the period based on the revaluation when a certain interest rate changes.

The above sensitivity analysis assumes that the rates of return on assets and liabilities of each maturity move up or down in parallel, so it does not reflect the possible impact for the scenario when only interest rate changes while the remaining interest rate remains unchanged. The forecast is also based on other simplified assumptions, including all positions being held to maturity.

This assumption does not represent the Group's policy on the use of funds and the management of interest rate risk, so the effects above may differ from the actual situation.

Moreover, the above analysis of the impact of interest rate changes is only an example to show the estimated changes in total profit and other comprehensive income under various projected income scenarios and the current interest rate risk profile of the Group. However, this effect does not take into account the risk management activities that management may take to manage interest rate risk.

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57. FINANCIAL RISK MANAGEMENT (continued)

57.2 Market risk (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The Group's currency risk primarily relates to the Group's operating activities whose settlements and payments are denominated in foreign currencies which are different from the respective group entities' functional currencies.

The foreign currency assets and liabilities held by the Group are not material compared to the total assets and liabilities. In terms of the Group's revenue structure, the majority of the business transactions are denominated in RMB, and the proportion of foreign currency transactions is not significant to the Group. The Group considers that the currency risk of the Group's operations is immaterial due to the relatively low proportion of the Group's foreign currency denominated assets, liabilities, income and expense, as compared to the Group's total assets, liabilities, income and expenses. The currency risk of the Group's business is not significant.

57.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities due to shortages of capital or funds. During the normal course of business, the Group may face liquidity risk caused by macroeconomic policy change, market fluctuations, poor operations, credit downgrades, mismatch of assets and liabilities, low turnover rate of assets, underwriting on a firm commitment basis, significant proprietary trading position, or any significant illiquid long-term investments. If the Group fails to address any liquidity risk by adjusting the asset structure or comply with regulatory requirements on certain risk indicators, the Group could be penalized by the regulatory authority, which could cause adverse impacts to the Group's operations and reputations.

The measures of the Group's liquidity risk management mainly include:

(1) Establishing a centralized fund management mechanism and an effective fund regulation mechanism

To cope with and manage liquidity risk effectively, the Company has strengthened monitoring and management over fund transfers of significant amounts in order to achieve centralized fund allocation and coordinated liquidity risk management: incorporated debt financing and leverage ratios into risk authorisation systems; established liquidity risk index system; monitored and reported liquidity of the Company on a daily basis; risk warning in a timely manner; conducted regular and ad-hoc stress tests to analyze and evaluate the level of liquidity risk; continuously optimized asset-liability structure to build a multi-level liquidity reserve system; and achieved diversification of financing channels through money market, capital market and bank borrowings.

(2) Establishing a stable liquidity risk management report system

The Group prepares different financing plans for different periods, and reports on the implementation of financing plans to reflect the management of liquidity risk.

(3) Increasing working capital and liquidity by issuing shares and corporate bonds

The Group increases its working capital and liquidity by issuing shares, corporate bonds, debt instruments, and by transferring of rights and interests in margin loans to support the development of margin financing and other businesses.

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57. FINANCIAL RISK MANAGEMENT (continued)

57.4 Hedge

Fair value hedge

The Group is exposed to price risk from its spot commodities, such as rubber, manganese and silicon. The Group uses exchange-traded futures to manage the commodity price risk of the above products. The underlying assets of the future contracts which the Group hold are the same as or highly correlated with Group's spot commodities, and so both the underlying variables of hedging instruments (commodity futures) and hedged items (spot commodities) are the same or similar. The Group determines the quantity ratio of hedging instruments to hedged items through qualitative analysis. The ineffective part of hedging mainly arises from basis risk, the risk that the value of a futures contract will not move in a normal, steady correlation with the underlying asset price. The amount of hedge ineffectiveness recognised during 2023 is not material. In the financial statements, the gains or losses arising from the hedged risk on the fair value of the hedged item are included in the current year's profit and loss. Changes in the fair value of hedging instruments are also recognised in current year's profit or loss.

As at 31 December 2023, the nominal amount of the hedging instrument was RMB1,534.75 million (2022: RMB105.61 million), and the hedging instruments are maturing within 6 months (2022: maturing within 6 months).

The carrying amount and changes in fair value of hedging instruments are as follows:

Commodity price risk – commodity futures contracts	As at 31 December 2023	As at 31 December 2022
Line item in the statement of financial position	Derivative financial instruments	Derivative financial instruments
Notional amounts of hedging instruments	1,534,753	105,609
Carrying amount of hedging instruments	–	–
Changes in fair value of hedging instruments used as the basis for recognising ineffectiveness	46,680	18,802

The carrying amount of the hedged items and related adjustments are as follows:

Commodity price risk – inventories	As at 31 December 2023	As at 31 December 2022
Line item in the statement of financial position	Other receivables and prepayments	Other receivables and prepayments
Carrying amount of hedged items	1,451,412	104,541
Accumulated amount of fair value hedge adjustments for the hedged item (included in the carrying amount of the hedged items)	(9,876)	(1,792)

During 2023, the hedge ineffectiveness of changes in fair value of hedging instruments included in the statement of profit or loss was RMB36.80 million (2022: RMB17.01 million).

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57. FINANCIAL RISK MANAGEMENT (continued)

57.4 Hedge (continued)

Net investment hedge

The Group hedges the foreign exchange exposure to the net assets of some subsidiaries operating overseas that are included in the consolidated financial statements. The Group hedges part of its overseas operations with foreign exchange forward contracts in the same currency as the functional currency of the relevant subsidiaries or in currencies related to exchange rates. The Group determines the hedging ratio between the hedging instrument and the hedged item through qualitative analysis. In the financial statements, the portion of the gain or loss on the hedging instrument that is determined to be effective is recognized in other comprehensive income, and the portion that is ineffective is recognized in profit or loss for the current period.

In 2023, the net income from hedging instruments amounted to RMB3.22 million (2022: net loss 0.04 million) and was included in other comprehensive income. In 2023, the net income related to the forward elements of forward contracts totaled RMB0.42 million (2022: net income 3.38 million), which was included in profit or loss. The net loss arising from the ineffective portion of the hedged net investment in foreign operations is RMB4.80 million (2022: net loss RMB2.94 million).

As at 31 December 2023, the nominal amount of hedging instruments designated by the Group as hedging net investments in overseas operations was RMB138.68 million (31 December 2022: 175.33 million), and will mature within 6 months.

58. FAIR VALUE OF FINANCIAL INSTRUMENTS

58.1 Fair value of the Group's financial assets and financial liabilities that are not measured at fair value

The carrying amounts of the Group's financial assets and financial liabilities not measured at fair value approximated to their fair values as at 31 December 2023 and 31 December 2022 except for the following financial assets and financial liabilities, for which their carrying amounts including accrued interest and fair value are disclosed below:

	As at 31 December 2023	
	Carrying amounts	Fair value
Non-current		
Bonds payable	68,731,531	69,345,218
Debt instruments	309,594	309,694
Financial assets held under resale agreements	11,452,478	11,541,268
Debt instruments measured at amortised cost	959,951	990,312

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

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58. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

58.1 Fair value of the Group's financial assets and financial liabilities that are not measured at fair value (continued)

	As at 31 December 2022	
	Carrying amounts	Fair value
Non-current		
Bonds payable	64,539,717	66,702,918
Debt instruments	294,781	294,792
Financial assets held under resale agreements	11,179,306	11,330,934
Debt instruments measured at amortised cost	2,293,041	2,355,556

Fair values of these financial instruments are determined by contractual cash flows discounted by observable yield curves.

58.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting periods. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable and the significance.

Level 1 Fair value measurements are those derived from quoted prices (unadjusted in active markets for identical assets or liabilities);

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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(Amounts in thousands of Renminbi, unless otherwise stated)

58. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

58.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

As at 31 December 2023	Level1	Level2	Level3	Total
Financial assets:				
Debt instrument measured at FVTOCI:	32,763,489	64,594,449	–	97,357,938
– Debt securities	32,763,489	64,594,449	–	97,357,938
Equity instruments measured at FVTOCI:	26,406,004	18,765,606	1,539	45,173,149
– Perpetual bonds	16,959,046	18,765,606	–	35,724,652
– Equity securities	9,446,958	–	–	9,446,958
– Other investments	–	–	1,539	1,539
Financial assets measured at FVTPL:	50,792,302	148,074,509	7,316,681	206,183,492
– Debt securities	10,483,071	95,690,389	2,883,314	109,056,774
– Equity securities	28,990,373	184,744	1,103,642	30,278,759
– Funds	11,316,080	15,722,914	–	27,038,994
– Asset management plan	–	414,486	–	414,486
– Structured deposits and wealth management products	–	3,176,376	–	3,176,376
– Trust schemes	–	503,219	711,715	1,214,934
– Other investments	2,778	32,382,381	2,618,010	35,003,169
Derivative financial assets	489,500	1,244,400	6,671,135	8,405,035
Total	110,451,295	232,678,964	13,989,355	357,119,614
Financial liabilities:				
Financial liabilities held for trading:	328,970	18,622,873	–	18,951,843
– Debt securities	–	18,622,873	–	18,622,873
– Equity securities	328,970	–	–	328,970
Financial liabilities designated as at fair value through profit or loss:	452,670	20,249,662	–	20,702,332
– Structured products embedded with equity swaps	452,670	–	–	452,670
– Financing payables	–	20,249,662	–	20,249,662
Derivative financial liabilities	321,750	593,657	4,600,506	5,515,913
Total	1,103,390	39,466,192	4,600,506	45,170,088

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(Amounts in thousands of Renminbi, unless otherwise stated)

58. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

58.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

As at 31 December 2022	Level1	Level2	Level3	Total
Financial assets:				
Debt instrument measured at FVTOCI:	31,857,485	77,467,478	–	109,324,963
– Debt securities	31,857,485	77,466,510	–	109,323,995
– Others	–	968	–	968
Equity instruments measured at				
FVTOCI:	22,781,576	15,613,307	134	38,395,017
– Perpetual bonds	19,486,784	15,613,307	–	35,100,091
– Other investments	–	–	134	134
– Equity securities	3,294,792	–	–	3,294,792
Financial assets measured at FVTPL:	48,718,404	115,417,739	7,786,636	171,922,779
– Debt securities	18,696,067	71,030,464	2,489,388	92,215,919
– Equity securities	11,783,531	44,562	2,928,199	14,756,292
– Funds	14,205,448	16,718,915	–	30,924,363
– Asset management plan	–	3,199,507	–	3,199,507
– Structured deposits and wealth				
management products	–	543,574	–	543,574
– Trust schemes	–	538,271	–	538,271
– Other investments	4,033,358	23,342,446	2,369,049	29,744,853
Derivative financial assets	231,160	772,805	1,626,568	2,630,533
Total	103,588,625	209,271,329	9,413,338	322,273,292
Financial liabilities:				
Financial liabilities held for trading:	245,896	12,520,806	–	12,766,702
– Debt securities	–	12,520,806	–	12,520,806
– Equity securities	245,896	–	–	245,896
Financial liabilities designated as at fair				
value through profit or loss:	998,066	18,656,308	1,216,719	20,871,093
– Structured products embedded				
with equity swaps	639,531	–	–	639,531
– Equity-linked Financing payables	358,535	16,665,359	–	17,023,894
– Gold-linked Financing payables	–	1,990,949	–	1,990,949
– Others	–	–	1,216,719	1,216,719
Derivative financial liabilities	988,954	518,059	1,090,847	2,597,860
Total	2,232,916	31,695,173	2,307,566	36,235,655

There were no significant transfers between Level 1 and 2 during years ended 31 December 2023 and 2022.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

58. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

58.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

58.2.1 Basis for recurring fair value measurement categorised within Level 1

For the measurement for Level 1, the Group adopts the closing price in active markets. Instruments included in Level 1 comprise primary debt securities, equity securities, funds and other investments traded on stock exchanges.

58.2.2 Valuation techniques used and the qualitative information of key parameters for recurring fair value measurement categorised within Level 2

For bonds in the inter-bank market classified as FVTPL-assets, FVOCI-bond and FVOCI-equity, as well as bond lending classified as FVTPL-liabilities, the fair value is estimated by using Chinese bonds, and the future cash flows are estimated based on the contract amount and coupon rate, and discounted at the interest rate reflecting the credit risk of the counterparty.

For equity investments at FVTOCI, unlisted funds (open-ended mutual funds, structured deposits, wealth management products and other investments at FVTPL), the fair value is calculated based on the fair value of the underlying investments which are money market instruments, debt securities and publicly traded equity investments listed in the PRC in each portfolio.

For equity securities at FVTPL traded on National Equities Exchange and Quotations, recent transaction prices and the latest quoted bid prices and adjusted based on the index of National Equities Exchange and Quotations are used.

For equity-linked financing payables designated as at fair value through profit or loss, the fair value is determined based on the bid prices of stock index in an active market.

For derivative financial instruments, the fair value is determined by different valuation techniques. For interest rate swaps, equity return swaps and currency forward, the fair value is measured by discounting the differences between the contract prices and market prices of the underlying financial instruments.

During the year ended 31 December 2023, there were no significant changes of valuation techniques for Level 2.

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(Amounts in thousands of Renminbi, unless otherwise stated)

58. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

58.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

58.2.3 Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised

The quantitative information of fair value measurement for Level 3 is as follows:

	As at 31 December 2023	As at 31 December 2022	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Financial assets				
Financial assets measured at FVTPL:				
– Bonds	2,883,314	2,489,388	Discounted cash flows with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of investment targets.	Discount rate (Note 2)
– Equity securities traded on National Equities Exchange and Quotations	10,083	26,292	Use of comparable company approach, with an adjustment of discount for lack of marketability.	Marketability discount (Note 3)
– Equity securities traded on stock exchanges with lock-up periods	1,093,559	2,901,907	Market quotes based on the option pricing model taking into account the liquidity discount adjustment.	Volatility (Note 1)
– Trust schemes	711,715	–	– Discounted cash flows with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of investment targets.	Discount rate (Note 2)
– Other investments	246,835	116,287	Market quotes based on the option pricing model taking into account the liquidity discount adjustment.	Volatility (Note 1)
– Other investments	356,313	377,123	Discounted cash flow with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of investment targets.	Discount rate (Note 2)
– Other investments	2,014,862	1,875,639	Determined by reference to the quoted market prices or using comparable company approach, with an adjustment of discount for lack of marketability.	Marketability discount (Note 3)
Equity instruments measured at FVTOCI:				
– Equity investments	1,539	134	Valuation using multiples, with an adjustment of discount for lack of marketability.	Marketability discount (Note 3)

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(Amounts in thousands of Renminbi, unless otherwise stated)

58. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

58.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

58.2.3 Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised (continued)

	As at 31 December 2023	As at 31 December 2022	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Derivative financial instruments:				
– Options-assets	5,601,385	1,478,645	Calculated based on the option pricing model.	Volatility (Note 1)
– Other forward contract-assets	1,069,750	147,923	Discounted cash flows with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of investment targets.	Discount rate (Note 2)
Total	13,989,355	9,413,338		
Financial liabilities				
Derivative financial instruments:				
– Options-liabilities	4,580,951	1,079,636	Calculated based on the option pricing model.	Volatility (Note 1)
– Forward contract-liabilities	19,555	11,211	Discounted cash flows with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of investment targets.	Discount rate (Note 2)
Financial liabilities measured at FVTPL:				
– Others	–	1,216,719	Discounted cash flows with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of investment targets.	Discount rate (Note 2)
Total	4,600,506	2,307,566		

Notes:

- (1) The significant unobservable input to fair value measurement is the volatility of the underlying securities, which ranges from 12.99% to 69.69% (31 December 2022: 5% to 81.77%).
- (2) The unobservable input to fair value is the discount rate, determined by reference to the credit risk of underlying investments, ranging from 4.00% to 99.99% (31 December 2022: 0.70% to 99.99%). The higher is the discount rate, the lower is the fair value.
- (3) The unobservable input to fair value is the discount for lack of marketability, which ranges from 22% to 90.46% (31 December 2022: 20% to 80.89%). The higher is the discount for lack of marketability, the lower is the fair value.

