

2023
GTJA

ANNUAL REPORT

國泰君安證券股份有限公司
GUOTAI JUNAN SECURITIES CO., LTD.
(A joint stock company incorporated in the
People's Republic of China with limited liability)

Important Notice

I. The Board, Supervisory Committee, Directors, supervisors and senior management of the Company warrant that the contents of this annual report are true, accurate and complete, without any misrepresentation, misleading statements or material omissions, and severally and jointly bear the legal responsibilities thereof.

II. Director who has not attended the Board meeting

Position of the Director who has not attended	Name of the Director who has not attended	Reason for absence of the Director	Name of proxy
Director	Sun Minghui	Other business engagement	Zhang Manhua

III. The Company's domestic and international annual financial reports have been audited by KPMG Huazhen LLP and KPMG respectively, and a standard unqualified audit report has been issued respectively.

IV. ZHU Jian, the person in charge of the Company, and NIE Xiaogang, the person in charge of accounting affairs and DONG Boyang, the person in charge of the accounting department (head of the accounting department) of the Company, warrant the truthfulness, accuracy and completeness of the financial statements contained in this annual report.

V. The profit distribution proposal or the proposal on transfer of the capital reserve fund into capital, within the Reporting Period, was approved by the Board.

The Company's profit distribution proposal for the year of 2023 is: based on the total share capital of the Company on the record date of the dividend distribution, the Company shall distribute cash dividends of RMB4.0 (tax included) for every 10 shares to holders of A Shares and holders of H Shares registered on the record date of the dividend distribution. Based on the total share capital of the Company, being 8,904,610,816 Shares as of 31 December 2023, the total amount of the cash dividends to be distributed is RMB3,561,844,326, accounting for 38.0% of the consolidated net profit attributable to equity holders of the Company for 2023.

The Company's profit distribution proposal for the year of 2023 has been passed in the 12th meeting of the sixth session of the Board of the Company, subject to the consideration in the general meeting of the Company.

VI. Statement of the risks involved in forward-looking statements

Applicable Not applicable

Forward-looking statements included in this report, including future plans and development strategies, do not constitute any substantial commitment of the Company to investors. Investors and persons concerned shall be fully aware of the risks and understand the difference between plans, estimates and commitments.

Important Notice

VII. Was there any appropriation of the Company's funds on a non-operating basis by controlling shareholders or other related parties?

No

VIII. Did the Company provide any external guarantees in violation of the prescribed decision-making procedures?

No

IX. Whether more than half of the Directors were not able to assure the truthfulness, accuracy and completeness of the annual report disclosed by the Company?

No

X. Major risk warning

The risks faced by the Company in its operations mainly include: market risk, credit risk, liquidity risk, operational risk and reputational risk, which are specifically embodied as the risk of loss to the Company due to unfavorable changes of market prices; risk of loss to the Company due to failures to perform their obligations stipulated in relevant contracts by securities issuer, counterparties and debtors or the changes of market value of the debts caused by the changes of credit rating or contract performance capacity; risk of not being able to obtain sufficient funds in time at reasonable costs to repay debts that are due, fulfil other payment obligations and satisfy the funding requirements for ordinary business operation; risk of loss caused by the failures of internal systems and procedures, improper employee behaviors, IT risks and the influence of external events; risk of negative evaluation of the Company's reputation due to the Company's operation, management and other activities or external events.

The Company has established an effective internal control system, compliance management system and a dynamic regulatory system based on risk control indicators to enable the operations of the Company to be conducted within an extent of predictable, controllable and tolerable risks.

Investors are advised to read "Section III Discussion and Analysis of the Board of Directors" as set out in this report carefully for risks related to the operations of the Company.

XI. Others

Applicable Not applicable

Chairman's Statement

Dear Shareholders,

In 2023, as gentle and warm spring breeze blows, everything revives. China's economy has shown great resilience and achieved bright performance. The capital market returns to its roots, fully implements new development concepts, with highlights on functional development. Securities companies are investor-oriented, serving the real economy proactively, exploring new paths actively for transformation and promoting high-quality development.

During the year, we have firmly adhered to the concept of sustainability and aimed at high-quality development. We have established the ESG and Sustainable Development Committee to fully integrate the sustainable development concept into the Company's strategies, and restructured the financing system, investment system, product system and risk management system of the Company, comprehensive progress has been made in promoting digital transformation and platform establishment, and the corporate governance capabilities, competitive capabilities, innovation capabilities, risk resistance and return capabilities of the Company have been improving continuously. The advantages of comprehensive service platform continue to emerge, and our operating performance ranks at forefront of the industry. We have been awarded the highest regulatory rating in the AA industry for 16 consecutive years, our MSCI ESG rating has jumped to BBB, and received the 12th China Charity Award, the Company's branding and social influence are improving steadily.

During the year, we aim at becoming a "financial power" and work on the "five key essays". We serve to support the construction of the Shanghai Science and Technology Innovation Center by taking the lead to establish the Pudong Leading District Science and Technology Innovation Series Fund with a total size of RMB10 billion, and have assisted the listing of 6 companies on the Science and Technology Innovation Board and the single project of raising RMB21.2 billion for Hua Hong Semiconductor. Our capable level for green financial services has been enhanced comprehensively, and nearly RMB310 billion in green financing has been completed. We have participated in more than 10 million tonnes of carbon trading, as well as the creation and sales of 600 ESG fund products. We have further promoted the "investment and advisory-driven, technology-empowered" wealth management transformation, established new inclusive financial models such as internet branches, and assisted the listing of three small and medium-sized enterprises on the Beijing Stock Exchange. We have coordinated the layout of multiple channels such as pension products, investment strategies, account systems and comprehensive services, linked to pension accounts in 17 banks and opened nearly 60,000 accounts, and included 7 products in the personal pension investment product catalogue to deepen digital transformation and adopt the open concept on securities. Xinchuang Acceptance has been rated as excellence of the industry for three consecutive years.

Chairman's Statement

During the year, we have been dedicated to our original mission and adopt the “investor-oriented” approach.

As a listed company, we have strengthened returns for shareholders, a cumulative amount of more than RMB32.8 billion in dividends has been distributed since our listing in 2015. The planned annual dividends for 2023 is RMB0.4 per share, the amount of which represented 38% of the net profit attributable to the parent company for the year. The activities for investor open days have been organized for three consecutive years, and we proactively strengthen communication with investors through various channels including performance briefings, analyst communication meetings, as well as domestic and overseas road shows. As a service organization, we have solidly promoted the establishment of customer platforms. The number of users of Jun Hong APP has exceeded 40 million, and the Daohe platform covers nearly 9,200 corporate institutions and 72,700 users; the “customer-centered” business organization system has been improving day by day, and the “investment research + investment banking + Investment” approach brings more high-quality companies to the market, the “1+N” service model provides services for medium and long-term funds entering the market, and forms a new inclusive finance model of “wealth management +” with transformation of investment advisory for purchasers as the core, and core competitiveness of a “One Guotai Junan” comprehensive service platform is emerging.

During the year, we have maintained a firm bottom line on risks and consolidated our primary competitiveness.

We have actively adapted to the requirements of “strict supervision and strict management”, comprehensively strengthened the three lines of defense of “business units, compliance risk control, and inspection of audit”, and promoted the formation of a system for compliance risk management and control with comprehensive system, unified standards, hierarchical management, efficient communication and powerful supervision, and firmly maintained the bottom line of preventing systemic financial risks. Compliance risk control is closely related to the business, communication with front line of the business is enhanced, focusing on the key and difficult points of the business, keeping alert for business opportunities, partnering business innovation, providing solutions, improving empowerment model, and establishing an ecosystem of joint prevention and control against risks and positive interactions in business risk control.

2024 marks the 75th anniversary of the founding of New China and is also a critical year for achieving the goals of the 14th Five-Year Plan. Changes in the world, changes in the era, and changes in history are unfolding in an unprecedented way. To shoulder the mission of accelerating the construction of a financial power and transform the grand blueprint drawn by the central government into a “real-life painting” with high quality, we must not only change our concepts, innovate methods, and empowering mechanisms, but also need to have the courage to innovate and the spirit to be the first and the vigor to forge ahead in prosperity, we grit our teeth and exert our best efforts to overcome obstacles and difficulties, and we have successfully leapt to a new height and opened up a new landscape.

Strengthen learning and rely on research. Through serving the national strategy as the starting point, focus on improving global vision and strategic thinking, and take cultivating world-class enterprises as the foothold, we align with and learn from the best, study the market, customers and peers, rely on learning and research to solve real problems and find real solutions to problems, and constantly fulfill the growing financial needs of economic and social development and the general public.

Chairman's Statement

Raise the standing position to gather consensus. The sentiment and responsibility of serving the country through finance are further enhanced by strengthening the “One Guotai Junan” philosophy of attaining consensus in thinking, action and development. And by adhering to financial technology to support high-level scientific and technological self-reliance and self-enhancement, using green finance to support the implementation of the “double carbon” strategy, relying on inclusive finance to help promote common prosperity, using pension finance to support elderly care services, leveraging on digital finance to support the building of a “digital power” and solidly completing the “five key essays”, we are able to promote high-level circulation of technology, industry and finance, and fully integrate into the establishment of modern industrial systems, and ensure financial professionals will better serve and promote Chinese-style modernization.

Respect the laws, seek truth and be pragmatic. Through recognizing the situation clearly, mastering the standards, and implementing reforms with determination, with “accuracy” of setting the goals and targeting our efforts, our business is always accomplished with “stability” in strategic focus, and more importantly, the emphasis is on identifying the key points and exerting precise efforts “ruthlessly”, without empty thoughts nor empty talks, the implementation of enhanced actions for Shanghai's deepened reforms of state-owned enterprises is considered as an opportunity to accelerate the implementation of the Company's “one enterprise, one policy” action plan, which will effectively change the asymmetry of incentives and constraints in production relationship, release new productivity with quality in revenue and efficiency, the counter-cyclical adjustments and cross-cyclical layout are implemented in a dynamic manner, core functions have been enhanced continuously to continue improving the Company's core competitiveness.