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(Amounts in thousands of Renminbi, unless otherwise stated)

58. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

58.3 Reconciliation of Level 3 fair value measurements

	Financial assets measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehensive income
As at 1 January 2023	7,786,636	134
Total gain or losses:		
– in profit or loss	(2,793,181)	–
– in other comprehensive income	–	5
Purchases	3,195,211	1,400
Transfers out (Note)	(871,985)	–
As at 31 December 2023	7,316,681	1,539
Total gains for assets held at 31 December 2023		
– unrealised gains recognised in profit or loss	433,945	–

	Financial assets measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehensive income
As at 1 January 2022	12,890,349	128
Total gain or losses:		
– in profit or loss		
– in other comprehensive income	(3,318,599)	6
Purchases	5,244,066	–
Transfers out (Note)	(7,029,180)	–
As at 31 December 2022	7,786,636	134
Total gains for assets held at 31 December 2022		
– unrealised gains recognised in profit or loss	86,270	–

Note: These are equity securities traded on stock exchanges with lock-up periods or asset management schemes which hold listed shares with lock-up periods. They were transferred from Level 3 to Level 1 when the lock-up period lapsed and became unrestricted.

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(Amounts in thousands of Renminbi, unless otherwise stated)

59. EVENTS AFTER THE END OF THE REPORTING PERIOD

Proposed profit distribution after the reporting period

On 28 March 2024, a final dividend in respect of the year ended 31 December 2023 of RMB2.20 per 10 shares (inclusive of tax), in an aggregate amount of RMB2,405.57 million, based on a total of 10,934,402,256 shares in issue, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

Private debt offering

Subsequent to the end of the reporting period, the Company has completed the phase 1 private debt offering of RMB5,000 million in January 2024. These bonds bear interest rates at 2.84% per annum and the terms are 3 years. In addition, the Company has completed the phase 2 private debt offering of RMB1,000 million in January 2024. These bonds bear interest rates at 2.75% per annum and the terms are 2 years. Proceeds from the issue are used to strengthen the working capital of the Company.

Issuance of subordinated corporate bonds

Subsequent to the end of the reporting period, the Company has completed the public issuance of subordinated corporate bond of RMB2,000 million (Tranche 1) and RMB4,000 million (Tranche 2) in March 2024. These bonds bear interest rates at 2.60%-2.75% per annum and the terms are from 3 years to 5 years. Proceeds from the issue are used to repay the matured corporate bonds and increase working capital of the Company.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

60. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company at the end of the year are set out below:

Name of subsidiary	Place of incorporation/ establishment	Place of operations	Type of legal entity registered under PRC Law	Percentage of equity interest and voting right held by the Group		Paid-up capital (RMB) unless otherwise stated	Principal activities
				31/12/2023	31/12/2022		
Galaxy Capital Management Company Limited (銀河創新資本管理有限公司) *	Beijing	Beijing	Limited liability company (corporate owned)	100.00%	100.00%	1,500,000,000	Assets management, project investment management
China Galaxy International Financial Holdings Limited	Hong Kong	Hong Kong	N/A	100.00%	100.00%	HKD8,600,000,000	Investment holding
Galaxy Futures Company Limited (銀河期貨有限公司) *	Beijing	Beijing	Limited liability company (corporate owned)	100.00%	100.00%	4,500,000,000	Commodity futures broking, financial futures broking, futures investment consulting, assets management, fund sales
Galaxy Jinhui Securities Assets Management Co., Ltd. (銀河金匯證券資產管理有限公司) *	Shenzhen	Beijing	Limited liability company (corporate owned)	100.00%	100.00%	1,000,000,000	Securities asset
Galaxy Yuanhui Investment Co., Ltd. (銀河源匯投資有限公司) *	Shanghai	Shanghai	Limited liability company (corporate owned)	100.00%	100.00%	4,000,000,000	Alternative investment
China Galaxy International Futures (Hong Kong) Co., Limited *	Hong Kong	Hong Kong	N/A	100.00%	100.00%	HKD150,000,000	Futures contracts dealing
China Galaxy International Securities (Hong Kong) Co., Limited *	Hong Kong	Hong Kong	N/A	100.00%	100.00%	HKD2,500,000,000	Securities broking, advising on and corporate finance

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

60. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries directly and indirectly held by the Company at the end of the year are set out below: (continued)

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Type of legal entity registered under PRC Law	Percentage of equity interest and voting right held by the Group		Paid-up capital (RMB) unless otherwise stated	Principal activities
				31/12/2023	31/12/2022		
China Galaxy International Investment Co., Limited	Hong Kong	Hong Kong	N/A	100.00%	100.00%	HKD1,000,000	Investment
China Galaxy International Asset Management (Hong Kong) Co., Limited *	Hong Kong	Hong Kong	N/A	100.00%	100.00%	HKD50,000,000	Asset management
China Galaxy International Financial Products Limited	Hong Kong	Hong Kong	N/A	100.00%	100.00%	HKD500,000	Insurance brokerage service and wealth management
Galaxy Yueke PE Fund Management Co., Ltd (銀河粵科私募基金管理有限公司) *	Guangzhou	Guangzhou	Limited liability company (Equity joint venture)	51.00%	51.00%	20,000,000	Investment fund management
CGS-CIMB Securities International Pte. Ltd (銀河-聯昌證券國際私人有限公司) *	Singapore	Singapore	N/A	100.00%	74.99%	SGD908,440,661	Investing holding
Galaxy Derivatives Capital Management Company Limited management ("Galaxy Derivatives") (銀河德睿資本管理有限公司) *	Shanghai	Shanghai	Limited liability company (corporate owned)	100.00%	100.00%	2,000,000,000	Assets and investment
CGS-CIMB Holdings Sch. Bhd (銀河-聯昌控股私人有限公司) *	Malaysia	Malaysia	N/A	100.00%	75.00%	MYR1,600,330,630	Investing holding

* These subsidiaries do not have official English names.

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(Amounts in thousands of Renminbi, unless otherwise stated)

61. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) The Company's statement of financial position

	As at 31 December	
	2023	2022 (Restated)
ASSETS		
Non-current assets		
Property, plant and equipment	541,981	567,811
Right-of-use assets	1,348,203	1,418,663
Goodwill	223,278	223,278
Other intangible assets	632,758	566,867
Investments in subsidiaries	18,235,750	15,283,209
Financial assets measured at fair value through profit or loss	30,972,343	29,510,618
Debt instruments measured at fair value through other comprehensive income	90,829	83,795
Equity instruments measured at fair value through other comprehensive income	45,131,274	38,355,796
Debt instruments measured at amortised cost	432,576	1,637,517
Financial assets held under resale agreements	11,086,344	11,179,306
Deposits with exchanges and non-bank financial institutions	1,244,297	973,212
Other receivables and prepayments	1,154,126	1,154,125
Deferred tax assets	15,069	161,956
Total non-current assets	111,108,828	101,116,153
Current assets		
Advances to customers	84,882,611	78,352,673
Accounts receivable	80,385	96,674
Tax recoverable	319,395	781,185
Other receivables and prepayments	1,780,002	3,426,740
Amounts due from subsidiaries	20,607,350	5,964,094
Financial assets measured at fair value through profit or loss	140,254,714	121,217,208
Debt instruments measured at fair value through other comprehensive income	97,267,109	109,241,168
Debt instruments measured at amortised cost	1,224,426	186,036
Financial assets held under resale agreements	10,743,877	8,846,280
Derivative financial assets	7,025,975	1,875,112
Deposits with exchanges and non-bank financial institutions	5,156,020	4,086,297
Clearing settlement funds	23,112,093	29,797,131
Bank balances	70,365,135	72,833,798
Total current assets	462,819,092	436,704,396
Total assets	573,927,920	537,820,549

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

61. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

(a) The Company's statement of financial position (continued)

	Notes	As at 31 December	
		2023	2022 (Restated)
EQUITY AND LIABILITIES			
Equity			
Share capital	61(b)	10,934,402	10,137,280
Other equity instruments	61(b)	29,828,323	15,935,691
Reserves	61(b)	58,618,432	47,832,428
Retained profits	61(b)	27,213,272	25,341,940
Total equity		126,594,429	99,247,339
Liabilities			
Non-current liabilities			
Bonds payable		68,731,531	64,539,717
Debt instruments		309,594	294,781
Financial liabilities measured at fair value through profit or loss		6,326,910	6,270,508
Lease liabilities		797,242	1,024,362
Total non-current liabilities		76,165,277	72,129,368
Current liabilities			
Bonds payable		29,687,047	30,886,076
Due to banks and other financial institutions		6,904,888	19,033,264
Debt instruments		27,118,418	29,305,088
Accounts payable to brokerage clients		74,301,623	81,411,762
Accrued staff costs		5,057,351	4,628,683
Other payables and accruals		29,523,893	15,478,207
Lease liabilities		573,302	411,225
Financial liabilities measured at fair value through profit or loss		33,022,842	25,411,237
Derivative financial liabilities		5,279,631	2,543,722
Financial assets sold under repurchase agreements		159,699,219	157,334,578
Total current liabilities		371,168,214	366,443,842
Total liabilities		447,333,491	438,573,210
Total equity and liabilities		573,927,920	537,820,549

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

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61. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

(b) Movement in the Company's reserves

The movements in share capital, reserves and retained profits of the Company are set out below:

	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	General reserves	Other reserves	Retained profits	Total equity
At 31 December 2021	10,137,259	14,885,851	25,006,908	1,124,069	20,746,756	(60,195)	24,380,348	96,220,996
Add: Changes in accounting policies	-	-	-	-	-	-	(1,056)	(1,056)
At 1 January 2022 (restated)	10,137,259	14,885,851	25,006,908	1,124,069	20,746,756	(60,195)	24,379,292	96,219,940
Profit for the year	-	-	-	-	-	-	7,400,010	7,400,010
Other comprehensive expense for the year	-	-	-	(1,578,250)	-	(18,353)	-	(1,596,603)
Total comprehensive income/ (expense) for the year	-	-	-	(1,578,250)	-	(18,353)	7,400,010	5,803,407
Appropriation to general reserves	-	-	-	-	2,174,762	-	(2,174,762)	-
Capital increase by Convertible corporate bonds holders	21	1,049,840	181	-	-	-	-	1,050,042
Distribution to other equity instrument holders	-	-	-	-	-	-	(683,500)	(683,500)
Dividend declared	-	-	-	-	-	-	(3,142,550)	(3,142,550)
Other comprehensive income that has been reclassified to retained profits	-	-	-	436,550	-	-	(436,550)	-
At 31 December 2022 (restated)	10,137,280	15,935,691	25,007,089	(17,631)	22,921,518	(78,548)	25,341,940	99,247,339
At 31 December 2022	10,137,280	15,935,691	25,007,089	(17,631)	22,921,518	(78,548)	25,337,710	99,243,109
Add: Changes in accounting policies	-	-	-	-	-	-	4,230	4,230
At 1 January 2023 (restated)	10,137,280	15,935,691	25,007,089	(17,631)	22,921,518	(78,548)	25,341,940	99,247,339
Profit for the year	-	-	-	-	-	-	7,364,478	7,364,478
Other comprehensive expense for the year	-	-	-	1,522,607	-	(26,924)	-	1,495,683
Total comprehensive income/ (expense) for the year	-	-	-	1,522,607	-	(26,924)	7,364,478	8,860,161
Appropriation to general reserves	-	-	-	-	2,222,433	-	(2,222,433)	-
Capital increase by other equity instrument holders	-	14,942,472	-	-	-	-	-	14,942,472
Convertible corporate bonds converted into share capital and capital reserve	797,122	(1,049,840)	7,172,691	-	-	-	-	6,919,973
Distribution to other equity instrument holders	-	-	-	-	-	-	(1,044,000)	(1,044,000)
Dividend declared	-	-	-	-	-	-	(2,331,516)	(2,331,516)
Other comprehensive income that has been reclassified to retained profits	-	-	-	(104,803)	-	-	104,803	-
At 31 December 2023	10,934,402	29,828,323	32,179,780	1,400,173	25,143,951	(105,472)	27,213,272	126,594,429

APPENDIX INFORMATION ON SECURITIES BRANCHES

No.	Name	Securities Branch Address	Person In Charge
1	Beijing Financial Street Securities Branch	3-5/F, No. 111 Taiping Bridge Avenue, Xicheng District, Beijing	Zhao Hongliang
2	Beijing Wangjing Securities Branch	No. 001, Room 201, 2/F, Building 1, Yard 33, North Guangshun Avenue, Chao Yang District, Beijing	Wu Di
3	Beijing Taoran Qiao Securities Branch	Rooms 1101, 1102, 1103, 1105, 1106 and 1109, 11/F, No. 1 Majiabao Road, Dongcheng District, Beijing	Guo Yu
4	Beijing South Xueyuan Road Securities Branch	Rooms 201, 202, 205, 206, 209, 210, 220, 224, 225, 227 and 228, 2/F, and Rooms 401 and 402, 4/F, Building 2, No. 34 South Xueyuan Road, Haidian District, Beijing	Zhao Xinhua
5	Beijing Anzhengmen Securities Branch	Room 1102, 11/F, 1-3, No. 33 Anding Road, Chaoyang District, Beijing	Cao Yanxia
6	Beijing Zhushikou Street Securities Branch	Room 110, 1/F, and Rooms 608, 609, 6/F, No. 2 East Zhushikou Street, Dongcheng District, Beijing	Li Weimin
7	Beijing Zhongguancun Avenue Securities Branch	03-3D Tower D, Building 1-4, Yard A18, South Zhongguancun Avenue, Haidian District, Beijing	Song Yushan
8	Beijing Sun Palace Securities Branch	No. 10, 2/F, Building 11, Xiayayuan, Chaoyang District, Beijing	Ai Haifeng
9	Beijing Fucheng Avenue Securities Branch	1/F, 3/F and 4/F, Yindu Building, No. 67 Fucheng Avenue, Haidian District, Beijing	Ma Junming
10	Beijing North Chaoyangmen Avenue Securities Branch	Unit F-03, 1/F, and Unit 06, 5/F, Block B, No. 5 North Chaoyangmen Avenue, Dongcheng District, Beijing	Wang Xiaojing
11	Beijing Jianguo Road Securities Branch	North, Hall of 1/F, Building 1, No. 126 Jianguo Road, Chaoyang District, Beijing	Liu Yanhong
12	Beijing North Fourth Ring Securities Branch	Room 101, 1/F, No. 265 North Fourth Ring Middle Road, Haidian District, Beijing	Liu Xijin
13	Beijing Shuangjing Securities Branch	Unit 01, 1/F and 5/F, 101, 1-7/F, Building 2, Yard 39, Guangqu Road, Chaoyang District, Beijing	Cao Meng
14	Beijing Yizhuang Securities Branch	Room 105, 1/F, and Rooms 710-711, 7/F, Building 1, No. 10 North Hongda Road, Beijing Economic and Technological Development Zone, Beijing	Wang Jinzhu
15	Beijing Workers' Sports Complex Securities Branch	Room 103, 1/F and Room 123, 3/F, Building 2, No. 18 East Gongti Road, Chaoyang District, Beijing	Lu Zhen
16	Beijing Tongzhou Jiukeshu Securities Branch	1/F and 2/F, No. 100 Jiukeshu Street, Tongzhou District, Beijing	Xu Qiang
17	Beijing Dawang Road Securities Branch	Room 807, 7/F, Building 2, No. 1, West Dawang Road, Chaoyang District, Beijing	Wu Nan
18	Beijing Laiguangying Securities Branch	Unit 201, 2/F, Block 2, Chengying Center, Yard 5, West Laiguangying Road, Chaoyang District, Beijing	Tian Zhilu
19	Beijing Tuanjie Lake Securities Branch	Rooms 1604 and 1606, 16/F, Building 1, No. 12 South Nongzhanguan Road, Chaoyang District, Beijing	Lai Zhenghe
20	Beijing Lize Securities Branch	102A, 1/F, 101, 4/F-22/F, Building 1, Yard 8, West Jinze Road, Fengtai District, Beijing	Hou Zhishan
21	Beijing Houshayu Securities Branch	Room 107-108, 1/F, Block 9, Yard 20, Yuqing Road, Houshayu Town, Shunyi District, Beijing	Zhou Chunmei
22	Beijing Litong Road Securities Branch	Room 15-3, 1/F, Block 15, Yard 1, Jinfang Road, Chaoyang District, Beijing	Shao Jiangbo
23	Beijing Fengtai Technology Park Securities Branch	Room 210, 2/F, Building 2, Yard 3, South Yuren Road, Fengtai District, Beijing	Li Qiang

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No.	Name	Securities Branch Address	Person In Charge
24	Beijing Caishikou Street Securities Branch	Room 125, 1-2/F, Block 2, Yard A2, Caishikou Street, Xicheng District, Beijing	Jiao Jian
25	Beijing Fuwai Street Securities Branch	Area GBC-4 and GBC-6, 1/F, The Presidential Beijing, No. A9 Fuchengmenwai Avenue, Xicheng District, Beijing	Bai Yunlong
26	Beijing Asian Games Village Securities Branch	No. 104, 1/F, Building 27, Yard 8, East Beichen Road, Chaoyang District, Beijing	Xue Tingyu
27	Beijing Yuanda Road Securities Branch	Room 2B (Block A), Unit 1, 2/F, Building 2 (Building 2, Jinyuan Times Commercial Centre), Yard 2, East Landianchang Road, Haidian District, Beijing	Guo Mengmeng
28	Beijing Tongzhou Securities Branch	Room 2-6, 1/F, Block 2, Yard 12, South Xinhua Second Street, Tongzhou District, Beijing	Wu Jianhui
29	Beijing Liangmaqiao Road Securities Branch	Room 1113, 11/F, 101, 2-16/F, Block 124, Yard 42, Liangmaqiao Road, Chaoyang District, Beijing	Li Huiwen
30	Beijing Shangdi Securities Branch	Room 04B, Block D, 4/F, No. A28 Xinxu Road, Haidian District, Beijing	Liu Yifei
31	Beijing Zhichun Road Securities Branch	Room 1109, 11/F, No. 27, Zhongguancun Street, Haidian District, Beijing	Wu Qiaoling
32	Beijing Xinghua Street Securities Branch	Room 101, 1/F, Building 17, Yard 19, Xinghua Street (2nd Section), Daxing District, Beijing	Li Yu
33	Beijing East Fourth Ring South Road Securities Branch	Gate 11-12, Ground Floor Commercial Space, Building 16, Yard 7, Zhouzhuang Jiayuan, Shibaldian Township, Chaoyang District, Beijing	Song Bowen
34	Beijing Suzhou Street Securities Branch	Room 2001, 17/F, No. 66 North Fourth Ring West Road, Haidian District, Beijing	Jiao Yuku
35	Beijing Cullin Road Securities Branch	Units 1505 and 1506, 15/F, 101, 5/F-16/F, Building 1, Yard 1, Xitieying Middle Road, Fengtai District, Beijing	Shi Liansheng
36	Beijing Guanganmen Securities Branch	Room 405, 4/F, Building 7, No. 27 South Binhe Road, Xicheng District, Beijing	Zhang Yang
37	Beijing Yonghegong Securities Branch	B1-A1(Basement 1), Block A, Innovation Building, No. 11 East Hepingli Street, Dongcheng District, Beijing	Yang Donglin
38	Beijing South Times Garden Road Securities Branch	Room 102, 1/F, Building 1, Yard 19, South Times Garden Road, Shijingshan District, Beijing	Ma Qingshan
39	Beijing Jiugong Securities Branch	Room 107, 1/F, Building 10, Yard 10, Jiuzhong Road, Beijing Economic and Technological Development Area (Daxing), Beijing	Zhong Haiping
40	Beijing Qingnian Road Securities Branch	Room 31608, 16/F, Building 3, Yard 7, Qingnian Road, Chaoyang District, Beijing	Duan Deyi
41	Beijing West Dawang Road Securities Branch	Room 102, 1/F, Building 1, Yard 16, Nanmofang Road, Chaoyang District, Beijing	Zhao Xiaolei
42	Beijing Jishuitan Securities Branch	Room 211, 2/F, No. 3, North Xijiekou Avenue, Xicheng District, Beijing	Li Zezhong
43	Tianjin Nanmalu Securities Branch	No. 1324, Nanmalu, Nankai District, Tianjin	Chen Chao
44	Tianjin Shuishang Park North Road Securities Branch	Units 06 and 07, 17/F, Luneng International Centre, Intersection of Shuishang Park North Road and Water Park East Road, Nankai District, Tianjin	Liu Jing
45	Tianjin Shengli Road Securities Branch	1-2-101, Ruihai Building, Northwest of Intersection of Shengli Road and Jianguo Avenue, Hebei District, Tianjin	Yang Xiuli

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No.	Name	Securities Branch Address	Person In Charge
46	Shijiazhuang Hongqi Street Securities Branch	No. 98, Hongqi Avenue, Qiaoxi District, Shijiazhuang	Li Fanghui
47	Langfang Yongxing Road Securities Branch	Room 101, 1/F, Rooms 601, 609, 610, 611 and 612, 6/F, Unit 1, Building 4, Xiangdi Community, Yongxing Road, Guangyang District, Langfang	Ji Bin
48	Shijiazhuang North Shengli Street Securities Branch	Futian Building, No. 156 North Shengli Street, Chang'an District, Shijiazhuang	Luo Feng
49	Xingtai Qinghe Securities Branch	No. 17, East Changjiang Street, Qinghe County	Hao Guojing
50	Xingtai North Shoujing Road Securities Branch	Shops No. 104 and 105, North Building, Shoujing E-world, No. 236 North Shoujing Road, Xindu District, Xingtai, Hebei Province	Yu Baohua
51	Cangzhou South Yong'an Avenue Securities Branch	Shop 1202, Section 5, Yihewenyuan, West Jiefang Road, Yunhe District, Cangzhou	Chen Hui
52	Qinhuangdao Securities Branch	No. 181, Jianshe Avenue, Haigang District, Qinhuangdao	Liu Wei
53	Baoding Middle Qiyi Road Securities Branch	Ground Floor Commercial Space, Building 1, No. 1955 Middle Qiyi Road, Jingxiu District, Baoding, Hebei Province	Yan Mingyan
54	Zhangjiakou West Changcheng Street Securities Branch	1/F, Ground Floor Commercial Space, No. 6, Block 1-A, New Eastern Asia Fortune Centre, West Changcheng Avenue, High-tech Zone, Zhangjiakou, Hebei Province	Wang Jing
55	Taiyang West Yingze Bridge Securities Branch	Unit 101, 1/F, Unit 201, 2/F, Units 804A, 805 and 806, 8/F, Tower A, China Overseas International Centre, No. 8 Section 1, Jinci Road, Wanbailin District, Taiyuan, Shanxi Province	Chen Honghua
56	Taiyuan Nanzhonghuan Street Securities Branch	Room 903-906, 9/F, No. 7 Yari Road, Taiyuan Xuefu Park, Shanxi Transformation and Comprehensive Reform Demonstration Zone	Zhang Jianzhong
57	Taiyuan Taoyuan Securities Branch	5/F, No. 1 South Xinjian Road, Yingze District, Taiyuan	Zhao Junhua
58	Linfen East Jiefang Road Securities Branch	No. 2 East Jiefang Road, Linfen	Wang Qiang
59	Houma Kuaibin Street Securities Branch	No. 7 Kuaibin Street, Houma (former Bank of China Building)	Wang Quanrui
60	Huozhou South Xinjian Road Securities Branch	Shops 59 and 60, Building 11, He Pan Li Jing, South Xinjian Road, Huozhou, Linfen, Shanxi Province	Dong Xinzheng
61	Hongdong Hongtong Avenue Securities Branch	1/F and 2/F, Buildings 2 and 3, Block 4, Hongtong Avenue (Lu He Jia Yuan), Hongdong County, Linfen, Shanxi Province	Cui Jinhui
62	Jinzhong Yingbin Street Securities Branch	No. 135 Yingbin Street, Yuci District, Jinzhong, Shanxi Province	Ren Dongfeng
63	Jinzhong Dingyang Road Securities Branch	Shop No. 1-082, Huitong Style Commercial Plaza, No. 580 Dingyang Road, Yuci District, Jinzhong, Shanxi Province	Song Wei
64	Jiexiu North Xinhua Street Securities Branch	No. 191 North Xinhua Street, Jiexiu, Jinzhong, Shanxi Province	Shi Jianhua
65	Jincheng Huanghua Street Securities Branch	No. 2, 1-2/F, Main Building, Commercial Complex, Area C, Huanghua Street, Nanjie Sub-district, Jincheng District, Shanxi Province	Kong Linli
66	Xiaoyi Fuqian Street Securities Branch	1-2/F, Changchun Hotel (Storefronts 1 and 2), Fuqian Street, Xiaoyi, Luliang, Shanxi Province	Duan Jinggang
67	Yuncheng Hedong Street Securities Branch	Shop 14, 1-2/F, Building 21, Shui An Hua Ting, East Hedong Street, Yanhu District, Yuncheng, Shanxi Province	Zhang Shaowei

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No.	Name	Securities Branch Address	Person In Charge
68	Datong South Liuquan Street Securities Branch	No. 348 Liuquan Street, Pingcheng District, Datong	Ma Juntao
69	Yangquan Baojin Road Securities Branch	No. 14 Commercial Floor, Block 3, Sheng Shi Xin Cheng, Baojin Road, Yangquan Economic and Technological Development Zone, Shanxi Province	Ding Lina
70	Changzhi East Taihang Street Securities Branch	1-2/F, No. 5 Taihang East Street, Downstairs of Building 2, Yongshengyuan, East Taihang Street, Changzhi	Cao Liwei
71	Hohhot East Ulanqab Street Securities Branch	Shop 101, Block B, Boerdun Plaza, Ulanqab East Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region	He Jing
72	Hohhot West Daxue Street Securities Branch	Fengye Building, No. 110 West Daxue Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region	Hou Jie
73	Baotou Wulan Road Securities Branch	No. 6, 19A Wulan Road, Kundulun District, Baotou, Inner Mongolia Autonomous Region	Zhao Libin
74	Ordos Dongsheng South Jilaoqing Road Securities Branch	Room-0-105, Block 15, No. 7 Daqiao Road, Dongsheng District, Ordos, Inner Mongolia Autonomous Region	Li Xuebin
75	Hulunbuir Qiaotou Street Securities Branch	3/F, Hulun Holiday Hotel, No. 6-8 Qiaotou Street, Hailar District, Hulunbuir	Wang Jian
76	Shenyang Beizhan Road Securities Branch	(Rooms 1702 1703-2 1704 1706 1709) No. 59 Beizhan Road, Shenhe District, Shenyang, Liaoning Province	Hu Yingxin
77	Shenyang Dabeiguan Street Securities Branch	1-2/F, Gate 2, No. 40 Dabeiguan Street, Dadong District, Shenyang	Luo Xiaodong
78	Shenyang Xianggang Road Securities Branch	Gates 16, 17 and 18, No. 143 Xianggang Road, Heping District, Shenyang, Liaoning Province	Liu Dayong
79	Shenyang Sanjing Street Securities Branch	1-3/F, No. 95 South Sanjing Street, Shenhe District, Shenyang	Wen Jiuyu
80	Shenyang East Jianshe Road Securities Branch	Gate 3, No. 76 East Jianshe Road, Tiexi District, Shenyang	Xu Shan
81	Shenyang Longyue Street Securities Branch	Gate 6, No. 6A Langyue Street, Hunnan District, Shenyang, Liaoning Province	Tang Yuheng
82	Shenyang Hekang Street Securities Branch	Gates 13-16 (1/F and 3/F), No. 65-1 Hekang Street, Heping District, Shenyang, Liaoning Province	Li Bin
83	Yingkou Liaohe Avenue Securities Branch	30-1 and 30-2, Liaohe Avenue, Zhanqian District, Yingkou	Zhao Feng
84	Fuxin Xishan Road Securities Branch	Gate 10-2-5, Xishan Road, Haizhou District, Fuxin	Zhao Xiang
85	Liaoyang Xinyun Street Securities Branch	East side of 1/F, Unit 1, East of Building 84, Xinyun Avenue, Baita District, Liaoyang, Liaoning Province	Tong Shengyong
86	Dalian Huanghe Road Securities Branch	Rooms B, C, D, Elevator Floor 5/F, No. 620 Huanghe Road, Shahekou District, Dalian, Liaoning Province	Jiang Xuetao
87	Dalian Yide Street Securities Branch	Rooms 01, 08 & 07, 5/F, No. 20 Yide Street, Zhongshan District, Dalian, Liaoning Province	Yan Tingting
88	Dalian Renmin Road Securities Branch	3/F, No. 71 Renmin Road, Zhongshan District, Dalian, Liaoning Province	Zheng Yue
89	Dalian Xinkai Road Securities Branch	No. 1, 3/F, No. 219 Huanghe Road, Xigang District, Dalian, Liaoning Province	Jia Kaizhou
90	Zhuanghe Shiji Street Securities Branch	Shop 101, 1/F, Zhengtai International Building, No. 6, Section 1, Shiji Avenue, Zhuanghe, Dalian, Liaoning Province	Jin Li