Respect the market and advocate professionalism. We will master the underlying logic and evolutionary trends of the capital market, understand the market, respect the market and comply with the market, and improve professionalism continuously by practising financial tasks based on policy and customer requirements. Through insisting on performing professional tasks by professional talents in professional manner, striving to reduce the impact of cyclical fluctuations in the market, promoting the Company's stable operations, adhering to the bottom line of compliance and risk control, and continuously accumulating reputational assets, we will create an excellent brand image and firmly follow the path of development for the modern capital market with Chinese characteristics.

Struggle over time is like a pen writing on paper. To pave the path for finance with Chinese characteristics and achieve the goal of becoming a financial power, we must show consistent determination and perseverance, always maintain the courage and fighting spirit to move forward, demonstrate the style and energy of acting to the end, strive to be the first and move forward courageously, in order to accelerate the compiling of new chapters and accomplishing new tasks among the first-class investment banks.

Zhu Jian, Chairman of the Board

28 March 2024

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Section I Definitions

1. DEFINITIONS

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

Definitions of frequently-used terms

Company/the Company/Guotai Junan Group/the Group	Guotai Junan Securities Co., Ltd. Guotai Junan Securities Co., Ltd. and its subsidiaries
Articles of Association/Articles	the articles of association of Guotai Junan Securities Co., Ltd.
Share(s)	ordinary shares in the capital of the Company with a nominal value of RMB1 each, comprising A Shares and H Shares
Shareholder(s)	holder(s) of the Share(s) of the Company
Board/Board of Directors	the board of Directors of the Company
Director(s)	director(s) of the Company
Supervisory Committee	the Supervisory Committee of the Company
Supervisor(s)	the supervisor(s) of the Company
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
Shanghai Bureau of the CSRC	Shanghai Office of the China Securities Regulatory Commission
SAC	Securities Association of China (中國證券業協會)
SSE/Shanghai Stock Exchange	Shanghai Stock Exchange
SZSE/Shenzhen Stock Exchange	Shenzhen Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
International Group	Shanghai International Group Co., Ltd. (上海國際集團有限公司)
Shanghai SA	Shanghai State-owned Assets Management Co., Ltd. (上海國有資產經營有限公司)
Shenzhen Investment Holdings	Shenzhen Investment Holdings Co., Ltd. (深圳市投資控股有限公司)
Guotai Junan Asset Management	Shanghai Guotai Junan Securities Asset Management Co., Ltd. (上海國泰君安證券資產管理有限公司)
Guotai Junan Futures	Guotai Junan Futures Co., Ltd. (國泰君安期貨有限公司)
Guotai Junan Financial Holdings	Guotai Junan Financial Holdings Co., Ltd. (國泰君安金融控股有限公司)
Hong Kong Subsidiaries	Guotai Junan Financial Holdings Co., Ltd. and its controlled subsidiaries
Guotai Junan International	Guotai Junan International Holdings Limited (國泰君安國際控股有限公司), a public company controlled by Guotai Junan Financial Holdings Co., Ltd. and listed on the Hong Kong Stock Exchange (stock code:1788)

Section I Definitions

Guotai Junan Innovation Investment	Guotai Junan Innovation Investment Co., Ltd. (國泰君安創新投資有限公司)
Guotai Junan Zhengyu	Guotai Junan Zhengyu Investment Co., Ltd. (國泰君安證裕投資有限公司)
HuaAn Funds	HuaAn Funds Management Co., Ltd. (華安基金管理有限公司)
Shanghai Securities	Shanghai Securities Co., Ltd. (上海證券有限責任公司)
Guoxiang Properties	Shanghai Guoxiang Properties Co., Ltd. (上海國翔置業有限公司)
SPD Bank	Shanghai Pudong Development Bank (上海浦東發展銀行股份有限公司)
Shanghai Rural Commercial Bank	Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司)
Convertible Corporate Bonds/ Convertible Bonds/ A Share Convertible Bonds	the convertible corporate bonds amounting to RMB7 billion issued by the Company on 7 July 2017 and listed on SSE on 24 July 2017 which can be converted into the Company's A Shares and were due for payment and ceased listing on 7 July 2023
Company Law	the Company Law of the PRC
Securities Law	the Securities Law of the PRC
SSE Listing Rules	The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
Corporate Governance Code	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Reporting Period	the year of 2023
Yuan	RMB Yuan
A Shares	domestic shares of the Company, with a nominal value of RMB1 each, which are listed on the Shanghai Stock Exchange and traded in RMB
H Shares	overseas listed foreign shares of the Company, with a nominal value of RMB1 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
FICC	Fixed Income, Currencies and Commodities
Daohe APP	APP serving institutional customers
Jun Hong APP	APP serving retail customers

Section II Company Profile and Key Financial Indicators

I. PROFILE

Name in Chinese	國泰君安證券股份有限公司
Abbreviation in Chinese	國泰君安、國泰君安證券
Name in English	Guotai Junan Securities Co., Ltd.
Abbreviation in English	GTJA、Guotai Junan Securities
Legal Representative	ZHU Jian
President	LI Junjie

Registered Capital and Net Capital of the Company

Applicable Not applicable

Unit: yuan Currency: RMB

	At the end of the Reporting Period	At the end of the last year
Registered Capital	8,904,610,816	8,906,671,631
Net Capital	92,603,555,793	92,874,565,553
Share Capital	8,904,610,816	8,906,672,636

Business Qualifications for Each Individual Business of the Company

Applicable Not applicable

The business scope of the Company covers licensed items: securities business; securities investment consultation; securities companies provide intermediary business to futures companies. (For items subject to approval by laws, business activities can only be conducted after obtaining approval(s) from the relevant departments, and specific businesses shall be subject to the approval documents or license documents granted by the relevant departments) General items: financial advisory services relating to securities. (Except for items subject to approval by laws, business activities can be conducted independently with the business license in accordance with the laws)

As of the date of this report, please refer to Appendix I for details of business qualifications for each individual business of the Company and its controlled subsidiaries.

Section II Company Profile and Key Financial Indicators

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Securities Affairs Representative
Name	YU Jian	LIANG Jing
Contact address	No. 768 Nanjing West Road, Jingan District, Shanghai	No. 768 Nanjing West Road, Jingan District, Shanghai
Telephone	021-38676798	021-38676798
Facsimile	021-38670798	021-38670798
E-mail	dshbgs@gtjas.com	dshbgs@gtjas.com

III. BASIC INFORMATION

Registered address of the Company	No. 618 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone, Shanghai, PRC
Historical change in registered address of the Company	Not applicable
Office address of the Company	No. 768 Nanjing West Road, Jingan District, Shanghai
Postal code of office address of the Company	200041
Company website	http://www.gtja.com/
Email	dshbgs@gtjas.com

IV. INFORMATION DISCLOSURE AND LOCATION FOR INSPECTION OF DOCUMENTS

Names and websites of the media for publication of the Company's annual report	China Securities Journal http://www.cs.com.cn/ ; Shanghai Securities News http://www.cnstock.com/ ; Securities Times http://www.stcn.com/ ; Securities Daily http://www.zqrb.cn/
Websites of the stock exchanges for publication of the Company's annual report	http://www.sse.com.cn/ ; http://www.hkexnews.hk/
Location for inspection of annual report of the Company	No. 768 Nanjing West Road, Jingan District, Shanghai

V. SHARES OF THE COMPANY

Shares of the Company				
Type of share	Listing venue	Stock name	Stock code	Stock name before change
A Share	Shanghai Stock Exchange	國泰君安	601211	N/A
H Share	Hong Kong Stock Exchange	GTJA	02611	N/A

Section II Company Profile and Key Financial Indicators

VI. OTHER INFORMATION OF THE COMPANY

(I) History of the Company, mainly including the reform and restructuring, capital injections in the previous years

Applicable Not applicable

Guotai Junan was founded as a joint-stock limited company through the merger of Guotai Securities Co., Ltd. (國泰證券有限公司) and J&A Securities Co., Ltd. (君安證券有限責任公司). The brief history of the Company is as follows:

In August 1999, with the approval of the CSRC, Guotai Securities Co., Ltd. merged with J&A Securities Co., Ltd.. The shareholders of Guotai Securities Co., Ltd. and J&A Securities Co., Ltd. and other investors jointly established the Company, with a registered capital of RMB3,727.18 million.

In December 2001, with the approval of the CSRC, the Company was split into two companies with independent legal status by way of split-off. The Company, as the continuing company, owned and undertook the securities businesses related assets, businesses and liabilities relating to such assets and businesses. The registered capital of the Company changed to RMB3.7 billion.

In January 2006, with the approval of the CSRC, Central Huijin Investment Ltd. (中央匯金投資有限責任公司) subscribed for 1 billion additional Shares of the Company and thus the registered capital of the Company changed to RMB4.7 billion.

In March 2012, with the approval of the Shanghai Bureau of the CSRC, the Company issued 1.4 billion additional Shares and thus the registered capital changed to RMB6.1 billion.

In June 2015, with the approval of the CSRC, the Company issued 1,525 million A Shares through initial public offering, which were listed on the Shanghai Stock Exchange on 26 June 2015 and thus the registered capital changed to RMB7,625 million.

In April 2017, with the approval of the CSRC and the Hong Kong Stock Exchange, the Company issued 1,040 million H Shares, and the Company issued 48.9338 million additional H Shares upon the exercise of the over-allotment option in May 2017, and thus the registered capital changed to RMB8,713.9338 million.

In April 2019, the Company completed the placing of 194 million H Shares under a general mandate and thus the registered capital changed to RMB8,907.947954 million.

Section II Company Profile and Key Financial Indicators

(II) The organization structure of the Company

√ Applicable □ Not applicable

1. The organization chart of the Group

For the organization chart of the Group as of the end of the Reporting Period, please refer to Appendix II.