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No.	Name	Securities Branch Address	Person In Charge
91	Dalian Jinma Road Securities Branch	No. 2, Block 4, Zone F Commercial Building, Wu Cai Cheng, Dalian Economic and Technological Development Zone, Liaoning Province	Yu Pengxiao
92	Changchun Qianjin Street Securities Branch	9/F, Building A2, Jishang International Project, Qianjin Street, Chaoyang District, Changchun	Liu Xiaoyong
93	Changchun Renmin Street Securities Branch	No. 8688, Renmin Avenue, Nanguan District, Changchun, Jilin Province	Wang Huanyu
94	Jilin Jiangwan Road Securities Branch	Outlet No. 3, 4-2, Block 5, Sunshine Century City, No. 28 Jiangwan Road, Changyi District, Jilin City, Jilin Province	Zhao Xizhi
95	Tonghua West Binjiang Road Securities Branch	No. 1-9, Building 1-7, Bishui Mansion, West Binjiang Road, Dongchang District, Tonghua	Cong Jiexiang
96	Harbin Xishidao Street Securities Branch	5/F of Wing Building and 4/F of Main Building, Dongxing Building, No. 19 Xishidao Street, Daoli District, Harbin	Liu Peijian
97	Harbin Zhongshan Road Securities Branch	1/F and 3/F, Commercial Service, Floor 1-4 Blue Waterfront, No. 209 Zhongshan Road, Nangang District, Harbin, Heilongjiang Province	Li Naichen
98	Daqing Jingsan Street Securities Branch	No. 5 Jingsan Street, Sartu District, Daqing, Heilongjiang Province	Li Jingzhong
99	Jiamusi Xilin Road Securities Branch	No. 1178 Xilin Road, Jiao District, Jiamusi	Shi Xiaodan
100	Qiqihar Longhua Road Securities Branch	2/F, No. 01, Level 01, Unit 00, No. 1 Junxiao Street, Tiefeng District, Qiqihar, Heilongjiang Province	Liu Fang
101	Jixi Hongqi Road Securities Branch	4/F, No. 19 Hongqi Road, Xiangyang Sub-district Office, Jiguan District, Jixi, Heilongjiang Province	Bai Yingchun
102	Harbin West Jingjiang Road Securities Branch	No. 2, 1/F, Building 6, No. 2372 West Jingjiang Road, Daoli District, Harbin	Ye Guangwen
103	Shanghai Changning District Zhenning Road Securities Branch	Room 202, 2/F, No. 525 Zhenning Road, Changning District, Shanghai	Zhang Ye
104	Shanghai Pudong New Area Yuanshen Road Securities Branch	Room 102, 1/F, and 15/F, No. 92 Yuanshen Road, China (Shanghai) Pilot Free Trade Zone	Gu Kangkang
105	Shanghai Shijie Road Securities Branch	Storefront -1, No. 95 Shijie Road, Yangpu District, Shanghai	Huang Xuqing
106	Shanghai Anye Road Securities Branch	No. 124 Anye Road, Shanghai	Yu Lili
107	Shanghai Pudong New Area Bohua Road Securities Branch	2/F of No. 388-392(even numbers), 2/F of No. 412, 2/F of No. 416, 2/F of No. 420, 2/F of No. 424, 2/F of No. 428 and 2/F of No. 432, Bohua Road, Pudong New Area, Shanghai	Ge Wanli
108	Shanghai Yangpu East Jingyu Road Securities Branch	Rooms 101 and 201, No. 265 East Jingyu Road, Yangpu District, Shanghai	Zhang Jiwei
109	Shanghai Hongjing Road Securities Branch	Room 202, No. 185 Hongjing Road, Minhang District, Shanghai	Chen Kai
110	Shanghai Yichuan Road Securities Branch	Room 101-102, 1/F and 2/F, No. 855-859 Yichuan Road, Jing'an District, Shanghai	Kong Fei
111	Shanghai Shangnan Road Securities Branch	No. 1316 Shangnan Road, Pudong New Area, Shanghai	Zhuang Yiye
112	Shanghai Gongkang Road Securities Branch	1/F and 2/F, No. 358 Gongkang Road, Baoshan District, Shanghai	Zhu Yuewei

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No.	Name	Securities Branch Address	Person In Charge
113	Shanghai Dongbaoxing Road Securities Branch	12/F, No. 118 Dongbaoxing Road, Hongkou District, Shanghai	Yuan Jiapeng
114	Shanghai Wulian Road Securities Branch	No. 11 Wulian Road, Pudong New Area, Shanghai	Zhang Xuehong
115	Shanghai Xinzha Road Securities Branch	Room 603-604 and Room 1203, No. 356 Xinzha Road, Huangpu District, Shanghai	Ning Jun
116	Shanghai Gushan Road Securities Branch	Rooms 403 and 406, Building 1, No. 2399 Zhangyang Road, No. 538 Gushan Road, China (Shanghai) Pilot Free Trade Zone	Li Ming
117	Shanghai Zhaojiabang Road Securities Branch	Rooms 907, 908, 909, 910, 911, 912, 915, 916, 917, 918 and 920, 9/F, No. 212 Zhaojiabang Road, Huangpu District, Shanghai	Zhou Chengwei
118	Shanghai Jinian Road Securities Branch	1-2/F, Building -10, 2/F, Building -6, No. 486 Jinian Road, Hongkou District, Shanghai	Fan Yiming
119	Shanghai Hengfeng Road Securities Branch	Room 201-1, 2/F, No. 218 Hengfeng Road, Shanghai	Liao Xingchi
120	Shanghai Dongdaming Road Bund Securities Branch	Room A, 4/F, No. 912 Dongdaming Road, Hongkou District, Shanghai	Song Wenjun
121	Shanghai Gubei Road Securities Branch	Rooms 02 and 01A, 7F (actually, Rooms 602 and 601A), No.666 Gubei Road, Changning District, Shanghai	Wang Chenbo
122	Shanghai Huangpu District Mengzi Road Securities Branch	Units 01 and 02, 10/F, No. 763 Mengzi Road, Huangpu District, Shanghai	Yang Xiaoyan
123	Shanghai Pudong New Area Yincheng Road Securities Branch	Rooms 2307 and 2308, 23/F, No. 16 Yincheng Road, China (Shanghai) Pilot Free Trade Zone	Tao Fei
124	Shanghai North Zhongshan Road Securities Branch	Rooms 401-406 and 408-412, No. 2917 North Zhongshan Road, Putuo District, Shanghai	Ni Ganli
125	Shanghai Caobao Road Securities Branch	9/F, No. 3459 Caobao Road, Minhang District, Shanghai	Li Xinliang
126	Shanghai Putuo District Changde Road Securities Branch	Room 102, 1/F, No. 1339 Changde Road, Putuo District, Shanghai	Yang Xin
127	Shanghai Qingpu District Mingzhu Road Securities Branch	Room 106, No. 838 Mingzhu Road, Qingpu District, Shanghai	Zhang Huanlai
128	Shanghai Lingang New Area Xiangzhu Road Securities Branch	Room 101-107, Block 1, Xiangzhu Road, Lingang New Area, China (Shanghai) Free Trade Pilot Zone	Jin Xuexia
129	Shanghai Baoshan District Shangda Road Securities Branch	Room 301, Block 1, No. 1388 Shangda Road, Baoshan District, Shanghai	She Hongwan
130	Shanghai Putuo District Daduhe Road Securities Branch	Room 505, 5/F, No. 26 Alley 168, Daduhe Road, Putuo District, Shanghai	Shen Ni
131	Shanghai Pudong New Area Jingao Road Securities Branch	Room 108, No. 945 Jin'gao Road, Pudong New Area, Shanghai	Wu Yujun
132	China (Shanghai) Pilot Free Trade Zone Jilong Road Securities Branch	Shop 3, 1/F, No. 1 Jilong Road, China (Shanghai) Pilot Free Trade Zone	Zhou Feifei
133	Shanghai Yangpu District Songhu Road Securities Branch	Room 201, No. 433 Songhu Road, Yangpu District, Shanghai	Li Yajun
134	Shanghai Sibao Road Securities Branch	1-2/F, No. 50 Sibao Road, Sijing Town, Songjiang District, Shanghai	Shen Yun

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No.	Name	Securities Branch Address	Person In Charge
135	Shanghai Jingang Road Securities Branch	Room 1110-1111, 11/F, No. 299 Jin'gang Road, China (Shanghai) Pilot Free Trade Zone	Cheng Xinghao
136	Shanghai Songjiang District East Rongle Road Securities Branch	1-2/F, No. 1919 East Rongle Road, Songjiang District, Shanghai	Chen Lin
137	Shanghai Pudong New Area South Lingyan Road Securities Branch	Room 1-2, 1/F, No. 1440 South Lingyan Road, Pudong New Area, Shanghai	Liu Ge
138	Shanghai Qingpu District Middle Xinfu Road Securities Branch	Room 101, No. 1786_1784 Middle Xinfu Road, Huaxin Town, Qingpu District, Shanghai	Li Jiasen
139	Shanghai East Gaoke Road Securities Branch	No. 112, Building 8, Block 1, Alley 777, East Gaoke Road, Pudong New Area, Shanghai	Li Jiayang
140	Shanghai Minhang District Humin Road Securities Branch	Room 109, 1/F, Block 98, No. 1441 Humin Road, Minhang District, Shanghai	Liu Yi
141	Shanghai Fengxian District East Huancheng Road Securities Branch	Room 101, No. 525 East Huancheng Road, Fengxian District, Shanghai	Zhou Qun
142	Nanjing Hongwu Road Securities Branch	Room 203-207, 2/F, Fuxin International Building, No. 359 Hongwu Road, Qinhuai District, Nanjing	Cao Anming
143	Nanjing Shanghai Road Securities Branch	2/F, No. 145 Shanghai Road, Gulou District, Nanjing	Hu Kaitao
144	Nanjing Zhujiang Road Securities Branch	Building 1, No. 714 Zhujiang Road, Xuanwu District, Nanjing	Huang Wei
145	Nanjing Middle Jiangdong Road Securities Branch	Room 201, No. 213 Middle Jiangdong Road, Jianye District, Nanjing	Ji Xiaolong
146	Nanjing Nanrui Road Securities Branch	Building 19, Wu Yue Yi Yuan, No. 79 Nanrui Road, Gulou District, Nanjing, Jiangsu Province	Ju Min
147	Yangzhou Middle Wenchang Road Securities Branch	Lobby 101, 201, Jiansong Building, No. 571 Middle Wenchang Road (Jianye Building), Yangzhou	Peng Xiaowu
148	Suzhou Sanxiang Road Securities Branch	No. 718 Sanxiang Road, Gusu District, Suzhou	Qian Chun
149	Zhenjiang Zhengdong Road Securities Branch	4/F, Building 4, No. 39 Zhengdong Road, Zhenjiang	Yao Jingjiao
150	Nanjing Jiangning Jinbo Road Securities Branch	Room 201, Building 3, No. 770 Jinbo Road, Dongshan Sub-District, Jiangning District, Nanjing	Yang Weixue
151	Nanjing Yanshan Road Securities Branch	Room 1701-1, No. 179 Yanshan Road, Jianye District, Nanjing	Zhou Xujie
152	Nantong Gongnong Road Securities Branch	Rooms 101 and 201, Jintang Building, No. 198 Gongnong Road, Chongchuan District, Nantong	Wang Wei
153	Changshu East Zhujiang Road Securities Branch	No. 93 East Zhujiang Road, Changshu	Zou Jiao
154	Yancheng South Yingbin Road Securities Branch	Room 102, Building 7, North Area of Qian Jiang Fang Zhou Community, No. 126 South Yingbin Road, Yancheng	Gao Lili
155	Wuxi Liangxi Road Securities Branch	Zone A, 1/F, No. 708 Liangxi Road, Wuxi	Liu Zhongxi
156	Jiangyin North Hongqiao Road Securities Branch	1/F of No. 185 and 2/F of No. 181-185 North Hongqiao Road, Jiangyin	Zhao Qian
157	Lianyungang South Tongguan Road Securities Branch	Room 109, Jian Yuan Guan Zhu Building, No. 102 South Tongguan Road, Haizhou District, Lianyungang	Luo Fei
158	Rugao Jiankang Road Securities Branch	Business Room No. 4, Building 809, East Jiankang Village, Rucheng Town, Rugao, Jiangsu Province	Chen Liyuan

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No.	Name	Securities Branch Address	Person In Charge
159	Zhangjiagang West Shazhou Road Securities Branch	No. 108, North Central, 101#, No. 115 West Shazhou Road (Tianba Business Building), Yangshe Town, Zhangjiagang	Zhu Kechun
160	Changzhou Beidajie Securities Branch	No. 8-1, Yulong Garden, Zhonglou District, Changzhou	Zhang Yu
161	Yixing South Guibin Road Securities Branch	1-3/F, No. 78 South Guibin Road, Xinjie Sub-district, Yixing	Wang Yeke
162	Taizhou South Qingnian Road Securities Branch	Rooms 103 & 104, No. 300 South Qingnian Road, Hailing District, Taizhou	Zhang Zhan
163	Kunshan Xiaolin Road Securities Branch	No. 195-1 Xiaolin Road, Northern Yushan Town, Kunshan	Zhang Baiqiang
164	Baoying Baitian Road Securities Branch	No. 100 Commercial Street, Baitian Road, Hongsheng New Town, Baoying County	Wang Wenxiang
165	Guanyun Middle Renmin Road Securities Branch	Rooms 102 & 202, Block 7, Jinling Imperial Garden, Middle Renmin Road, Yishan Town, Guanyun County, Lianyungang	Xu Zhangyi
166	Suzhou Yueliangwan Road Securities Branch	Room 3206, Zhongxin Building, No. 15 Yueliangwan Road, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Luo Tianyi
167	Taicang East Shanghai Road Securities Branch	Rooms 106 & 107, Block 3, No. 168 East Shanghai Road, Loudong Sub-district, Taicang	Jiang Dingzhu
168	Nanjing Chuangzhi Road Securities Branch	Room 101, No. 2 Chuangzhi Road, Jianye District, Nanjing	Yang Qingyun
169	Nanjing Pubin Road Securities Branch	Room 101, Block 5, CASTD Innovation Plaza, No. 150 Pubin Road, Jiangbei New Area, Nanjing	Ding Dayu
170	Nanjing Shuanglong Avenue Securities Branch	Rooms 08, 09 and 10, 13/F, No. 1698 Shuanglong Avenue (Jiangning Development Zone), Jiangning District, Nanjing, Jiangsu Province	Xu Xiaosan
171	Xuzhou Software Park Road Securities Branch	Room 1-101, Building 8 and 9, National University Science and Technology Park, China University of Mining and Technology (Xuzhou Software Park Base), Quanshan District, Xuzhou	Qin Song
172	Rudong Tonghai Road Securities Branch	Shops 152 and 152, Building 8, Run Tong Shang Cheng, No. 9 Tonghai Road, Chengzhong Sub-district, Rudong County, Nantong, Jiangsu Province	Zhang Jiyi
173	Hangzhou Fengqi Road Securities Branch	1-3/F on No. 282 and 3/F on No. 284 Fengqi Road, Xiacheng District, Hangzhou, Zhejiang Province	Ma Yining
174	Hangzhou Jianguo North Road Securities Branch	Rooms 102-1, 201-1, 202-1, Jialianhua Ming Zuo, No. 586 Jianguo North Road, Hangzhou, Zhejiang Province	Zhang Hui
175	Hangzhou Shaoxing Road Securities Branch	Room 216-217, No. 303 Shaoxing Road, Hangzhou, Zhejiang Province	Wang Xiaofeng
176	Hangzhou Fengtan Road Securities Branch	Room 301-2, Blocks 1, 2 and 3, Fengyuan International Building, No. 430 Fengtan Road, Gongshu District, Hangzhou, Zhejiang Province	Sun Zhuo
177	Hangzhou Jingfang Securities Branch	No. 171, 173 and 175 East Fengqi Road, Shangcheng District, Hangzhou, Zhejiang Province	Ling Yong
178	Jiande Xin'an Road Securities Branch	1/F, No. 195 and 3/F, No. 193-195, Xin'an Road, Xin'anjiang Sub-district, Jiande, Hangzhou, Zhejiang Province	Wu Hao
179	Hangzhou Dongning Road Securities Branch	Rooms 101 and 102 on 1/F, Rooms 1002 and 1003 on 10/F, Building 2, Mix Plaza, No. 586 Dongning Road, Shangcheng District, Hangzhou, Zhejiang Province	Hu Jun