2. Subsidiaries

As of the end of the Reporting Period, the Company directly owned six domestic subsidiaries and one overseas subsidiary, the particulars of which are as follows:

No.	Name of Subsidiary	Registered Address/Domicile	Date of Establishment	Legal		
				Registered Capital/ Paid Up Capital	Representative/ Person in Charge	Contact Number
1	Guotai Junan Financial Holdings	Units 1506-08, 15/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong	10 August 2007	HK\$2.61198 billion	XIE Lebin	0852-31831118
2	Guotai Junan Asset Management	Unit 409A10, No. 381 South Suzhou Road, Huangpu District, Shanghai	27 August 2010	RMB2 billion	TAO Geng	021-38676666
3	Guotai Junan Futures	29/F, 30/F, No. 669 Xinzha Road, Jing'an District, Shanghai	6 April 2000	RMB5 billion	JIANG Tao	021-33038999
4	Guotai Junan Innovation Investment	Units 11F07-09, Bank of Shanghai Building, 168 Middle Yincheng Road, Pudong New District, Shanghai	20 May 2009	RMB7.5 billion	JIANG Wei	021-38675884
5	Guotai Junan Zhengyu	Unit 1106, No. 3255 Zhoujiazui Road, Yangpu District, Shanghai	12 February 2018	RMB4.5 billion	HAN Zhida	021-38672928
6	HuaAn Funds	Room 2118, Building B, No. 888 Huanhu West Second Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone	4 June 1998	RMB 150 million	ZHU Xuehua	021-38969999
7	Guoxiang Properties	Floor 2-12, Main Building No.C, No. 688 Waima Road, Huangpu District, Shanghai	30 December 2011	RMB1.05 billion	MU Qing	-

3. Branch offices

As of the end of 2023, the Group had 37 securities branch offices and 17 futures branch offices in the PRC. For basic information of these branch offices, please refer to Appendix III.

Section II Company Profile and Key Financial Indicators

(III) Number and distribution of securities branches of the Company

Applicable Not applicable

As of the end of the Reporting Period, the Group had 344 securities branches and 8 futures branches in the PRC, among which, 344 securities branches were established by the Company and 8 futures branches were established by Guotai Junan Futures. Please refer to Appendix IV for the establishment and disposal of branches.

Number and distribution of securities branches of the Group in the PRC are as follows:

Province/ Municipality or Region	Number of Branches	Province/Municipality or Region	Number of Branches	Province/Municipality or Region	Number of Branches
Anhui	5	Beijing	15	Fujian	14
Gansu	9	Guangdong	44	Guangxi	6
Guizhou	6	Hainan	6	Hebei	10
Henan	9	Heilongjiang	6	Hubei	15
Hunan	17	Jilin	9	Jiangsu	22
Jiangxi	18	Liaoning	7	Inner Mongolia	5
Qinghai	1	Shandong	14	Shanxi	7
Shaanxi	6	Shanghai	23	Sichuan	15
Tianjin	6	Tibet	1	Xinjiang	4
Ningxia	1	Yunnan	8	Zhejiang	25
Chongqing	10				

Number and distribution of futures branches of the Group in the PRC are as follows:

Province/Municipality or Region	Number of Branches	Province/Municipality or Region	Number of Branches
Shanghai	5	Beijing	1
Guangdong	1	Zhejiang	1

(IV) Number and distribution of other branches

Applicable Not applicable

Section II Company Profile and Key Financial Indicators

VII. OTHER RELEVANT INFORMATION

Domestic accountant engaged by the Company	Name	KPMG Huazhen LLP
	Office address	8/F, Tower E2, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing
Overseas accountant engaged by the Company	Name of signing accountants	Wang Guobei, Wang Xia
	Name	KPMG
	Office address	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
Domestic legal advisor	Name of signing accountants	Chan Siu Tung
Hong Kong legal advisor	Haiwen & Partners	
A Share Registrar	Freshfields Bruckhaus Deringer	
	Shanghai Branch of China Securities Depository and Clearing Corporation	
H Share Registrar	Computershare Hong Kong Investor Services Limited	

VIII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE PAST THREE YEARS

(I) Key accounting data

Unit: thousand yuan Currency: RMB

Key accounting data	2023	2022		Movement during the current period compared with the corresponding period of last year (%)	2021
		After adjustment	Before adjustment		
Total revenue and other income	52,303,831	49,086,921	49,086,921	6.55	56,411,187
Operating profit	11,768,452	13,387,391	13,387,391	-12.09	18,573,558
Profit before income tax	12,147,898	14,139,971	14,139,971	-14.09	19,112,281
Profit for the year attributable to equity holders of the Company	9,374,143	11,508,784	11,507,150	-18.55	15,013,480
Net cash generated from/ (used in) operating activities	24,439,062	44,321,212	44,321,212	-44.86	-16,787,288

Section II Company Profile and Key Financial Indicators

	At the end of 2023	At the end of 2022		Movement at the end of the current period compared with the end of the corresponding period of last year (%)	At the end of 2021
		After adjustment	Before adjustment		
Total assets	925,402,484	860,707,917	860,688,547	7.52	791,272,815
Total liabilities	752,024,474	696,862,458	696,862,458	7.92	640,636,223
Equity attributable to equity holders of the Company	166,969,253	157,718,338	157,698,968	5.87	147,123,665
Share capital	8,904,611	8,906,673	8,906,673	-0.02	8,908,450

Explanation of reasons for retrospective adjustment or restatement:

According to the Interpretation of the Accounting Standards for Business Enterprises No. 16 (《企業會計準則解釋第16號》), for lease transactions for which the lessee initially recognized lease liabilities and accounted for as right-of-use assets at the lease commencement date, corresponding deferred tax liabilities and deferred tax assets shall be recognized at the time of the transaction. Enterprises shall adjust the retained earnings at the beginning of the earliest period presented in the financial statements and the amounts of other relevant items in the financial statements based on the accumulative effect pursuant to the above interpretation and the provisions of the Accounting Standards for Business Enterprises No. 18 – Income Taxes (《企業會計準則第18號 – 所得稅》). The above should be implemented from 1 January 2023.

Section II Company Profile and Key Financial Indicators

(II) Key financial indicators

Key financial indicators	2023	2022		Movement during the current period compared with the corresponding period of last year (%)	2021
		After adjustment	Before adjustment		
Basic earnings per share (RMB/share)	0.98	1.25	1.24	-21.60	1.65
Diluted earnings per share (RMB/share)	0.97	1.23	1.23	-21.14	1.62
Weighted average return on net assets (%)	6.02	7.88	7.88	decrease by 1.86 percentage points	11.05
Net assets per share attributable to equity holders of the Company (RMB/share)	18.75	17.71	17.71	5.87	16.52
Gearing ratio (%)	76.77	75.36	75.36	increase by 1.41 percentage points	75.64

Description of the Company's key accounting data and financial indicators for the past three years as of the end of the Reporting Period

√ Applicable □ Not applicable

Note: 1: Gearing ratio = (total liabilities – accounts payable to brokerage customers – Proceeds from underwriting securities received on behalf of customers)/(total assets – accounts payable to brokerage customers – Proceeds from underwriting securities received on behalf of customers).

Note 2: As of 31 December 2023, the equity attributable to equity holders of the Company was RMB166.969 billion, the share capital was 8,905,000,000 shares, and net assets per share of the Company amounted to RMB18.75 as calculated by the formula “net assets per share = equity attributable to equity holders of the Company/share capital (net of treasury shares for which cancellation had been announced but business registration had not been completed)”. The above net assets per share attributable to equity holders of the Company include perpetual bonds issued by the Company. After deducting the effect, the net assets per share attributable to ordinary shareholders of the listed company at the end of 2023 were RMB16.51 (31 December 2022: RMB16.03).

Section II Company Profile and Key Financial Indicators

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

√ Applicable □ Not applicable

Unit: thousand yuan Currency: RMB

Item	At the end of the Reporting Period	At the end of last year
Net capital	92,603,556	92,874,566
Net assets	145,798,689	139,072,642
Risk coverage ratio (%)	201.54	186.44
Capital leverage ratio (%)	16.14	17.62
Liquidity coverage ratio (%)	269.72	277.32
Net stable funding ratio (%)	128.83	130.08
Net capital/Net assets (%)	63.51	66.78
Net capital/Liabilities (%)	20.11	22.52
Net assets/Liabilities (%)	31.67	33.72
Proprietary equity securities and securities derivatives/ Net capital (%)	33.19	35.52
Non-equity securities and derivatives held/Net capital (%)	343.14	342.28

Note 1: The net capital and various risk control indicators of the parent company comply with the relevant provisions of the Administrative Measures for the Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》).

Note 2: In 2023, the Company implemented the relevant provisions of the Interpretation of the Accounting Standards for Business Enterprises No. 16, so the net capital and related risk indicators at the end of the previous year have been restated.

Section II Company Profile and Key Financial Indicators

(IV) Key Accounting data and financial indicators for the last 5 years

1 Profitability

Unit: thousand yuan Currency: RMB

	2023	2022	2021	2020	2019
Total revenue and other income	52,303,831	49,086,921	56,411,187	46,445,340	39,049,645
Total expenses	40,535,379	35,699,530	37,837,629	31,728,921	27,779,039
Profit before income tax	12,147,898	14,139,971	19,112,281	14,871,944	11,444,619
Profit for the year attributable to equity holders of the Company	9,374,143	11,508,784	15,013,480	11,122,099	8,637,037

2 Assets

Unit: thousand yuan Currency: RMB

	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Share capital	8,904,611	8,906,673	8,908,450	8,908,448	8,907,948
Total equity	173,378,010	163,845,459	150,636,592	146,237,818	146,093,823
Equity attributable to equity holders of the Company	166,969,253	157,718,338	147,123,665	137,353,260	137,501,490
Total liabilities	752,024,474	696,862,458	640,636,223	556,661,354	413,220,455
Accounts payable to brokerage customers	178,055,072	195,718,783	172,483,608	157,408,158	109,336,526
Total assets	925,402,484	860,707,917	791,272,815	702,899,172	559,314,278
Basic earnings per share (RMB/share)	0.98	1.25	1.65	1.20	0.90
Diluted earnings per share (RMB/share)	0.97	1.23	1.62	1.19	0.90
Weighted average return on net assets (%)	6.02	7.88	11.05	8.54	6.75
Gearing ratio (%)	76.77	75.36	75.64	73.19	67.53

Section II Company Profile and Key Financial Indicators

IX. DIFFERENCES OF ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

(I) Differences between the net profit and net assets attributable to the shareholders of the listed company in the financial statements disclosed in accordance with International Accounting Standards and China Accounting Standards

Applicable Not applicable

(II) Differences between the net profit and net assets attributable to the shareholders of the listed company in the financial statements disclosed in accordance with overseas accounting standards and China Accounting Standards

Applicable Not applicable

(III) Explanation on the differences between domestic and overseas accounting standards:

Applicable Not applicable

Section III Discussion and Analysis of the Board of Directors

I. DISCUSSION AND ANALYSIS OF OPERATION CONDITION

(I) Overall operation condition

In 2023, in the face of the complicated external environment, the Group adhered to the general principle of making progress while maintaining stability, actively served the major strategies of the State and Shanghai, formulated and implemented the “second three-year” strategic plan and sub-planning of each segment. The Group also accelerated the “improvement of capabilities and reinforcement of advantages”, comprehensively cultivated its leading development advantages in technology finance, green finance, inclusive finance, pension finance and digital finance, and achieved a smooth start of the “second three-year” with the orderly progress in various tasks of operation and management. In respect of wealth management business, the Company accelerated its transformation into buy-side investment advisory, and the competitiveness of financial product sales and investment advisory continued to improve; in respect of investment banking business, the reform of its divisional system was deepened with continuously enhancement of the industrial capability and key regional competitiveness; in respect of institution and transaction business, the Company optimized the comprehensive services model, and accelerated the cultivation of transaction pricing and customer service capabilities; in respect of investment management business, the Company consolidated the core capabilities of active management, and the scale of asset management continued to grow; in respect of international business, the cross-border integration and overseas layout were effectively promoted, and the cross-border collaboration yielded results.

During the Reporting Period, the Group focused on the construction of three major customer service systems of retail, institutional and corporate, strengthened coordination and collaboration of various business lines, reinforced the empowerment of the headquarters to branches, and the advantages of the integrated services continued to emerge; steadily promoted platform-based construction, comprehensively deepened digital transformation, maintained a leading position in digital technology, and continuously enhanced the empowerment effect on business; optimized the refined level of risk control and compliance management, steadily promoted centralized operation 2.0, and optimized branch financial sharing mechanism and improved the professional talent training system, so as to continuously improve the Group’s operation and management capabilities. The Company has obtained Class A and AA regulatory ratings by the CSRC for 16 consecutive years, continued to be selected into the “white list” of securities companies, and maintained international credit ratings at BBB+ by Standard & Poor and Baa1 by Moody with the outlook of the Company being stable.

(II) Analysis of principal businesses

1. Wealth management business

(1) Retail brokerage and wealth management

According to the statistics of SSE and SZSE, in 2023, the trading volume of stock and fund market in SSE and SZSE was RMB239.99 trillion, representing a decrease of 3.1% compared with the corresponding period of last year and the offering size of new mutual funds was RMB1,153.145 billion, representing a decrease of 21.6% compared with the corresponding period of last year.

Section III Discussion and Analysis of the Board of Directors

In 2023, in respect of wealth management business, the Group accelerated the establishment of the wealth management model “driven by investment advisory and empowered by technology”, on the basis of maintaining the leading position in retail brokerage business industry, strived to strengthen the core competitiveness of investment advisory of buyers, and improved asset allocation capabilities steadily. During the Reporting Period, the Group adhered to the direction of high-quality customer expansion, implemented refined customer segmentation operation, optimized the retail customer service model, enhanced smart trading service capabilities, continued to consolidate the retail customer base, steadily increased the share of stock and funds transactions; explored standardized asset allocation services, deeply cooperated with outstanding managers, optimized product supply, improved the product sales mechanism, and the sales scale of products continued to grow; strengthened the construction of investment and research system, formed a series of featured strategic portfolios, optimized public fund investment advisory and private customized service model, and maintained good performance of strategic portfolio; promoted the construction of incentive mechanism, professional ranks and training system for investment advisory teams, thereby significantly improving the coverage of investment advisory services; optimized outlet layout, promoted outlet standardization, and continuously improved regional competitiveness; and explored intensive Internet operation model, optimized the customer experience of Jun Hong APP, enriched Jun Hong Bai Shi Tong (君弘百事通) investment advisory tools, upgraded the intelligent wealth management technology platform and enhanced digital operation capabilities. At the end of the Reporting Period, there were 40.4407 million users of Jun Hong APP, representing an increase of 3.7% from the end of last year, and average monthly active users¹ amounted to 7.9633 million, representing an increase of 10.1% from the corresponding period of last year. The number of personal fund accounts was 17.8427 million, representing an increase of 14.2% compared with the end of last year, including 351,100 affluent customers and high-net-worth customers, representing an increase of 3.6% compared with the end of last year. A total of 3,694 persons were qualified as investment consultants, representing an increase of 4.1% from the end of last year, ranking the fourth in the industry. The asset of “Jun Xiang Tou (君享投)” investment advisory business clients was RMB12.731 billion, representing an increase of 122.5% compared with the end of the previous year. During the Reporting Period, the sales of financial products amounted to RMB744.4 billion, representing an increase of 1.2% from the corresponding period of last year, and the monthly average size of financial products was RMB242.3 billion, representing an increase of 13.3% from the corresponding period of last year. The share of domestic stocks and funds transactions was 4.76%, representing an increase of 0.23 percentage point as compared with the previous year.

1 Data of monthly active users is sourced from Qianfan.tech (易觀千帆)

Section III Discussion and Analysis of the Board of Directors

Change in the scale of the Group's securities brokerage business in 2023 (Unit: RMB100 million)

	Item	Reporting Period	Corresponding period of last year
Stocks	Trading amount	196,388	197,444
	Market share	4.63%	4.40%
Securities investment funds	Trading amount	32,249	26,902
	Market share	5.80%	5.81%
Bonds	Trading amount	580,552	534,516
	Market share	5.75%	6.05%

Source: Statistics from members of SSE and SZSE

Net income from the securities brokerage business (RMB100 million)



Average monthly scale of agency sales of financial products (RMB100 million)



Source: the Company's business and financial data.

(2) *Futures brokerage*

According to the statistics of China Futures Association, on unilateral basis, in 2023, the cumulative trading volume of futures market was RMB568.51 trillion, representing an increase of 6.3% compared with the corresponding period of last year, among which the cumulative trading volume of commodity futures was RMB435.34 trillion, representing an increase of 8.3% compared with the corresponding period of last year and the cumulative trading volume of financial futures was RMB133.17 trillion, representing an increase of 0.1% compared with the corresponding period of last year. As of the end of 2023, the scale of customer equity of futures companies was RMB1,422.743 billion, representing a decrease of 3.9% from the end of last year.

Section III Discussion and Analysis of the Board of Directors

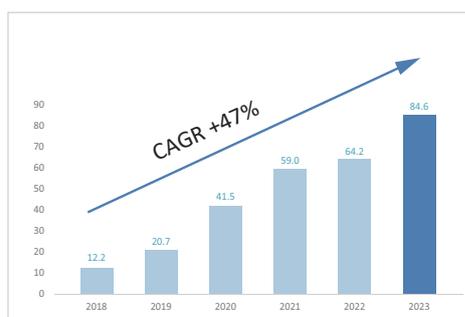
In 2023, Guotai Junan Futures was fully incorporated into the Group's integrated platform and significantly improved its cross-market service capabilities. It also focused on financial institutions and industrial customers to strengthen comprehensive financial services, resulting in the continuous increase in the transaction share. The Singapore subsidiary of Guotai Junan Futures was officially put into operation and became a derivative trading and clearing member of the Singapore Exchange in September, and its cross-border service capabilities grew rapidly. During the Reporting Period, the futures transaction amount of Guotai Junan Futures increased by 31.8% compared with the corresponding period of last year, with a market share of 7.44%, representing an increase of 1.44 percentage points from the last year, among which, the market share of transaction amount of commodity futures was 6.10%, representing an increase of 1.38 percentage points from the last year, and the market share of transaction amount of financial futures was 11.81%, representing an increase of 1.97 percentage points from the last year, ranking fourth, second, fourth and third in terms of market share of transaction amount on the Shanghai Futures Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange and China Financial Futures Exchange, respectively. As at the end of the Reporting Period, the scale of customer equity was RMB100.4 billion, representing a decrease of 5.7% from the end of last year, and continued to rank the second in the industry.

Major business indicators of Guotai Junan Futures in 2023

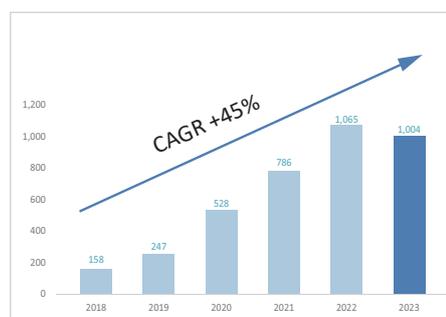
Item	Reporting Period	Corresponding period of last year
Transaction amount (RMB trillion)	84.55	64.15
Number of board lots (100 million)	10.91	6.78
	At the end of the Reporting Period	At the end of last year
Cumulative effective accounts opened (unit)	208,958	180,970
Customer equity at the end of the period (RMB100 million)	1,004	1,065

Source: the Company's business data.

Transaction amount of Guotai Junan Futures (RMB trillion)



Customer equity of Guotai Junan Futures as at the end of the period (RMB100 million)



Source: the Company's business data.