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No.	Name	Securities Branch Address	Person In Charge
180	Hangzhou Yuhang Qiushan Street Securities Branch	No. 611-202 Qiushan Avenue, Donghu Sub-district, Yuhang District, Hangzhou, Zhejiang Province	Gong Xiaojun
181	Tonglu South Yingchun Road Securities Branch	No. 80 and No. 82, South Yingchun Road, Tonglu County, Zhejiang Province	Tong Xialian
182	Shaoxing Securities Branch	No. 146 Middle Luxun Road, Shaoxing, Zhejiang Province	Shi Lei
183	Deqing Securities Branch	No. 251 South Zhongxing Road, Wukang Town, Deqing County, Zhejiang Province	Wu Tao
184	Huzhou Shiyuan Road Securities Branch	No. 883-885 Shiyuan Road, Nanxun Town, Huzhou, Zhejiang Province	Hu Yali
185	Shaoxing Shangyu Shimin Avenue Securities Branch	No. 583-589 Shimin Avenue, Baiguan Sub-district, Shangyu District, Shaoxing, Zhejiang Province	Li Can
186	Yiwu North Chouzhou Road Securities Branch	1-2/F, No. 661 and No. 663, North Chouzhou Road, Choucheng Sub-district, Yiwu, Zhejiang Province	Chen Chengjue
187	Lanxi Sanjiang Road Securities Branch	No. 73 Sanjiang Road, Lanjiang Sub-district, Lanxi, Jinhua, Zhejiang Province	Wang Yijie
188	Lishui Securities Branch	No. 375 Dayang Road, Lishui, Zhejiang Province	Xie Jianhong
189	Qingtian Longjin Road Securities Branch	2/F, No. 16, No. 18 and No. 24, Longjin Road, Hecheng Sub-district, Qingtian County, Lishui, Zhejiang Province	Shu Haomiao
190	Longquan Hualou Street Securities Branch	No. 268 Hualou Street, Longquan, Zhejiang Province	Yang Ye
191	Suichang Kaien Road Securities Branch	No. 106-113 B, Kai'en Road, Miaogao Sub-district, Suichang County, Lishui, Zhejiang Province	Yan Bin
192	Qingyuan Mengzhou Street Securities Branch	Shop 6, Block 7, Mengzhou Garden, No. 209 Mengzhou Street, Mengzhou Sub-district, Qingyuan County, Lishui, Zhejiang Province	Wu Yijia
193	Wenzhou Danan Road Securities Branch	Room 201, 2/F, Huadu Building, Da'nán Road, Lucheng District, Wenzhou, Zhejiang Province	Jin Fan
194	Pingyang Renmin Road Securities Branch	1/F and 6/F, No. 158 Renmin Road, Kunyang Town, Pingyang County, Wenzhou, Zhejiang Province	Cai Jiqin
195	Cangnan Chezhan Avenue Securities Branch	Rom 201, Block 6, Times City Square, Chezhan Avenue, Lingxi Town, Cangnan County, Wenzhou, Zhejiang Province	Yang Qingyou
196	Huzhou Securities Branch	No. 128 Hongqi Road, Huzhou, Zhejiang Province	Fang Kai
197	Quzhou Xujiang Road Securities Branch	No. 65, 67 and 69, Xujiang Road, Kecheng District, Quzhou, Zhejiang Province	Ren Huikang
198	Changxing North Jinling Road Securities Branch	1/F and 2/F, No. 310-312 North Jinling Road, Longshan Sub-district, Changxing County, Huzhou, Zhejiang Province	Zhu Zhengyi
199	Jiaxing South Huancheng Road Securities Branch	No. 281 South Huancheng Road, Nanhu District, Jiaxing, Zhejiang Province	Yang Jianmin
200	Pinghu West Jiefang Road Securities Branch	1/F and 2/F, No. 62 West Jiefang Road, Danghu Sub-district, Pinghu, Zhejiang Province	Zhou Chunlan
201	Jinhua Securities Branch	No. 393 South Bayi Road, Wucheng District, Jinhua, Zhejiang Province	Zhong Xiaojun
202	Taizhou North Yinzuo Street Securities Branch	No. 20-1 – 38-1 (even number) of Alley 965, No. 23-1 – 43.1 (odd number) of Alley 967, No. 41 of Alley 967, North Yinzuo Street, Lubei Sub-district, Luqiao District, Taizhou, Zhejiang Province	Yu Wei

APPENDIX INFORMATION ON SECURITIES BRANCHES

No.	Name	Securities Branch Address	Person In Charge
203	Wenzhou Chezhan Avenue Securities Branch	No. 10-11, 1/F, Buildings 1 and 2, Jinglong Building, Chezhan Avenue, Lucheng District, Wenzhou, Zhejiang Province	Tu Fenfang
204	Hangzhou West Jiangbin Avenue Securities Branch	No. 170-23 to 170-25 West Jiangbin Avenue, Lushan Sub-district, Fuyang District, Hangzhou, Zhejiang Province	Yu Heguo
205	Zhoushan Qiandao Road Securities Branch	1/F, Block A, Jianshe Building, No. 167 Qiandao Road, Lincheng Sub-district, Dinghai District, Zhoushan, Zhejiang Province	Wu Wenjie
206	Linhai Duqiao South Huancheng Road Securities Branch	No. 367 South Huancheng Road, Duqiao Town, Linhai, Zhejiang Province	Ren Liqing
207	Taizhou Huangyan Weiyu Street Securities Branch	No. 328, 330 and 332, Weiyu Street, Xicheng Sub-district, Huangyan District, Taizhou, Zhejiang Province	Mou Peng
208	Shaoxing Keqiao Jianhu Road Securities Branch	1-2/F, Block A, No 27 Jianhu Road, Keqiao Sub-district, Keqiao District, Shaoxing, Zhejiang Province	Xu Jianguo
209	Chun'an Nanjing Road Securities Branch	No. 332 Nanjing Road, Qiandaohu Town, Chun'an County, Hangzhou, Zhejiang Province	Chang Yu
210	Hangzhou East Tiancheng Road Securities Branch	No. 246-234 (Block 1, Shangsha Yongyu Building), East Tiancheng Road, Hangzhou Economic and Technological Development Zone, Zhejiang Province	Jin Xinjian
211	Taizhou Donghai Avenue Securities Branch	No. 680 & 682, Donghai Avenue, Taizhou, Zhejiang Province	Huang Li
212	Zhuji Dongwang Road Securities Branch	No. 218 Dongwang Road, Huandong Sub-district, Zhuji, Shaoxing, Zhejiang Province	Chen Weifeng
213	Tongxiang Shiji Avenue Securities Branch	No. 1149, 1151 and 1153, Shiji Avenue, Wutong Sub-district, Tongxiang, Jiaxing, Zhejiang Province	Shen Danxia
214	Hangzhou Shixinzhong Road Securities Branch	No. 651 Shixinzhong Road, Bei'gan Sub-district, Xiaoshan District, Hangzhou, Zhejiang Province	Zhang Yong
215	Yongkang Wuzhou Road Securities Branch	1/F, Jinzhou Building, Headquarters Center, Yongkang, Jinhua City, Zhejiang Province	Zhong Yizheng
216	Wenzhou West Yongzhong Road Securities Branch	Room 125-1 & 125-2, Block 1-6, Wan Xin Jin Yuan, West Yongzhong Road, Longwan District, Wenzhou, Zhejiang Province	Chen Xiao
217	Linhai Chonghe Road Securities Branch	No. 7-5, 7-6 & 7-7, Chonghe Road, Yongyi Plaza, Gucheng Sub-district, Linhai, Taizhou, Zhejiang Province	Zhang Lingjiao
218	Longgang Dragon Mansion Securities Branch	Rooms 207, 208 and 209, Building 1-2, Dragon Mansion, Longgang, Wenzhou, Zhejiang Province	Yu Qianqian
219	Wenling Zhonghua Road Securities Branch	No. 677, 679, and 681, Zhonghua Road, Chengxi Sub-district, Wenling, Taizhou, Zhejiang Province (Room 103, Building 6, Jing Du Yu Fu Complex)	Chen Chao
220	Anji Middle Dipu Road Securities Branch	No. 278 Middle Dipu Road, Changshuo Sub-district, Anji County, Huzhou, Zhejiang Province	Wang Zhiwe
221	Haining Wenzong South Road Securities Branch	Rooms 104 and No. 105, No. 88 Wenzong South Road, Haizhou Sub-district, Haining, Jiaxing, Zhejiang Province	You Faqiang
222	Hangzhou Shipping International Administration Mansion Securities Branch	Rooms 120, 216 and 218, Block 2, Shipping International Administration Mansion, Shangcheng District, Hangzhou, Zhejiang Province	Bao Sheng
223	Dongyang Shizi Street Securities Branch	No. 13 Shizi Street, Wuning Sub-district, Dongyang, Zhejiang Province	Jin Kuang

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No.	Name	Securities Branch Address	Person In Charge
224	Hangzhou Shuanglong Street Securities Branch	Shop 106-107, 1/F, Building B, Sanshen Business Centre, No. 99 Shuanglong Street, Jiangcun Sub-district, Xihu District, Hangzhou, Zhejiang Province	Li Bo
225	Hangzhou Dengyun Road Securities Branch	No. 118-1 & 120 Denyun Road, Gongshu District, Hangzhou, Zhejiang Province	Yu Weidi
226	Hangzhou Future Science and Technology City Shuxin Road Securities Branch	Rooms 103 and 104, Block C, Zhengyuan Zhihui Building, No. 359 Shuxin Road, Cangqian Sub-district, Yuhang District, Hangzhou, Zhejiang Province	Yang Xiaoqin
227	Xinchang Lijiang Road Securities Branch	No. 111, Jingxin Building, Lijiang Road, Qixing Sub-district, Xinchang County, Zhejiang Province	Yang Ting
228	Pujiang East Renmin Road Securities Branch	No. 42 and No. 42-1, East Renmin Road, Puyang Sub-district, Pujiang County, Zhejiang Province	Lou Jiani
229	Tiantai Chicheng Road Securities Branch	No. 267 and No. 269 Chicheng Road, Chicheng Sub-district, Tiantai County, Taizhou, Zhejiang Province	Chen Jinzhen
230	Ningbo Ningchuan Road Securities Branch	1-5-4 of No. 1713, 1719, 1721 and 1733 Ningchuan Road, No. 30 Anbo Road, 32-2 of No. 8 Jianning Street, Yinzhou District, Ningbo, Zhejiang Province	Zhou Hongliang
231	Ningbo Liuting Street Securities Branch	Room 1607-1610, 16/F, No. 225 Liuting Street, and Room 1-4-2, Building 043, No. 54, 56, 58, 60, 62 and 64, Changchun Road, Haishu District, Ningbo, Zhejiang Province	Wang Yunguo
232	Ningbo South Dazha Road Securities Branch	1-2 of No. 507 South Dazha Road and 9-1 and 9-2 of No. 218 Xinyi Road, Jiangbei District, Ningbo, Zhejiang Province	Chen Cheng
233	Ningbo Junzi Street Securities Branch	Room (2-8) (2-9), No. 19, Alley 88, Junzi Street, No. 91 Yaoyang Street, Haishu District, Ningbo, Zhejiang Province	Wei Yingying
234	Ningbo North Ningnan Road Securities Branch	No. 1049 North Ningnan Road, Zhonggongmiao Sub-district, Yinzhou District, Ningbo	Zhou Yu
235	Ningbo Fenghua Changting Road Securities Branch	No. 10, 12 and 14, Changting Road, Jinpin Sub-district, Fenghua District, Ningbo, Zhejiang Province	Ren Xiaodong
236	Yuyao West Yangming Road Securities Branch	No. 348 West Yangming Road, Yuyao, Zhejiang Province	Huang Wenshuan
237	Ningbo Beilun South Zhonghe Road Securities Branch	No. 299-53 and No. 299-54 South Zhonghe Road, Xinqi Sub-district, Beilun District, Ningbo, Zhejiang Province	Li Binbin
238	Ningbo East Baizhang Road Securities Branch	No. 899 East Baizhang Road, Ningbo, Zhejiang Province	Feng Yi
239	Cixi Ciyong Road Securities Branch	No. 314-318 Ciyong Road, Hushan Sub-district, Cixi, Zhejiang Province	Yu Xiaolan
240	Hefei Jincheng Securities Branch	1/F and 10/F, No. 436 Middle Changjiang Road, Luyang District, Hefei, Anhui Province	Wu Kan
241	Hefei Linqan Road Securities Branch	1/F and 5/F, Block B, Xinguanghe Building, No. 7377 Linqan Road, Luyang District, Hefei, Anhui Province	Chen Jun
242	Ma'anshan Middle Hudong Road Securities Branch	Block 2, Ju Feng Yuan, No. 777 Middle Hudong Road, Huashan District, Ma'anshan	Wang Gongman
243	Huangshan South Xianrendong Road Securities Branch	No. 2-40 South Xianrendong Road, Tunxi District, Huangshan, Anhui Province	Lu Wenbin
244	Hefei Huizhou Avenue Securities Branch	1-2/F, East Podium, Xueyuan Building, No. 525 Huizhou Avenue, Baohe District, Hefei	Wang Wei
245	Hefei Qimen Road Securities Branch	Offices 1301 and 1310, Block A, Xindi Centre, No. 333 Qimen Road, Zhengzheng District, Hefei, Anhui Province	Kong Jun