Section III Discussion and Analysis of the Board of Directors

(3) Margin financing and securities lending business

According to the statistics of Wind, as at the end of 2023, the balance of margin financing and securities lending in the market amounted to RMB1,650.896 billion, representing an increase of 7.2% from the end of last year, in which, the balance of margin financing amounted to RMB1,579.299 billion, representing an increase of 9.3% from the end of last year and the balance of securities lending amounted to RMB71.597 billion, representing a decrease of 25.3% from the end of last year.

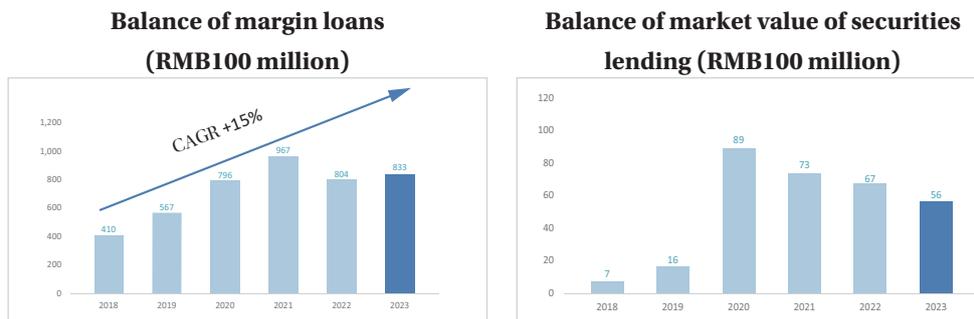
In 2023, in respect of margin financing and securities lending business, the Group continued to optimize the risk control system and business management model by adhering to counter-cyclical adjustment mechanism; increased basic services and continued to optimize the pricing mechanism, resulting in a steady increase in the share of new accounts opened; strengthened the comprehensive services for institutional customers and high-net-worth customers, leading to a continued growth in institutional accounts; optimized the securities lending and securities refinancing trading mechanisms; deepened the cooperation in securities source and improved the functions of the Quanyuantong (券源通) system; promoted the construction of system platform and enhanced digital operation capabilities. At the end of the Reporting Period, the balance of the Group's margin financing and securities lending amounted to RMB88.926 billion, representing an increase of 2.1% from the end of last year, with a market share of 5.39%, and maintained margin ratio at 255.8%. Among which, the balance of margin financing amounted to RMB83.346 billion, with a market share of 5.28%, a decrease of 0.29 percentage points from the end of last year, and the balance of securities lending amounted to RMB5.579 billion, with a market share of 7.79%, an increase of 0.81 percentage points from the end of last year. The cumulative number of institutional customer accounts opened was 3,744, representing an increase of 12.7% from the end of last year; the balance of the margin financing and securities lending from institutional customers amounted to RMB21.567 billion, accounting for 24.3% of the balance of the margin financing and securities lending of the Group.

Scale of the Group's margin financing and securities lending business as at the end of 2023 (Unit: RMB100 million)

Item	At the end of the Reporting Period	At the end of last year
Balance of margin loans	833.46	804.42
Market value of securities lending	55.79	66.97
Balance of margin refinancing	39.10	40.00
Balance of securities refinancing	77.20	73.12

Source: the Company's business data.

Section III Discussion and Analysis of the Board of Directors



Source: the Company's business data.

(4) Stock pledging business

According to the statistics of the SAC, at the end of 2023, the margin loans for stock pledged financing in the securities industry was RMB203.536 billion, a decrease of 3.2% from the end of last year.

In 2023, in respect of stock pledging business, the Group adhered to the prudent and steady development strategy of "diversification and low leverage", optimized its business operation mechanism and enhanced its due diligence capabilities; strengthened the introduction of high-quality corporate shareholders and explored comprehensive business opportunities; continued to optimize its assets structure, so as to create a healthy business format featuring high-quality customers and matched returns and risks. At the end of the Reporting Period, the outstanding balance of the stock pledging business was RMB26.531 billion, an increase of 1.1% from the end of last year, among which the balance of margin loans was RMB26.245 billion, and the average collateral coverage ratio was 256.1%; and the scale of stock pledged financing, an asset management product managed by the Group, was RMB0.286 billion. The outstanding balance of sell-buy back transactions was RMB1.810 billion, a decrease of 22.7% from the end of last year.

Scale of the Group's stock pledging and securities repurchase business as at the end of 2023 (Unit: RMB100 million)

Item	At the end of the Reporting Period	At the end of last year
Outstanding balance of the stock pledging business	265.31	262.46
Including: Margin loans for stock pledged financing	262.45	259.60
Outstanding balance of securities repurchase	18.10	23.43

Source: the Company's business data.

Section III Discussion and Analysis of the Board of Directors

2. Investment banking business

According to Wind and other statistics, in 2023, the total financing amount² underwritten by securities companies was RMB10,493.762 billion, representing an increase of 10.2% compared with the same period of last year. In particular, the total equity financing amount was RMB911.934 billion, representing a decrease of 34.1% compared with the same period of last year. The total debt financing underwritten by securities companies was RMB9,581.828 billion, representing an increase of 17.7% compared with the same period of last year. The amount of M&A transactions as approved by the CSRC and stock exchanges was RMB118.864 billion, representing a decrease of 65.3% compared with the same period of last year.

In 2023, the Company's investment banking business further deepened the reform of the division system, and strived to build an "industrial investment bank, comprehensive investment bank and digital investment bank". The Company focused on key industries, optimized the establishment of industry departments, and steadily improved the industrial service capabilities. The Company strengthened business synergy and enhanced comprehensive financial service capabilities. The results from the "investment banking +" ecological construction were gradually revealed. The Company launched its equity, bond business synergy and M&A publishing platform to promote the construction of the CRM system and continued to deepen the digital transformation. During the Reporting Period, the Group's lead underwriting amount of securities was RMB852.449 billion, representing an increase of 18.8% as compared with the same period of last year, ranking up to the third in the industry. In particular, the lead underwriting amount of equity interest was RMB56.640 billion, ranking the sixth in the industry. In terms of IPO business, the amount of lead underwritings by the Company was RMB31.714 billion, representing an increase of 7.4% compared with the same period of last year, with a market share of 8.83%, ranking maintained the fourth in the industry. The number of lead underwritings by the Company for IPO on Beijing Stock Exchange was 3 projects, amounting to RMB0.571 billion. The lead underwriting amount of bonds was RMB795.809 billion, representing an increase of 23.2% compared with the same period of last year, ranking up to the third in the industry, in which, the lead underwriting amount of corporate bonds was RMB317.829 billion, representing an increase of 35.1% compared with the same period of last year, ranking the third in the industry, the lead underwriting amount of science and technology innovation bonds was RMB46.611 billion, representing an increase of 284.6% compared with the same period of last year, ranking the third in the industry, and the raised amount of public offering REITs was RMB4.606 billion, representing an increase of 96.7% compared with the same period of last year, ranking the second in the industry. The M&A and restructuring projects as approved by the CSRC and stock exchanges involved a transaction amount of RMB3.337 billion.

2 the underwriting amount does not include local government bonds (the same below).

Section III Discussion and Analysis of the Board of Directors

Scale of the Group's investment banking business in 2023

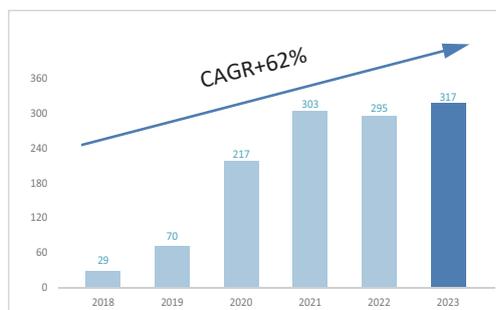
	Item	Reporting Period	Corresponding period of last year
IPO	Number of lead underwritings	22	31
	Amount of lead underwritings (RMB100 million)	317.14	295.26
Refinancing	Number of lead underwritings	34	37
	Amount of lead underwritings (RMB100 million)	249.26	420.40
Enterprise bonds ^{Note 1}	Number of lead underwritings	21	34
	Amount of lead underwritings (RMB100 million)	83.58	202.04
Corporate bonds	Number of lead underwritings	798	560
	Amount of lead underwritings (RMB100 million)	3,178.29	2,353.00
Financial bonds	Number of lead underwritings	180	122
	Amount of lead underwritings (RMB100 million)	1,967.92	1,881.21
Other bonds ^{Note 2}	Number of lead underwritings	1,024	734
	Amount of lead underwritings (RMB100 million)	2,728.30	2,024.94

Source: Wind, the Company's business data.

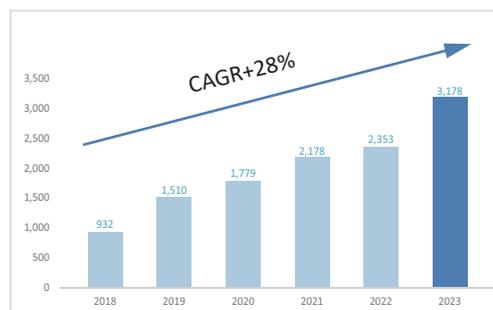
Note 1: Enterprise bonds do not include bonds issued by government-backed agencies.

Note 2: Other bonds include debt financing instruments for non-financial businesses, ABS, standardized bills, exchangeable bonds and bonds issued by government-backed agencies.

Amount of lead underwriting of IPO (RMB100 million)



Amount of lead underwriting of corporate bonds (RMB100 million)



Source: Wind, the Company's business data.

Section III Discussion and Analysis of the Board of Directors

3. Institution and Transaction Business

(1) *Research Business*

In 2023, in respect of research business, the Group strengthened the construction of research system in the field of asset allocation and ESG, solidly promoted market strategy, industry comparison and thematic research, enhanced key services provided to core customers, and continuously improved professional research capabilities, comprehensive service capabilities and internal support capabilities. During the Reporting Period, the research institute department of the Company completed a total of 9,121 research reports, held 1,515 teleconferences, and had 48,887 institutional customers participate in our roadshows.

(2) *Institution brokerage business*

In 2023, in respect of institutional business, the Group improved the classification and hierarchical management system of institutional customers, focused on the comprehensive needs of key customers and optimized the organizational structure and operation mechanism, giving full play to the advantages of “1+N” comprehensive services. It strengthened platform-based construction. The Group expanded its coverage of key customers, and enhanced its influence in key areas, and has constantly been increasing its comprehensive service capabilities for mutual funds, insurance, bank wealth management subsidiaries, private equity funds and overseas institutions. In respect of the public offering business, the Group created an ETF ecosystem and deepened coordination and collaboration in product sales, ETF market making, research, custody and other aspects. In respect of the prime broker business, the Group enhanced professional trading service capabilities. In respect of the overseas institutional business, the Group enhanced its coverage of large investment banks, hedge funds and sovereign institutions. The share of institutional client stock and funds transactions steadily improved, while QFII and brokerage settlement and other businesses kept growing, and custody outsourcing continued to maintain its leading position in the industry. At the end of the Reporting Period, the number of institutional customers was 71,000, representing an increase of 21.2% compared with the end of last year; the stock and funds transactions volume of institutional customers for the year amounted to RMB11.04 trillion, representing an increase of 13.7% compared with the same period of last year. In particular, the stock and funds transactions volume of QFII amounted to RMB3.33 trillion, representing an increase of 51.5% compared with the same period of last year. The annual accumulated transaction volume of Daohe-Xiaoshoutong amounted to RMB170.206 billion, representing an increase of 514.6% compared with the same period of last year, with sales scale of RMB43.80 billion at the end of Reporting Period, representing an increase of 251.7% compared with the end of last year. The customer asset size of PB (prime brokers) trading system amounted to RMB609.027 billion, representing an increase of 28.2% compared with the end of last year. The scale of existing products of securities brokerage trading and settlement amounted to RMB171.479 billion, representing an increase of 35.9% compared with the end of last year. There were 20,550 products of various type under the custodian business and 20,376 products of various type under the outsourcing business, and the asset size of custody and outsourcing businesses reached RMB3,057.3 billion, representing an increase of 6.6% compared with the end of last year. Among such business section, the number of private funds under custody continued to rank the second in the securities industry and the assets under our custody from mutual funds amounted to RMB175.4 billion, representing a decrease of 11.8% compared with the end of last year, still ranking the first in the securities industry.

Section III Discussion and Analysis of the Board of Directors

Customer asset scale under the PB trading system (RMB100 million)



Assets under custody and outsourcing services (RMB100 million)



Source: the Company's business data.

(3) Trading and investment business

According to statistics of Wind, in 2023, CSI 300 Index declined by 11.38% and ChinaBond Total Net Price (Total Value) Index rose by 1.54%, the exchange rate of USD against RMB increased by 2.02%, and Nanhua Commodity Index dropped by 6.21%.

In respect of trading and investment business, the Group continued to focus on becoming an “outstanding financial asset trader”, actively developed the customer demand-oriented business, firmly transformed itself to low risk and non-directional businesses, and steadily enhanced the transaction pricing ability and the customer service ability. In 2023, the cumulative nominal principal amount of OTC derivatives³ increased by RMB884.012 billion, representing an increase of 16.9% compared with the same period of last year. The closing balance of existing nominal principal amounted to RMB325.798 billion, representing an increase of 16.3% compared with the end of last year. “Guotai Junan Risk Hedging (國泰君安避險)” has developed steadily. As at the end of the Reporting Period, it has a coverage of 1,100 customers with an annual transaction size of RMB637.1 billion, thereby having formed a strong brand effect.

In respect of the equity business, the Group adhered to value investment strategy for equity investment and continued to optimize asset allocation. For the market-making business, the Group obtained the qualification as the main market maker of STAR 50ETF options, with the scale of on-exchange options market-making continuing to lead the industry. The Group was awarded the A or above rating of SSE and SZSE. The Group's ETF market-making scale reached RMB150 billion, with growth in both market-making varieties and scale. The number of market-making stocks on the STAR Market was 68, ranking the third in the industry, and the number of market-making stocks on the Beijing Stock Exchange was 8. In respect of the OTC derivatives business, the Group focused on improving comprehensive service capabilities and product innovation capabilities, maintained a balanced product structure and effectively controlled transaction hedging risks. The scale of transactions in the field of private placement maintained an industry-leading position, and the scale of cross-border business continued to grow.

Section III Discussion and Analysis of the Board of Directors

In respect of FICC business, the Group strengthened market research and judgment on fixed-income investments, enhanced the refined level of transaction management, strengthened multi-asset, multi-strategy research and investment capabilities, and effectively grasped the domestic and overseas market allocation and volatility trading opportunities to achieve stable profitability. In 2023, the Company's volume of spot bond transactions in the inter-bank bond market was RMB7.08 trillion and the cumulative transaction nominal principal of interest rate swaps was RMB1.56 trillion with a market share of approximately 5%. The Group ranked first in the industry in terms of net bond settlement transaction volume and comprehensively ranked third in the industry in terms of "Bond Connect" business. It was awarded as the "Excellent Market Maker of Bond Connect", and obtained the qualification of the first batch of bond market makers on SSE and Shenzhen Stock Exchange and the qualification of the first batch of dealers on the "Northbound Swap Connect", and became the main market maker of 8 publicly offered REITs. In respect of the foreign exchange business, the Group steadily carried out proprietary trading of RMB foreign exchange and foreign currency pairs, continued to enrich trading strategies, and significantly improved trading activity. The Group steadily promoted the exchange rate hedging business under cross-border investment and financing and implemented customer RMB foreign exchange derivatives business under QDLP and QFII. In respect of the commodities business, the Group steadily promoted the proprietary trading of precious metals and bulk commodities, maintained the diversity and stability of its business models, explored cross-temporal, cross-species and cross-market arbitrage opportunities. The trading volume of carbon finance business amounted to over 10 million tons, remaining leading in the industry. The Group implemented the customer-to-customer business of carbon repurchase and tried a variety of green financial customer-to-customer business models. In respect of FICC OTC derivatives, the Group strengthened the construction of customer service capabilities, innovated the types of customer-demand products, and enhanced the ability of customer-to-customer transactions. The scale of issuance of income certificates amounted to RMB42.457 billion, representing an increase of 88.0% compared with the same period of last year; the scale of credit derivatives business increased by RMB29.266 billion, representing an increase of 64.0% compared with the same period of last year.

(4) Equity investment business

In 2023, Guotai Junan Zhengyu deepened its efforts in key industries, deepened organizational synergy, and yielded results in its proactive investment layout. During the Reporting Period, there were 24 new investment projects with additional investment in amount of RMB2.047 billion and there were 7 projects which were divested. Among them, there were 6 new co-investment projects, with an investment amount of RMB684 million. As of the end of the Reporting Period, there were 73 ongoing investment projects with an investment amount of RMB5.447 billion, of which there were 21 ongoing co-investment projects with the co-investment amount of RMB1.687 billion.

Section III Discussion and Analysis of the Board of Directors

Overview of equity investment business of Guotai Junan Zhengyu as at the end of 2023

	At the end of the Reporting Period	At the end of last year
Number of investment projects at the end of the period (unit)	73	56
Including: number of co-investment projects (unit)	21	21
Amount of investment projects at the end of the period (RMB100 million)	54.47	38.43
Including: amount of co-investment (RMB100 million)	16.87	11.78

Source: the Company's business data.

4. Investment management business

(1) Asset management

According to the statistics of the Asset Management Association of China, as of the end of 2023, the scale of private assets management products of parent securities companies and asset management subsidiaries was RMB5.3 trillion in aggregate, representing a decrease of 18.5% compared with the end of last year.

In 2023, Guotai Junan Asset Management reinforced its core investment and research capabilities and product innovation and continued to forge the competitiveness of its pan-fixed income, pan-equity and financing businesses. As such, the scale of assets under its management continued to grow and a better performance was achieved in its fixed income, products and industry themed funds. As at the end of the Reporting Period, the assets under management of Guotai Junan Asset Management amounted to RMB543.092 billion, representing an increase of 25.3% compared with the end of last year. Among which, the scale of collective assets under management amounted to RMB219.282 billion, representing an increase of 41.8% compared with the end of last year; the scale of single assets under management amounted to RMB127.264 billion, representing an increase of 2.3% compared with the end of last year; and the scale of specialized assets under management amounted to RMB142.798 billion, representing an increase of 29.9% compared with the end of last year. During the Reporting Period, 18 public offering products were newly issued, with a total IPO size of RMB11.092 billion, and the issuance of GTJA Urban Investment Kuanting Affordable Rental Housing REIT (國泰君安城投寬庭保租房 REIT) was completed. There are 48 existing public offering products at the end of the period, with assets under management of RMB53.748 billion. According to the statistics of the Asset Management Association of China, in the fourth quarter of 2023, Guotai Junan Asset Management ranked up to second in the industry in terms of average monthly scale of private equity assets under management.

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Assets under management of Guotai Junan Asset Management as at the end of 2023 (Unit: RMB100 million)

Business categories	At the end of the Reporting Period	At the end of last year
Scale of collective asset management business	2,192.82	1,546.32
Scale of single asset management business	1,272.64	1,244.31
Scale of specialized asset management business	1,427.98	1,098.88
Scale of mutual funds management business	537.48	444.14

Note: The calculation of the scales of collective asset management business and mutual funds management business is based on net assets under management.

Source: the Company's business data.

(2) Private equity fund management

According to the statistics of the Asset Management Association of China, as of the end of 2023, there were 12,893 registered private equity/venture investment fund managers, representing a decrease of 9.9% compared with the end of last year, there were 31,259 private equity investment funds under management with a scale of RMB11.12 trillion, representing an increase of 1.6% compared with the end of last year.