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No.	Name	Securities Branch Address	Person In Charge
246	Wuhu West Limin Road Securities Branch	Taixin Business Center (China Resources SuGuo Limin Shopping Mall), Yijiang District, Wuhu City, Anhui Province	Gao Xuemin
247	Bengbu Donghai Avenue Securities Branch	No. 5183 (1/F, East of Business Building, South of Zhanggongshan Park), Donghai Avenue, Bengbu, Anhui Province	Zhou Yingyu
248	Anqing South Jixian Road Securities Branch	No. 2 South Jixian Road, Daguan District, Anqing, Anhui Province	Ji Xiong
249	Huainan Guangchang Road Securities Branch	Shops 116, 215 and 216, Lucheng Garden, Guangchang Road, Tianjia'an District, Huainan, Anhui Province	Wang Tao
250	Tongling Yi'an Avenue Securities Branch	Room C102, Fortune Plaza, No. 1287 North Section of Yi'an Avenue, Tongling, Anhui Province	Han Hong
251	Fuyang Huaihe Road Securities Branch	Room 7#111, Zone A-3, Wanda Plaza, No. 789 Huaihe Road, Qinghe Sub-district Office, Yingzhou District, Fuyang	Shi Feng
252	Fuzhou Securities Branch	Storefronts 12 and 13, 1/F, and Storefront 01, 2/F, Building 1#, Fuzhou Jiyou Square, No. 39 Fuma Road, Gulou District, Fuzhou, Fujian Province	Chen Qing
253	Fuzhou Dongshui Road Securities Branch	East of 1F, and 3/F, Design Building, No. 55 Dongshui Road, Gulou District, Fuzhou, Fujian Province	Zheng Qingyu
254	Zhangzhou Shuixian Street Securities Branch	Room D3, Building D-E, Rongchang Square, Rongchang Garden, Shuixian Avenue, Longwen District, Zhangzhou, Fujian Province	Lei Jintao
255	Fuzhou Hudong Road Securities Branch	Portion of Unit 01, Units 03 and 04, 6/F, Hengli Financial Centre, Gulou District, Fuzhou, Fujian Province	Zhang Aiqun
256	Quanzhou Chongfu Road Securities Branch	Area A1, 1/F, and Area A1, 2/F, Building K, Window of East Asia Cultural and Creative Industrial Park, No. 247 Chongfu Road, Licheng District, Quanzhou, Fujian Province	Wu Xingjin
257	Sanming North Xinshi Road Securities Branch	Shop 16, 1/F, Block 1, No. 999 North Xinshi Road, Sanyuan District, Sanming	Peng Dezhaoh
258	Fuqing Wanda Palaza Securities Branch	Building B3-B6, Shops 01, 02 and 06 on 1/F and 01, 02, 03, 05 and 06 on 2/F of B9-B13, Fuqing Wanda Plaza, Yinxi Sub-district, Fuqing, Fuzhou, Fujian Province	Chen Feng
259	Putian Xingfu Road Securities Branch	No. 1090 Middle Ba'eryi Street, and Room 215-216, Elevator #2, Area A Huang Ting Shui An, No. 1098 Middle Ba'eryi Street, Gongchen Sub-district, Licheng District, Putian, Fujian Province	Ke Longcai
260	Ningde Securities Branch	Rooms 101 & 201, Block 1, Qing Hua Yuan, No. 39 South Jiaocheng Road, Jiaocheng District, Ningde, Fujian Province	Chen Gang
261	Zhangzhou Taiwanese Investment Zone Wanyi Square Securities Branch	Room D37, Building 7, Wanyi Square, No. 3 Binhu Road, Taiwanese Investment Zone, Zhangzhou, Fujian Province	Cai Huina
262	Fuzhou Baima Road Securities Branch	Shop 01, 1/F, Block 1#, Qunsheng – Baima Shire, No. 10 Pudong Road, Yizhou Sub-district, Taijiang District, Fuzhou, Fujian Province	Wei Min
263	Longyan Lian Hua Jia Yuan Securities Branch	Room 202, No. 331 Lianxin/South Xi'an Road, Xicheng Sub-district, Xinluo District, Longyan, Fujian Province	Gu Weidong
264	Nanping West Binjiang Road Securities Branch	112#, Building 16, Wanda Core Mansion, West Binjiang Road, Tongyou Group, Wuyi New Area, Nanping	Huang Shengkai
265	Xiamen Middle Hubin Road Securities Branch	Units 1601, 1604, 1605 and 1606, Seashine Building, No. 123 Middle Hubin Road, Siming District, Xiamen	Chen Huashu

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No.	Name	Securities Branch Address	Person In Charge
266	Xiamen Minzu Road Securities Branch	Units 1701 & 1703, Century Centre, No. 50 Minzu Road, Siming District, Xiamen	Ding Fuyun
267	Xiamen Jiahe Road Securities Branch	5/F, Block C, Xinjing Centre, No. 25 Jiahe Road, Siming District, Xiamen	Liao Xinyan
268	Xiamen Tongan Xiangping Securities Branch	No. 72-6 Xiqiao Road, Xiangping Sub-district, Tong'an District, Xiamen	Wei Xiangfei
269	Xiamen Free Trade Financial Center Securities Branch	Unit 05-06, 1/F, Building C, Free Trade Financial Center, No. 3 4th Yu'nan Road, Xiamen Area (Bonded Area), China (Fujian) Pilot Free Trade Zone	Chen Sunkai
270	Xiamen East Tapu Road Securities Branch	Unit 101-1, No. 165 East Tapu Road, Siming District, Xiamen	Wang Junzhao
271	Xiamen East Hubin Road Securities Branch	Room 1905-1, No. 93 East Hubin Road, Siming District, Xiamen	Li Yi
272	Nanchang High-tech Avenue Securities Branch	Room 202, 2/F, Comprehensive Laboratory Building, No. 555 High-tech Avenue, Nanchang High-tech Industrial Development Zone, Nanchang, Jiangxi Province	Jin Zicheng
273	Nanchang Honggutan New Area Securities Branch	Room F201, Office Complex Building, Block 1, 3#, 4#, 5# and 6#, Honggutiandi Mall, Honggutan New Area, Nanchang, Jiangxi Province	Chu Xuncheng
274	Ganzhou Dengfeng Avenue Securities Branch	Shops 7#, 8# and 9#, Block 5, Qidian Xintiandi, No. 19 Dengfeng Avenue, Zhanggong District, Ganzhou, Jiangxi Province	Li Zhixue
275	Shangrao Daihu Road Securities Branch	No. 1-1, Block 2, No. 50 Daihu Road, Xinzhou District, Shangrao, Jiangxi Province	Wang Jianhong
276	Nanchang Middle Hongu Avenue Securities Branch	Room 105, Building 2, Block 1, Wanda Star Phase 3, Honggutan New Area, Nanchang, Jiangxi Province	Zhang Guoqing
277	Yudu Gongjiang Avenue Securities Branch	13#01 Feng Ye Jiang Pan, Gongjiang Avenue, Gongjiang Town, Yudu County, Ganzhou, Jiangxi Province	Xie Jian
278	Nanchang Liantang Securities Branch	Shops 103 and 104, Chenghu Qianbaiwei Commercial and Residential Building, Middle Chenghu Road, Nanchang County, Nanchang, Jiangxi Province	Sun Jia
279	Pingxiang East Shaoshan Road Securities Branch	Room 109-112, Block 1, Triumph Shangri, No. 789 East Shaoshan Road, Anyuan District, Pingxiang, Jiangxi Province	Li Jin
280	Yantai Securities Branch	No. 175 Xi'nanhe Road, Zhifu District, Yantai, Shandong Province	Zhang Zhenping
281	Weifang Beihai Road Securities Branch	North side of 1/F, Fortune International Business Building, No. 4931 Beihai Road, Kuiwen District, Weifang, Shandong Province	Zhong Jian
282	Zibo Linzi Avenue Securities Branch	No. 698 Linzi Avenue, Linzi District, Zibo, Shandong Province	Wu Tao
283	Jinan Luoyuan Street Securities Branch	Rooms 05 and 06, 13/F, No. 102 Luoyuan Avenue, Lixia District, Jinan City (Premise: Unit L112-2, No. 106 Luoyuan Avenue)	Wu Yunpeng
284	Weihai Tongyi Road Securities Branch	1-2/F North Wing, No. 57 Tongyi Road, Huancui District, Weihai, Shandong Province	Shao Renhang
285	Jining Gongxiao Road Securities Branch	Shops 105-109, Building 23, Dushi Haoting Phase 3, Gongxiao Road, Guanghe Sub-district, High-tech Zone, Jining, Shandong Province	Tu Fangan

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No.	Name	Securities Branch Address	Person In Charge
286	Dongying Fuqian Avenue Securities Branch	No. 84 Fuqian Avenue, Dongying District, Dongying, Shandong Province	Liu Xiaofeng
287	Linyi Yimeng Road Securities Branch	Shops 110-210 and 111-211, Building 8, South of the Intersection of Yimeng Road and Yinqueshan Road (Da Yuan Bei Qu), Lanshan District, Linyi, Shandong Province	Xu Yingying
288	Rizhao Weihai Road Securities Branch	Room 102, Unit 01, Block 1AB, Zone B, Xin Ying Hua Fu, Weihai Road, Donggang District, Rizhao, Shandong Province	Sun Longxue
289	Liaocheng West Dongchang Road Securities Branch	No.111 West Dongchang Road, Dongchangfu District, Liaocheng, Shandong Province	Wang Lu
290	Tai'an Changcheng Road Securities Branch	No. 09, Block 1, Dazhan Xincheng Guoji, West side of Beishou, Changcheng Road, Tai'an	Lv Huawei
291	Binzhou Fifth Huanghe Road Securities Branch	2/F, Shop 101, Block A, Dibao Plaza, No. 345 Fifth Huanghe Road, Binzhou Economic and Technological Development Zone, Shandong Province	Fu Huizhe
292	Qingdao Nanjing Road Securities Branch	No. 100-E, Nanjing Road, Shinan District, Qingdao, Shandong Province	Cui Ning
293	Qingdao West Xianggang Road Securities Branch	Block 1-5, No. 22 West Xianggang Road, Shinan District, Qingdao	Li Yiwei
294	Qingdao Economic and Technological Development Zone Securities Branch	Room 101, Building 1, Block 27, No. 441 East Changjiang Road, Huangdao District, Qingdao, Shandong Province	Liu Yaoliang
295	Qingdao Qinling Road Securities Branch	Room 103, No. 15 Qinling Road, Laoshan District, Qingdao, Shandong Province	Hou Yang
296	Qingdao Jimo Mocheng Road Securities Branch	No. 520 and No. 522, Mocheng Road, Jimo District, Qingdao, Shandong Province	Du Weichao
297	Zhengzhou Smart Island Securities Branch	Room 202-206, 2/F, Lifeng International Building, No. 6 Shangxian Street, Longzihu, Zhengdong New Area, Zhengzhou	Pei Yuanyuan
298	Zhengzhou Longhai Road Securities Branch	No. 03, 1/F, North Side, No. 19 South Songshan Road, Erqi District, Zhengzhou	Ren Jianfeng
299	Zhengzhou Dongfeng Road Securities Branch	No. 103, Block 3, No. 217 Dongfeng Road, Jinshui District, Zhengzhou	Zhu Ruoxu
300	Zhengzhou Nanyang Road Securities Branch	Heli Building, Wing Building No. 16, No. 76 Huanghe Road, Jinshui District, Zhengzhou	Zhang Qingjun
301	Zhengzhou Shanhe Securities Branch	No. 39 Weiwu Road, Jinshui District, Zhengzhou	Ma Chaoqun
302	Xuchang Wenfeng Road Securities Branch	No. 1728 and No. 1732 Middle Wenfeng Road, Weidu District, Xuchang	Wang Nan
303	Xinxiang Youyi Road Securities Branch	Rooms 106 and 107, 1/F, Building 28, 103 Factory Residential Community, No. 1 Youyi Road, Xinxiang	Wang Qingfeng
304	Luoyang Taikang Road Securities Branch	105, Building 3, Yuanhua International City Apartment, No. 30 Taikang Road, Luolong District, Luoyang, Henan Province	Li Minghe
305	Zhumadian Landmark Plaza Securities Branch	Shop 118, Building 2, Landmark Plaza, Northwest Corner of the Intersection of Huaihe Avenue and Tongshan Avenue, Municipal District of Zhumadian, Henan Province	Niu Chang
306	Kaifeng Hanxing Road Securities Branch	Shop 3, Building 8, Sai Na Zuo An, Intersection of Hanxing Road and Huanghe Road, Kaifeng	Wang Dong

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No.	Name	Securities Branch Address	Person In Charge
307	Wuhan Aomen Road Securities Branch	No. 123 Aomen Road, Jiang'an District, Wuhan, Hubei Province	Zhang Baohe
308	Wuhan Hanyang Securities Branch	No. 155 Yingwu Avenue, Hanyang District, Wuhan	Huang Minghai
309	Wuhan Zhongnan Road Securities Branch	3/F, Business Conference Center, No. 1 Hongshan Road, Wuchang District, Wuhan City, Hubei Province	Gu Xiongfei
310	Wuhan Xinhua Road Securities Branch	Room 2, 1/F and Room 2, 3/F, Building C, Hua'an Building, No. 222 Fazhan Avenue, Jianghan District, Wuhan, Hubei Province	Yuan Feilin
311	Wuhan Jiyuqiao Securities Branch	Rooms 12, 13, 14 and 15, 1-2/F, Blocks 12 and 13, Wuhan Jiyuqiao Wanda Plaza (Phase II), No. 98 Linjiang Avenue, Wuchang District, Wuhan	Ye Jun
312	Wuhan Wuluo Road Securities Branch	No. 105, 1/F & No. 2-3, 4/F, Future Mansion, No. 668 Wuluo Road, Hongshan District, Wuhan	Wang Xuan
313	Wuhan Longyang Avenue Securities Branch	13/F, Building 9 (Times Centre), Blocks 9, 10 & 11, Lot B, Hanyang C-PARK, No. 56 Longyang Avenue, Hanyang District, Wuhan	Dong Lintao
314	Wuhan Zhuankou Ningkan Road Securities Branch	No. 262-267, Shenlong Commercial Street, No. 69 Ningkan Road, Wuhan Economical and Technical Development Zone	Dai Dongchen
315	Yichang New Century Securities Branch	6/F, Starlight Plaza Office Building, No. 121 Yiling Avenue, Yichang, Hubei Province	Zhang Jiao
316	Jingmen Securities Branch	No.118 Xiangshan Avenue, Dongbao District, Jingmen, Hubei Province	Wang Wei
317	Shayang Hanjin Avenue Securities Branch	No. 53 Hanjin Avenue, Shayang County, Jingmen, Hubei Province	Tong Dehong
318	Xiangyang Securities Branch	No. 301, 302, 3/F, Block 5, Minfa Century New Town, Changhong Road, Fancheng District, Xiangyang	Xiong Feng
319	Zaoyang Securities Branch	2/F, Yulongju Office Building, Middle Section of Renmin Road, Zaoyang	Tian Guosheng
320	Wuhan Guanggu Securities Branch	No. 01, Floor 2, Unit 1, Building 10 (Original Building 3), Guanggu Chuangye Street, Dongxin Road, Donghu New Technology Development Zone, Wuhan	Zhang Renfei
321	Jingzhou Securities Branch	No. 101B, S5 Commercial Street, Hengxin Spring Autumn Mansion, No. 192 West Jiangjin Road, Shashi District, Jingzhou, Hubei Province	Chen Chen
322	Changsha Middle Furong Road Securities Branch	2/F, No. 279, 2nd Section of Middle Furong Road, Yuhua District, Changsha, Hunan Province	Jiang Jianjun
323	Loudi Leping Avenue Securities Branch	8/F and 9/F, No. 266, East Leping Avenue, Louxing District, Loudi, Hunan Province	Xie Qiaoliang
324	Changsha North Shaoshan Road Securities Branch	Unit 302 Huifu Centre, No. 254 North Shaoshan Road, Yuhua District, Changsha, Hunan Province	He Boyuan
325	Xiangtan Middle Furong Road Securities Branch	No. 0101004 Zhongyi International, No. 52 Middle Furong Road, Baota Sub-district, Yuetang District, Xiangtan	Feng Jun
326	Zhuzhou Lushan Road Securities Branch	Room 1424, Stereo City, No. 188 Lushan Road, Tianyuan District, Zhuzhou, Hunan Province	Xue Shan
327	Shaoyang Hongqi Road Securities Branch	No. 460 Hongqi Road, Daxiang District, Shaoyang	Li Yalin
328	Huaihua Middle Yingfeng Road Securities Branch	Room 202, Blocks 1 and 2, Feng He Yuan, Middle Yingfeng Road, Hecheng District, Huaihua, Hunan Province	Tan Gongxian