In 2023, Guotai Junan Innovation Investment steadily promoted fund raising with a sustained growth in the scale of assets under management, strengthened cooperation with industrial capital, deepened investments in science and technology, optimized the mechanism for post-investment management, promoted diversified withdrawal of projects and fully improved its core business capabilities of "fundraising, investment, management and withdrawal". During the Reporting Period, the establishment of three funds, including Shanghai Pudong Leading Area Guotai Junan Science and Technology Innovation Private Equity Fund I Partnership (Limited Partnership) (上海浦東引領區國泰君安科創一號私募基金合夥企業(有限合夥)), was completed with a fundraising scale of RMB6.1 billion in aggregate. 21 new investment projects (including sub-funds) were established with subscribed capital contribution of RMB1.54 billion. Guotai Junan Fund of Funds focused on key industries to proceed with external investments steadily. As at the end of the Reporting Period, the subscription amount for external investments was RMB6.925 billion.

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Overview of Guotai Junan Innovation Investment private equity fund business as at the end of 2023

	At the end of the Reporting Period	At the end of last year
Number of managed funds (unit)	38	37
Cumulative committed capital of managed funds (RMB100 million)	621.04	573.34
Cumulative paid-in capital of managed funds (RMB100 million)	407.90	399.85

Source: the Company's business data.

(3) Fund management

According to the statistics of the Asset Management Association of China, as at the end of 2023, the assets under management (AUM) of mutual funds management institutions was RMB27.60 trillion, representing an increase of 6.0% compared with the end of the last year, among which assets under management of non-monetary funds was RMB16.32 trillion, representing an increase of 4.8% compared with the end of the last year.

In 2023, HuaAn Funds accelerated its diversified layout. Among these, active equity funds insisted on building “centralized research platform + diversified investment team”; the cultivation of key fixed income products shown remarkable results, and at the end of the year, the scale of bond funds was RMB147.830 billion, representing an increase of 25.9% compared with the end of last year; the index business strengthened its strategic layout, continued to improve the thematic and industry ETF product lines, and formed a matrix of featured products with Gold ETFs, the Nasdaq ETF, the ChiNext 50 ETF and others as the core; it strengthened product innovation, completed the expansion and listing of the first batch of public REITs, and issued the first batch of manager's interest-bearing floating-rate product. It also actively deployed the pension product line, and included 7 pension fund products into the catalogue of individual pension investment products. As at the end of the Reporting Period, the scale of assets under management amounted to RMB675.292 billion, representing an increase of 8.8% compared with the end of last year, among which, the scale of assets under management of mutual funds amounted to RMB604.077 billion, representing an increase of 9.4% compared with the end of last year, and the scale of assets under management of designated accounts amounted to RMB71.215 billion, representing an increase of 4.2% compared with the end of last year. During the Reporting Period, a total of 28 new funds were issued, raising a total of RMB34.5 billion, leading in the market in terms of the fundraising scale of the new funds.

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Scale of assets under management of HuaAn Funds as at the end of 2023 (Unit: RMB100 million)

	At the end of the Reporting Period	At the end of last year
Scale of assets under management	6,752.92	6,206.68
Scale of assets under management of mutual funds	6,040.77	5,522.95
Among which, scale of assets under management of non-monetary mutual funds	3,520.18	3,327.96
Scale of assets under management of designated accounts	712.15	683.73

Source: the Company's business data.

Note: Scale of assets under management do not include the management scale of HuaAn Hong Kong.

5. International business

The Group built an international business platform around Guotai Junan Financial Holdings, and conducted brokerage, corporate finance, asset management, loans and financing, financial products, market-making and investment business in Hong Kong, mainly through Guotai Junan International. The Group has also actively expanded presence into the United States, Europe and Southeast Asia.

In 2023, the Group's international business effectively promoted cross-border integration, and the institutional and derivatives business grown rapidly. During the Reporting Period, the cumulative increase in nominal principal of cross-border derivatives⁴ was RMB446.98 billion, a year-on-year increase of 87.6%. At the end of the Reporting Period, the nominal principal balance of cross-border derivatives was RMB163.035 billion, an increase of 188.4% compared to the end of the previous year. Guotai Junan International calmly responded to market changes, strengthened risk prevention, optimized asset quality, and enhanced cross-border collaboration capabilities, as such, the investment bank completed 4 IPO projects and 2 GDR projects, with significant growth in financial products, stock underwriting and interest income. It achieved outstanding performance and maintained its comprehensive competitiveness at the forefront of Chinese securities companies in Hong Kong. Positive progress has been made in the internationalization layout, with the establishment of a subsidiary in Macau and the capital increase of a subsidiary in Singapore completed successively. In December 2023, the subsidiary in the United Kingdom has been approved by the Financial Conduct Authority (the FCA) to obtain the license of Investment Company.

⁴ One-way caliber statistics

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Major components of revenue of Guotai Junan International for 2023 (Unit: HK\$'000)

Item	During the Reporting Period	Corresponding period of last year
Fee and commission income	689,574	866,142
Interest income	1,810,154	1,486,261
Net trading and investment income	717,644	-37,486
Total revenue	3,217,372	2,314,917

Source: relevant announcements of Guotai Junan International.

II. DESCRIPTION OF INDUSTRY CONDITIONS OF THE COMPANY DURING THE REPORTING PERIOD

(I) INDUSTRY CONDITIONS OF THE COMPANY

Over the past three decades, with the development of the PRC securities market, the PRC securities industry has continued to standardize and expand. The securities companies have gradually accelerated their pace of innovation, expanded their business scope, improved their profitability and enhanced their risk resistance capacity. Meanwhile, the profitability of the PRC securities industry is driven by brokerage, proprietary trading, underwriting, margin trading and asset management businesses. This leads to the revenue and profits of the industry being more dependent on the trends of the securities market. Along with the change in the booming cycle of the securities market, the profit level of the PRC securities industry also demonstrates a cyclical fluctuation nature. In terms of changes in profitability in recent years, the industry achieved profitable growth for three consecutive years from 2019 to 2021 and recorded declined profit in 2022.

In 2023, China's economy rebounded despite internal and external pressures and difficulties and made solid progress in high-quality development. The capital market continued to deepen the pace of reform and opening up with a focus on "improving the functions of capital market and increasing the proportion of direct financing". The CSRC officially implemented the Administrative Measures for the Registration of Initial Public Offering of Shares (《首次公開發行股票註冊管理辦法》) and successively issued the Guiding Opinions on Deepening the Reform of the Bond Registration System (《關於深化債券註冊制改革的指導意見》) and the Opinions on the High Quality Construction of Beijing Stock Exchange (《關於高質量建設北京證券交易所的意見》) to promote the all-round implementation of the reform of the stock issuance registration system, spare no effort to construct a bond market dominated by institutional investors, and further promote the stable development and reform and innovation of Beijing Stock Exchange, comprehensively laying a solid foundation

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for the modern capital market system with Chinese characteristics. In July 2023, the Political Bureau of the Central Committee of the CPC clearly proposed to “energize capital market and boost investor confidence”. The CSRC and relevant institutions comprehensively implemented policies in terms of investment, financing, transaction and reform, issued and implemented a series of policies and measures to promote the capital market to operate smoothly and function effectively, which has also brought new development opportunities to the securities industry. In respect of the securities industry, the Financial Work Conference of the Central Committee of the CPC proposed for the first time to “foster first-class investment banks and investment institutions”. The CSRC further clearly stated to “support leading securities firms to become better and stronger through business innovation, group operation, mergers and acquisitions and restructuring”, which will also open up policy space for the high-quality development of leading securities firms. However, with the deepening of the investor-oriented concepts and the implementation of policies such as fee reduction and concession in the capital market, securities companies will be forced to optimize their business models, which in turn would accelerate the transformation and upgrading of the industry and reshape the competitive landscape of the industry.

In the long run, the basic trend of China’s economy toward long-term good prospects remains unchanged. With the accelerated establishment of a new development pattern of domestic circulation and domestic and international dual circulation and the rising status of the capital market hub, the PRC securities industry is still in the historic period which offers opportunities for rapid development. The development of the capital market and the reform and opening-up of the financial system will provide the industry with broader development room. Driven by the reform of the comprehensive registration system, the construction of multi-level capital market has become clearer, the shortcomings of basic system of the capital market have been continuously remedied, and the capacity building on the investment side has accelerated. Business opportunities for retail, institutional and corporate customers will emerge in an all-round way, and the securities industry will show a development trend of service integration, differentiated developments, international competition and operation digitalization, laying solid foundation for the high-quality development of the industry.

(II) Position of the Company in the industry

The Group is a long-term, consistent and across-the-board leader in the PRC securities industry, providing integrated financial services. The Group has experienced the entire history and multiple cycles of the development of the PRC capital market and has stood at the forefront of the capital market through trials and hardships. It has maintained its leading position in the industry in terms of capital scale, profitability, business strength and risk management capabilities.