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No.	Name	Securities Branch Address	Person In Charge
329	Changde Jianshe Road Securities Branch	Block 6, Hongxin Mingdu Taolin, No. 800 Jianshe Road, Jianminxiang Community, Danyang Sub-district Office, Wuling District, Changde, Hunan Province	Li Zhengjun
330	Hengyang Jiefang Avenue Securities Branch	1/F, Zijin Garden, No. 4 Jiefang Avenue, Hengyang National High-Tech Industrial Development Zone, Hunan Province	Feng Ling
331	Changsha Furong Road Securities Branch	Room 32002-32004, T6 Office Building, CFC China Finance Centre, No. 303, Section 1, Middle Furong Road, Dongfenglu Sub-district, Kaifu District, Changsha	Liu Te
332	Guangzhou North Tianhe Road Securities Branch	Rooms 2803, 2804 and 2805, No. 235 North Tianhe Road, Tianhe District, Guangzhou	Chen Yiang
333	Guangzhou Middle Dongfeng Road Securities Branch	Shops 401, 402 and 403-1, 4/F, Zhujiang Yide Building, No. 362 Middle Dongfeng Road, Yuexiu District, Guangzhou	Zhang Ruifang
334	Guangzhou 2nd Zhongshan Road Securities Branch	Unit 0, 1/F and Units 203-206/209-211, 2/F, Telecom Plaza, No. 18, 2nd Zhongshan Road, Yuexiu District, Guangzhou	Long Ming
335	Guangzhou East Huanshi Road Securities Branch	Units 701, 702 and 707-709, 7/F, No. 334 East Huanshi Road, Yuexiu District, Guangzhou	Wu Yueheng
336	Guangzhou Huaxia Road Securities Branch	Units 02-04A (self-numbered), 24/F, Agile Centre, No. 26 Huaxia Road, Tianhe District, Guangzhou	Huang Longjie
337	Zhongshan Guzhen Securities Branch	1/F and 2/F, No. 17 and 18, Zone C, Dengdu Xintiandi, Tiyu Road, Guzhen Town, Zhongshan, Guangdong Province	Kuang Luqian
338	Zhongshan Huangpu North Xinfeng Road Securities Branch	Shops 02, 03, 09, 10 and 11, Building 7, Lantian Jindi Garden, No. 63 North Xinfeng Road, Huangpu Town, Zhongshan, Guangdong Province	Yang Xinsheng
339	Zhongshan Xiaolan East Shengping Road Securities Branch	Shop 223-224, Seaport City Commercial Centre, No. 1 East Shengping Road, Xiaolan Town, Zhongshan, Guangdong Province	Ye Shaowen
340	Foshan Shunde Daliang Securities Branch	Zone A, 4/F, Xindeye Business Centre, Jincheng Garden, No. 11 Dongle Road, Yunlu Park, Daliang Sub-district, Shunde District, Foshan, Guangdong Province	Qi Xixia
341	Foshan Shunde Ronggui Securities Branch	Shop No. 102C, 1/F, and Unit 1 of 4001, Block 1, Haijunda Plaza, No. 33 Middle Guizhou Avenue, Zhenhua Community, Ronggui Sub-district, Shunde District, Foshan, Guangdong Province	Shao Xinglu
342	Foshan Shunde Lecong Securities Branch	No. 305 and No. 306, Gangmao Building, No. A1, Xinhua Road, Lecong Community Committee, Lecong Town, Shunde District, Foshan, Guangdong Province	Pan Jiawen
343	Foshan 1st Lvjing Road Securities Branch	(Residential address declaration) 3/F, No. 8, 1st Lvjing Road, Chancheng District, Foshan	Li Kunxing
344	Foshan Nanhai North Guilan Road Securities Branch	Shop 106, Block 1, and Units 1 and 2, 12/F, Block 2, Yineng International Plaza, No. 2 North Guilan Road, Guicheng Sub-district, Nanhai District, Foshan, Guangdong	Cao Wuquan
345	Zhanjiang Lvhua Road Securities Branch	Office 1004-1008, 10/F, Complex Building 7, and Shop 1022A, 1/F, Commercial Podium 8, No. 48 Lvhua Road, Zhanjiang Economic & Technological Development Zone	Lin Wenqing
346	Huizhou 1st Wenming Road Securities Branch	Unit 908-912, 9/F, Fushen Building, No. 9, 1st Wenming Road, Jiangbei Sub-district, Huicheng District, Huizhou, Guangdong Province	Chen Zhenfang
347	Zhuhai Jida Road Securities Branch	Zone B, 1/F, No. 99 Jida Road, Xiangzhou District, Zhuhai, Guangdong Province	Rong Zhifeng

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No.	Name	Securities Branch Address	Person In Charge
348	Dongguan Middle Dongcheng Road Securities Branch	701 and 702, Junhao Business Centre, Middle Dongcheng Road, Gangbei Community, Dongcheng Sub-district, Dongguan, Guangdong Province	Sun Bao
349	Shantou Songshan Road Securities Branch	Rooms 501, 502, 503, 504, 505 and 506, Block 7, West Fenggezhuang, Songshan Road, Longhu District, Shantou, Guangdong Province	Chen Zihua
350	Shantou Chenghai Securities Branch	1-4/F, Jingtai Plaza, Block C21, Huijing Garden, Chenghai District, Shantou, Guangdong Province	Chen Ting
351	Shantou Chaoyang Securities Branch	No. 36 Middle Section of Dongshan Avenue, Chaoyang District, Shantou, Guangdong Province	Cai Baodong
352	Shantou Jinsha Road Securities Branch	10/F, No. 97 Jinsha Road, Shantou, Guangdong Province	Huang Shaoyong
353	Shantou Jinsha Road Second Securities Branch	Shops 1 and 2 (101 with 201, 102 with 202) of Building 6 and Shops 1, 2 and 3 (201, 202, 203) of Building 7, Fenghua Garden, No. 192 Jinsha Road, Longhu District, Shantou, Guangdong Province	Lan Jiekai
354	Guangzhou Panyu 1st Wanbo Road Securities Branch	Shop 216, No. 25, 3rd Huizhi Road, Shop 101-01, No. 141, 1st Wanbo Road, and Shop 101, No. 143, 1st Wanbo Road, Nancun Town, Panyu District, Guangzhou	Liang Jian
355	Jiangmen Fazhan Avenue Securities Branch	Room 1201-1204, Block 1, Jiangmen Wanda Plaza, Pengjiang District, Jiangmen, Guangdong Province	Chen Gang
356	Jieyang North Linjiang Road Securities Branch	No. 102, Block N, No. 101, 113, 115, 115-1 and 116, Southern Zone, and Storage Rooms A and E, Block 12, Southern Zone, Huacheng Garden (Phase II), North Linjiang Road, Rongcheng District, Jieyang, Guangdong Province	Cai Zelin
357	Zhanjiang Lianjiang Nanbei Avenue Securities Branch	No. 18, New Area, Nanbei Avenue, Lianjiang, Zhanjiang, Guangdong Province	Luo Yufeng
358	Zhaoqing Xinghu Avenue Securities Branch	Units 205H and 205I, 2/F, Hengyu City, North of Xinghu Avenue, Duanzhou District 103, Zhaoqing, Guangdong Province	Zhu Jiankun
359	Guangzhou Nansha Haibin Road Securities Branch	Rooms 115, 116, 117, 126 & 127, No. 169 Haibin Road, Nansha Sub-district, Nansha District, Guangzhou	Wang Yan
360	Zhongshan Sanxiang Jingguan Avenue Securities Branch	Shop 48, Jing Guan Hao Ting, No. 2 Jingguan Avenue, Sanxiang Town, Zhongshan, Guangdong Province	Zou Zhijun
361	Foshan Shunde Longjiang Donghua Road Securities Branch	Unit 104-2, Units 203 and 204, Wangding Business Building, No. 96 Longzhou West Road, Wenhua Community Residents Committee, Longjiang Town, Shunde District, Foshan	Chen Shaoyu
362	Zhongshan Torch High-tech Industrial Development Zone Dezhong Securities Branch	One of 2 Shops, 2/F, Block 1, Dezhong Plaza, No. 1 East Huizhan Road, Zhongshan Torch High-tech Industrial Development Zone	Lin Junbin
363	Dongguan Humen Avenue Securities Branch	Room 217, No. 129 Humen Avenue, Dongguan, Guangdong Province	Jiang Dezhong
364	Foshan Nanhai Dali Securities Branch	Room 605, 6/F, Rui Bao Commercial Building, No. 11 Xincheng Avenue, Dali Town, Nanhai District, Foshan, Guangdong Province	Liu Longgang
365	Zhanjiang Haibei Road Securities Branch	Shop 12, 1/F, Building 1, Country Garden House, No. 35 Haibei Road, Chikan District, Zhanjiang, Guangdong Province	Zhuang Qing

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No.	Name	Securities Branch Address	Person In Charge
366	Guangzhou Zengcheng Licheng Street Securities Branch	Room 1001, No. 20-1, Minle Road, Licheng Sub-district, Zengcheng District, Guangzhou	Yang Ruizhen
367	Guangzhou Middle Yuejiang Road Securities Branch	Rooms 301, 302 and 303, No. 686 Middle Yuejiang Road, Haizhu District, Guangzhou	Cheng Shixuan
368	Guangzhou Changdi Securities Branch	Room 101, No. 109 Changdi Street, Room 1001, No. 2 Luju Road, Liwan District, Guangzhou	Li Lijun
369	Guangzhou Guan hong Road Securities Branch	Rooms 201-205, 207 and 208, 2/F, No. 12 Guan hong Road, Luogang District, Guangzhou	Wang Hongyang
370	Guangzhou Jichang Road Securities Branch	Rooms 106A and 603, 1/F, No. 585 Jichang Road, Baiyun District, Guangzhou	Dong Siyi
371	Meizhou West Yanjiang Road Securities Branch	No. 32 West Yanjiang Road, Meizhou, Guangzhou Province	Wen Ni
372	Qingyuan South Yinquan Road Securities Branch	105 and 106, Commercial Building 7, Wanke Mansion, No. 31 South Yinquan Road, Xincheng, Qingyuan, Guangdong Province	Cao Yang
373	Guangzhou Huangpu Avenue Securities Branch	Rooms 3618, 3619, 3620 and 3621, No. 660-1, Huangpu Avenue Central, Tianhe District, Guangzhou	Huang Kengrui
374	Chaozhou Chaofeng Road Securities Branch	Shops 9-10 and Office 3 at Mezzanine and 2/F, Block A, Chaofa Garden, Chaofeng Road, Chaozhou, Guangdong Province	Liu Zehong
375	Guangzhou Haiming Road Securities Branch	Rooms 1A-4 and 1B, No. 13 Huafu Street, Haiming Road, Zhujiang New Town, Tianhe District, Guangzhou	Yang Haiyan
376	Guangzhou Huadu North Fenghuang Road Securities Branch	Shop 1-2 (self-numbered), Fengshang Commercial Building, No. 10 North Fenghuang Road, Xinhua Sub-district, Huadu District, Guangzhou	Bi Yanhui
377	Foshan Shunde South Guotai Road Securities Branch	Shops 13 and 14, Poly Zhonghui Garden, No. 2 South Guotai Road, Dehe Residents Committee, Daliang Sub-district, Shunde District, Foshan, Guangdong Province	Shen Chun
378	Guangzhou East Binjiang Road Securities Branch	Room 101, No. 554-3 East Binjiang Road, Haizhu District, Guangzhou	Yang Xiaofan
379	Heyuan Yuewang Avenue Securities Branch	Shops 45 & 46, Hua Yi Yuan, Guangcheng Zhongyuan Square, No. 102 Yuewang Avenue, Yuancheng District, Heyuan, Guangdong Province	Huang Weitian
380	Huizhou Danshui Securities Branch	No. 13, 14 and 15, 16/F, Block A, Chengjie International Commercial Center, Intersection of Donghua Avenue and Baiyun Road, Danshui Sub-district, Huiyang District, Huizhou City, Guangdong Province	Zhou Xijin
381	Zhongshan Bo'ai Sixth Road Securities Branch	Shops 104, and 201A, Area 6, Building 5, Ocean Plaza, No. 28 Bo'ai Sixth Road, East District, Zhongshan, Guangdong Province	Huang Kelong
382	Shaoguan Jiaoyu Road Securities Branch	Shops 14-18, Hongye You Shan Mei Di Garden, No. 279 Kangle Village, Jiaoyu Road, Wujiang District, Shaoguan, Guangdong Province	Zhou Qinghua
383	Foshan Shunde Yixing Road Securities Branch	Area A10, 1/F, Yingfeng Centre, No. 8 Yixing Road, Junlan Community, Beijiao Town, Shunde District, Foshan, Guangdong Province	Wang Xiang
384	Zhuhai Hengqin Securities Branch	Zone B, 1/F, Building 6, Hengqin Finance Industry Development Base, Hengqin New Area, Zhuhai	Zhou Fei

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No.	Name	Securities Branch Address	Person In Charge
385	Shenzhen Shennan Avenue Securities Branch	Unit 4501-05, 4401-01C, Block A, KingKey 100 Tower, Caiwuwei, No. 5016 East Shennan Road, Laowei Community, Guiyuan Sub-district, Luohu District, Shenzhen	Lin Jianmin
386	Shenzhen Gaoxin South 1st Road CASTD Building Securities Branch	Room 301, Annex Building 3, CASTD Research and Development Park, No. 009 Gaoxin South 1st Road, Nanshan District, Shenzhen	Tang Zhigang
387	Shenzhen Luohu Securities Branch	Room 1501-1506, Dongmen Financial Building, No. 2020 Middle Dongmen Road, Chengdong Community, Dongmen Sub-district, Luohu District, Shenzhen	Fang Peng
388	Shenzhen Upperhills Securities Branch	Units 5301 and 5302, Building T2, Upperhills (southern part), No. 5001 Huanggang Road, Lianhua No. 1 Village Community, Huaifu Sub-district, Futian District, Shenzhen	Mi Jingjing
389	Shenzhen Jingtian Securities Branch	2/F, Saige Jing Yuan Building, No. 17 West Jingtian Road, Futian District, Shenzhen	Lin Yibin
390	Shenzhen Xianglin Road Securities Branch	Room 701-705 Fuchun Eastern Mansion, No. 7006 Shennan Avenue, Donghai Community, Xiangmihu Sub-district, Futian District, Shenzhen	Dong Xinxing
391	Shenzhen First Fuhua Road Securities Branch	Units 01B, 05 and 06, 27/F, China Life Building, No. 123 1st Fuhua Road, Fu'an Community, Futian Sub-district, Futian District, Shenzhen	Hu Xuemei
392	Shenzhen Shenzhen Universiade Center Securities Branch	Rooms 133-15 and 301-8, No. 122 Huangge Road, Ailian Community, Longcheng Sub-district, Longgang District, Shenzhen	Zhou Lijun
393	Shenzhen Shenzhen Bay Securities Branch	Units 03B and 04B, 24/F, Block 10A, Shenzhen Bay Eco-Technology Park, No. 10 Gaoxin South 9th Road, Gaoxin Community, Yuehai Sub-district, Nanshan District, Shenzhen	Shen Dan
394	Shenzhen Pingshan Securities Branch	810, 811 and 812, Chengtou Xin Times Building, No. 2009 Pingshan Avenue, Liulian Community, Pingshan Sub-district, Pingshan District, Shenzhen	Duan Li
395	Shenzhen OCT Securities Branch	Room 604, Hantang Building, Overseas Chinese Town, Nanshan District, Shenzhen	Tang Haiyan
396	Shenzhen Longhua Securities Branch	Units 2-15, 2-30 to 2-37, Block 2, Area 11, Yicheng Centre Garden, No. 3639 Longhua Avenue, Jinglong Community, Longhua Sub-district, Longhua District, Shenzhen	Yin Xinmin
397	Shenzhen Shuibei Securities Branch	Room 1101A-01B, Block A, Shuibei Jewelry Headquarters Building, No. 3008 Buxin Road, Dushu Community, Dongxiao Sub-district, Luohu District, Shenzhen	Xie Yanfeng
398	Shenzhen Jintian Road Securities Branch	Room 2004, Zhongzhou Building, No. 3088 Jintian Road, Gangxia Community, Futian Sub-district, Futian District, Shenzhen	Jiang Mankun
399	Shenzhen Qianhai Securities Branch	Room 1207, Building 8, Qianhai Excellence Financial Centre (Phase I), No. 5033 Menghai Avenue, Nanshan Sub-district, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen	Zhang Yan
400	Shenzhen Guangming Securities Branch	Rooms 01 and 02, 02/F, Building 8, Logan Acesite Park, Dongkeng Community, Fenghuang Sub-district, Guangming District, Shenzhen	Huang Huican
401	Shenzhen Bantian Securities Branch	No. 201, 2/F, Tower D, Galaxy WORLD, No. 1 Yabao Road, Bantian Sub-district, Longgang District, Shenzhen	Li Kaien
402	Shenzhen Nanshan Coastal City Securities Branch	Unit 1111, East Block, Coastal Building, No. 15 Haide 3rd Road, Yuehai Sub-district, Nanshan District, Shenzhen	Li Qun

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No.	Name	Securities Branch Address	Person In Charge
403	Shenzhen Cloud Park Securities Branch	Room 106, Building 2, Phase 1, Cloud Park, Gangtou Community, Bantian Sub-district, Longgang District, Shenzhen	Zhang Haiyu
404	Nanning South Yuanhu Road Securities Branch	No.12-2 South Yuanhu Road, Qingxiu District, Nanning	Xiong Wenfeng
405	Guilin Middle Zhongshan Road Securities Branch	Room 403-1, 4/F, Bagui Building, No. 29 Middle Zhongshan Road, Xiufeng District, Guilin, Guangxi Zhuang Autonomous Region	Li Jiaping
406	Liuzhou Youyi Road Securities Branch	Room 2-2, You Yi Guo Ji, Building 11, No. 4 Youyi Road, Liuzhou	An Ran
407	Hezhou Middle Jianshe Road Securities Branch	Shop on 1/F, Block A, No. 31 Middle Jianshe Road, Babu District, Hezhou, Guangxi	Chen Zibiao
408	Yulin East Guangchang Road Securities Branch	No. 139 East Guangchang Road, Yuzhou District, Yulin, Guangxi	Yang Zhenghao
409	Nanning South Jinhua Road Securities Branch	No. 1, Shop C1, Building C, Shengzhan Independent Commune, South Jinhua Road, Qingxiu District, Nanning	Yi Ting
410	Haikou Guoxing Avenue Securities Branch	Room 1901-2 (North), 19/F, Shengda Business Plaza, No. 61 Guoxing Avenue, Meilan District, Haikou, Hainan Province	Li Zhong
411	Sanya Yingbin Road Securities Branch	2/F, Shop 3, Zone 5, Shanshui Tianyu Community, Yingbin Road, Jiyang District, Sanya, Hainan Province	Shen Yongzhi
412	Danzhou Zhongxing Street Securities Branch	West side of the 1/F, No. 112-1, Zhongxing Street, Nada Town, Danzhou, Hainan Province	Zhao Yun
413	Chongqing Yuzhong Securities Branch	Units 9-01, 02, 06A, 07, 08, and 09, 9/F, No. 2, Changjiang Binjiang Road, Chaotianmen Sub-district, Yuzhong District, Chongqing	Yan Huaqiao
414	Chongqing Jiangnan Avenue Securities Branch	Room 5-1, Chengshizhiguang Building, No. 19 Jiangnan Avenue, Nanping Sub-district, Nan'an District, Chongqing	Tang Hewen
415	Chongqing Mixc Securities Branch	No. 2-1, Block 26, No. 55 Xiejiawan Main Street, Jiulongpo District, Chongqing	Luo Bing
416	Chongqing East Jianxin Road Securities Branch	2/F, Baiyexing Building, No. 3 East Jianxin Road, Jiangbei District, Chongqing	Liu Yu
417	Chongqing Liangjiang Securities Branch	No. 97 and No. 99 South Qingfeng Road, Yubei District, Chongqing	Chen Yu
418	Chongqing Jiangjin Securities Branch	Unit 3-1, Block 1, Xiangrui Building, No. 518 Dingshan Avenue, Dingshan Sub-district, Jiangjin District, Chongqing	Zhang Guoming
419	Chongqing Shanan Street Securities Branch	No. 3-1, Nanyuan, Shapingba District, Chongqing	Xiong Feng
420	Chongqing Danzishi Securities Branch	No. 17-32, -33 and -34, Qunhui Road, Nan'an District, Chongqing	Li Guipeng
421	Chongqing Ruitian Road Securities Branch	No. 56-7, Ruitian Road, Yuzhong District, Chongqing	Liu Yi
422	Chongqing Wanzhou Securities Branch	No. 83 Gaosuntang, Wanzhou District, Chongqing	Fu Xiangyang
423	Chongqing Fengtian Avenue Securities Branch	No. 122 and No. 123, No. 136 Fengtian Avenue, Shapingba District, Chongqing	Nie Yong
424	Chongqing Jiangbeizui Securities Branch	(Self-numbered A1-1) 2-1, Annex No. 2, No. 16 Financial Street, Jiangbei District, Chongqing City	She Kaiyong

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No.	Name	Securities Branch Address	Person In Charge
425	Chengdu Yizhou Avenue Securities Branch	No. 201, 2/F, Unit 1, Block 1, No. 555 Yizhou Avenue Middle Section, Hi-tech Zone, Chengdu City, China (Sichuan) Pilot Free Trade Zone	Li Shuxue
426	Chengdu North Erhuan Road Securities Branch	No. 8 North 1st Section, Erhuan Road, Chengdu	Fan Jungang
427	Chengdu Longteng Road Securities Branch	Rooms 07-10, 05/F, Block 1, No. 36 East Longteng Road, Wuhou District, Chengdu, Sichuan Province	Xu Cheng
428	Chengdu Jianshe Road Securities Branch	No. 9 Jianshe Road, Chenghua District, Chengdu	Li Yun
429	Chengdu North Kehua Road Securities Branch	No. 139 North Kehua Road, Chengdu, Sichuan Province	Wang Hong
430	Meishan Renshou Guangming Road Securities Branch	No. 389, Section 2 of Guangming Road, Wenlin Town, Renshou County	Zhong Zheng
431	Leshan Ruiyun Road Securities Branch	2/F, No. 261 Ruiyun Road, Shizhong District, Leshan	Chen Jun
432	Bazhong Yuntai Street Securities Branch	Shops 1-6 and 1-7, Bank of China Complex, Jiangbei Avenue, Bazhong, Sichuan Province	Lin Hong
433	Mianyang Anchang Road Securities Branch	1/F, No. 33 Anchang Road, Fucheng District, Mianyang, Sichuan Province	Liu Xiayun
434	Neijiang Yuxi Road Securities Branch	No. 147, No. 149 and No. 151, Yuxi Road, Shizhong District, Neijiang, Sichuan Province	Feng Rui
435	Chengdu Shuangliu Yingchun Road Securities Branch	No. 66, Section 4 of Yingchun Road, Dongsheng Sub-district, Shuangliu District, Chengdu, Sichuan Province	Chen Qiang
436	Deyang Kaijiang Road Securities Branch	No. 1-6, Block A, Kai Jiang Xin Cheng, No. 336, Section 1 of Kaijiang Road, Jingyang District, Deyang, Sichuan Province	Kuang Yuwei
437	Chengdu Riyue Avenue Securities Branch	No. 201, Building 3, No. 388, Guanghua North 6th Road, Qingyang District, Chengdu	Wang Wei
438	Chengdu Longquanyi South Longdu Road Securities Branch	No. 1, 2 & 3, 2/F, No. 4 South Longdu Road, Longquan Sub-district, Longquanyi District, Chengdu, Sichuan Province	Zheng Junxia
439	Chengdu Wuyang Avenue Securities Branch	1/F, No. 65 & 67 Section 3 of Wuyang Avenue, Wuhou District, Chengdu	Hu Ke
440	Guiyang North Changling Road Securities Branch	Units 12, 13, 14 and 15, 20/F, Building 5, Phase I Business Zone, Guiyang International Finance Centre, northwestern corner of Lincheng Road and Changling Road, Guanshanhu District, Guiyang, Guizhou Province	Shang Chao
441	Zunyi Xianggang Road Securities Branch	D2/F, Yinggang Tower, Xianggang Road, Huichuan District, Zunyi, Guizhou Province	Wang Jiayong
442	Kunming West Dongfeng Road Securities Branch	9/F, Shunchengdongta Building, No. 11 West Dongfeng Road, Kunming, Yunnan Province	Qi Wei
443	Kunming Baita Road Securities Branch	Xingyao Building, No. 393 Baita Road, Panlong District, Kunming, Yunnan Province	Wang Anyuan
444	Kunming Minhang Road Securities Branch	Unit 7-A-1, Tower A, Yunnan Chengtuo Building, No. 400 Minhang Road, Guanshang Zhongxin Residents Committee, Guanshang Sub-district Office, Guandu District, Kunming Area of China (Yunnan) Pilot Free Trade Zone	Shen Yanbin
445	Yiliang Huayuan Street Securities Branch	2/F, Block 6, Vision City Plaza, Huayuan Street, Yiliang County, Kunming, Yunnan Province	Feng Wenjun

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No.	Name	Securities Branch Address	Person In Charge
446	Chuxiong South Lucheng Road Securities Branch	No. 154 South Lucheng Road, Chuxiong, Chuxiong Prefecture, Yunnan Province	Tang Jianjin
447	Qujing South Qilin Road Securities Branch	Shop A2008, 1/F, Blocks A, B, C and D, "Zhongtianjiayuan Phase I" Community, intersection of South Qilin Road and East Wenchang Street, Qilin District, Qujing, Yunnan Province	Tian Feng
448	Xi'an East Youyi Road Securities Branch	No. 51 East Youyi Road, Beilin District, Xi'an, Shaanxi Province	Huang Yaguang
449	Xi'an Heping Road Securities Branch	Jiateng Building, No. 112 Heping Road, Beilin District, Xi'an, Shaanxi Province	Wang Juan
450	Baoji High-tech Development Zone Avenue Securities Branch	No. 59, High-tech Development Zone Avenue, Baoji, Shaanxi Province	Wang Teng
451	Xi'an Third Yannan Road Securities Branch	Room 20101, Unit 2, Block 11, Qu Chi Fang, No. 89 West Furong Road, Qujiang New Area, Xi'an	Li Xudong
452	Weinan Duhua Road Securities Branch	Shop 103, Building 10, Su Yan Feng Jing, Southeastern Corner of the Intersection of Chelei Street and Duhua Road, Linwei District, Weinan, Shaanxi Province	Zhao Xiaonan
453	Xi'an Jinye Road Securities Branch	Commercial B1-101, Jinye Times Project, No. 32 Jinye Road, Xi'an High-tech Industries Development Zone	Liu Shumeng
454	Lanzhou West Donggang Road Securities Branch	3/F-2, Changye Gold Tower, No. 621 West Donggang Road, Chengguan District, Lanzhou, Gansu Province	Zhao Yan
455	Baiyin Hongxing Road Securities Branch	Unit 1-01, Block 7, No. 280 Hongxing Road, Baiyin District, Baiyin, Gansu Province	Zhou Fei
456	Pingliang Dongda Street Securities Branch	No. 24 Dongda Street, Kongdong District, Pingliang, Gansu Province	Sun Xiaoming
457	Jiuquan Xiuyuan Road Securities Branch	Block 4, North Zone, Xin Xin Hua Yuan, No. 1 Xiuyuan Road, Suzhou District, Jiuquan, Gansu Province	Peng Xin
458	Xining Beida Street Securities Branch	4/F, No. 30 Beida Street, Chengzhong District, Xining, Qinghai Province	Tang Haiying
459	Golmud South Kunlun Road Securities Branch	No. 20 South Kunlun Road, Golmud	Zhang Longlong
460	Xining Changjiang Road Securities Branch	No. 106-26 Changjiang Road, Chengzhong District, Xining, Qinghai Province	Chen Wenyuan
461	Yinchuan West Jiefang Street Securities Branch	No. 126, Jiefang West Street, Xingqing District, Yinchuan	Zhao Zhihao
462	Shizuishan West Chaoyang Street Securities Branch	No. 1 West Chaoyang Street, Shizuishan, Ningxia	Chen Guang
463	Wuzhong West Wuling Road Securities Branch	No. 231 & 233 West Wuling Road, Litong District, Wuzhong, Ningxia	Sun Yuejiao
464	Urumqi North Jiefang Road Securities Branch	No. 90 & 112, North Jiefang Road, Tianshan District, Urumqi, Xinjiang	Kong Lingguo
465	Changji Securities Branch	2/F (Building 1, Hill 2, Zone 1), Annex, Office Building of China Post's Changji Branch, No. 2 North Yan'an Road, Changji, Xinjiang	Jiang Yuliang
466	Hami Securities Branch	No. 1, 1/F, Jinglong Building, No. 35 North Tianshan Road, Yizhou District, Hami, Xinjiang	Zhang Jun

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No.	Name	Securities Branch Address	Person In Charge
467	Yining Shandong Road Securities Branch	Room 202, Block 3, Zone D, Yingjian Wu Tong Li Jing, No. 219 Shandong Road, Yining Border Economic Cooperative Zone, Ili Prefecture, Xinjiang	Miao Yinghua
468	Aksu Nanda Avenue Securities Branch	7/F, No. 2 Aksu Nanda Avenue, Aksu Prefecture, Xinjiang	Sun Yao
469	Lhasa Middle Jinzhu Road Securities Branch	No. 32, 4/F, Building 2, Taihe International Cultural Plaza, No. 7 Jinzhu Middle Road, Chengguan District, Lhasa	Liu Wei



For more information, please refer to