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III. MAJOR AWARDS AND HONORS

Winner	Issuer	Awards or honors
The Company	Social Responsibility Bureau under State-owned Assets Supervision and Administration Commission of the State Council	Being selected in Blue Book of Social Responsibility of State-owned Assets and Enterprises (2023) “State-owned Enterprise Social Responsibility Pioneer 100 Index (2023)” and “Listed State-owned Enterprise ESG Pioneer 100 Index (2023)”, ranking 8th and 5th respectively, and ranking 1st in the financial industry
	Ministry of Civil Affairs	“China Charity Award” for A Donation Enterprise
	China Securities Journal	Golden Bull Securities Company, Golden Bull Award for Cultural Construction of Securities Company
	National Business Daily	Top 2 Listed Company in Chinese Securities Industry in Terms of Brand Value, Most Socially Responsible Broker
	CaiLianPress	Annual Best Brand Value Award, ESG Annual Finance Award
Wealth management business	Financial News	Annual Best Securities Company Serving National Strategies
	The Asian Banker	Securities Company of the Year in China
	Futures Daily & Securities Times	“Best Futures IB Securities Operator Award” and Best Financial Futures Service Award in the 16th China Best Futures Operator Awards
	New Fortune	The 6th New Fortune Best Investment Advisory Team and Outstanding Organization Award in 2023
	Securities Times • Brokerage China	2023 Junding Award for All-round Wealth Broker in Chinese Securities Industry, Junding Award for Investment Advisory Team, Junding Award for All-round Digital Transformation, Junding Award for Top 10 Brands of APP, Junding Award for Investment Advisory Service APP, Junding Award for Outstanding Practice Case of Digital Operation of APP, 2023 China Leading Futures Junding Award, China Outstanding Futures Risk Management Subsidiary Junding Award, China Outstanding IT Service Futures Company Junding Award

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Winner	Issuer	Awards or honors
	China Fund	Ying Hua Awards in Chinese Fund Industry – Model Broker for Sales of Public Funds over 25 Years
	China Securities Journal	“Golden Bull Award for Golden Bull Wealth Management Team” in Securities Industry in 2023
	CaiLianPress	“Annual Best Wealth Evergreen Award” on CaiLianPress’s Leaders-with-Best-Value List in Capital Market in 2023
	21st Century Business Herald	Outstanding Financial Innovation Cases in 2023
	Futures Daily	ZCE Option Dealer Award – Winning Award, Outstanding Innovative Service Award in the 16th National Futures (Option) Real Trading Competition
	Yicai	Annual Futures Company
Investment banking business	New Fortune	17 awards including “Best Local Investment Bank”, “Best Investment Bank in ESG practice”, “Best Investment Bank in Equity Underwriting”, “Best Investment Bank in Debt Underwriting”, “Best Refinancing Investment Bank”, “Best IPO Investment Bank”, “Best Investment Bank in Mergers and Acquisitions”, “Best Investment Bank in Mass Consumption Industry”, “Best Investment Bank in Technology and Smart Manufacturing Industry” and “Best Investment Bank in New Energy Industry” awarded in the 16th New Fortune Best Investment Bank
	Caijing	Most Contributory Institution on STAR Market in 2023
	Yicai	Top 10 Investment Banks in 2023
	Securities Market Weekly	Capital Market Crystal Ball Awards in 2023: Annual Top Ten Investment Banks in 2023
	Shanghai Stock Exchange	Outstanding Comprehensive Service, Consulting and Support Provider for Central Enterprises
	Securities Time • Brokerage China	2023 Jun Ding Award for Full-Service Investment Bank in China Securities Industry, Equity Financing Investment Bank Jun Ding Award, Overseas Investment Bank Jun Ding Award

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Winner	Issuer	Awards or honors
Institution and transaction business	New Fortune	In the “New Fortune Best Analyst” Awards, a total of 10 teams were shortlisted and 7 research teams were on the list
	Shanghai Securities News	Most Influential Research Institution in the “Shanghai Securities News Best Analyst” Awards with 5 research teams being awarded best analysts
	Securities Times • Brokerage China	Individual Award for New-issue Research in “Junding Award for Most Characteristic Research in Chinese Securities Industry”
	China Fund	Ying Hua Award in Chinese Fund Industry – Custody Innovative Demonstration Agency, Model Broker for Custody of Public Funds over 25 Years, Excellent Model Broker for Custody of Private Funds
	The Asset	Best Domestic Custodian Institution (Brokerage) and Best Private Fund Custodian Institution in China (Highly Recommended)
	National Business Daily	Golden Tripod Awards for “Annual Most Influential Custodian Broker” in 2023
	China Development Bank	Outstanding Financial Bonds Market Maker in 2023
	China Financial Futures Exchange	Best Contribution Award (Self-operated) recognized for the 10th Anniversary of the Listing of Government Bonds Futures (2013-2023)
	Shanghai Stock Exchange	Outstanding Stock Market Maker on STAR Market

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Winner	Issuer	Awards or honors
Investment management business	China Securities Journal	Outstanding Brokerage Equity Investment Institution, Best Innovation Case, Equity Investment Elite and Fund Company in the 7th Golden Bull Awards
	Insurance Asset Management Association of China	Private Equity Investment Fund Manager A List
	FOF Global Association	TOP30 Most Promising FOFs in the world
	Outstanding Research Institute (出類研究院)	China's Best Institutional LPs TOP20, China's Best Market LPs TOP15
	CV Awards	China's Best LPs Top30, China's Best Brokerage Private Fund Subsidiaries Top10, China's Best Venture Capital LPs Top30 in 2023, China's Best Private Equity Capital LPs Top20 in 2023, China's Most Popular FoFs TOP5 among GPs in 2023, China's Best FoFs TOP20 in 2023
	China-fof	Best State-owned Market-oriented FoFs TOP10 in 2023, Best FoF Investors TOP10 in 2023, State-owned Market-oriented FoFs with Best Return Top9 in 2023
	Securities Market Weekly	Crystal Ball Awards for Fund Companies in 2023 – Most Trusted Fund Company among Investors
	China Securities Journal	the 20th China Fund Industry Golden Bull Awards – Golden Bull Fund Management Company
	Shanghai Securities News	the 20th China Fund Industry Golden Fund • TOP Company Award
Securities Times • Brokerage China	The 18th China Fund Industry Star Fund Award – Top Ten Star Fund Companies, Three Years of Passive Investment in Star Fund Companies, 2023 Junding Award for All-round Asset Management Institution in Chinese Securities Industry, Junding Award for Asset Management Fixed Income Team, Junding Award for Asset Management Equity Team, Junding Award for Quantitative Asset Management Plan, Junding Award for Fixed Income + Asset Management Plan, Outstanding PE Institutions Top15 in 2023	

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Winner	Issuer	Awards or honors
	China Fund	Excellent Model Broker Asset Management Institution, Active Equity Product Innovation Demonstration Case
	National Business Daily	Golden Tripod Award for Fixed Income Asset Management Team in 2023
	CaiLianPress	Golden Hazel Award for Outstanding Fixed Income Team in Brokers' Asset Management, Golden Hazel Award for Brokers' Outstanding Fixed Income Asset Management Plan, Golden Hazel Award for Outstanding Cases in Brokers' Innovative Asset Management Plan
International business	Macao Central Securities Depository and Clearing Limited (MCSD)	Underwriting Contribution Award in Macau Bond Market Contribution Awards (Non-local Institutions)
	The Asset	Gold Award of ESG Corporate Awards and Top Investment Houses in Asian G3 Bonds in 2023
	Zhitongcaijing	5th Golden Central Financial Institutions List: "Best Fintech Performance Award"
	Institutional investor	Most Respected Enterprise in Asia, Best ESG in Asia, Best Board of Directors in Asia, Best IR Program in Asia
	Corporate Governance Asia	"Best Investor Relations Company" in the 13th Asian Excellence Awards
	Institute of ESG & Benchmark	Outstanding ESG Award
	HR ASIA	Best Companies to Work for in Asia in 2023, Diversity, Equity, and Inclusion Awards

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IV. DESCRIPTION OF PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

Driven by customer demand, the Group has established a retail, institutional and corporate customer service system, forming the business segments covering wealth management business, investment banking business, institutional and transaction business, investment management business and international business. The Group generates income of fees and commissions and interest income mainly through the provision of financial products or services and receives investment gains through securities or equity investments.

In terms of specific businesses:

Our wealth management business mainly provides securities and futures brokerage, financial products, investment advisory, margin financing and securities lending, stock pledging, agreed securities repurchase and other services to clients;

Our investment banking business mainly provides listing sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory and diversified corporate solutions to corporate and government clients;

Our institutional and transaction business mainly consists of research, institutional brokerage, trading and investment and equity investment. Among which, institutional brokerage mainly provides prime brokers, seat leasing, custody and outsourcing, QFII and other services to institutional clients; Our trading and investment business mainly includes investment transactions in stocks, fixed income, foreign exchange, large commodities and their derivative financial instruments, as well as providing integrated financial solutions for clients' investment, financing and risk management;

Our investment management business provides asset management and fund management services to institutions and individuals;

In terms of international business, the Group builds an international business platform focused on Guotai Junan Financial Holdings, and provides brokerage, corporate finance, asset management, loans and financing, financial products, market-making and investment business in Hong Kong by the Group, mainly through Guotai Junan International, with its business presence expanded into the United States, Europe and Southeast Asia.

In 2023, the Group realized total revenue and other income of RMB52.304 billion, representing an increase of 6.55% as compared to the same period of last year; profit attributable to equity holders of the Company for the year amounted to RMB9.374 billion, representing a decrease of 18.55% as compared to the same period of last year.

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The Group's business composition and income drivers for 2023

Principal business category	Total revenue and other income (RMB'000)	Increase compared with the same period of last year (%)	Contribution to total revenue and other income (%)
Wealth Management	17,441,617	-5.07	33.35
Investment banking	3,669,212	-12.96	7.01
Institutional and transaction	20,919,609	-2.86	40.00
Investment management	4,474,697	160.37	8.55
International business	4,691,322	92.53	8.97
Other	1,107,374	36.98	2.12
Total	52,303,831	6.55	100.00

Description of Significant changes in the Company's major assets during the Reporting Period

As at the end of 2023, total assets of the Group amounted to RMB925.402 billion, representing an increase of 7.52% compared with the end of last year. Among which, financial assets at fair value through profit or loss amounted to RMB372.574 billion, representing an increase of 12.42% compared with the end of last year; debt instruments at fair value through other comprehensive income amounted to RMB94.147 billion, representing an increase of 53.86% compared with the end of last year, mainly due to the adjustment by the Group of investment scale according to the market environment; accounts receivable amounted to RMB16.823 billion, representing an increase of 43.07% compared with the end of last year, mainly due to increase in account receivable from brokers and dealers and settlement; cash held on behalf of brokerage customers amounted to RMB141.939 billion, representing a decrease of 10.66% compared with the end of last year, mainly due to fluctuates in securities market.

Of which, offshore assets amounted to RMB136.150 billion, accounting for 14.71% of the total assets.

V. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not applicable

During the long development process, the Group has gradually developed three core competitive advantages of **integrated service platform, leading digital technology and sound compliance culture**, which have played an irreplaceable pillar role in the long-term sustainable and stable development of the Group.

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(I) Integrated service platform

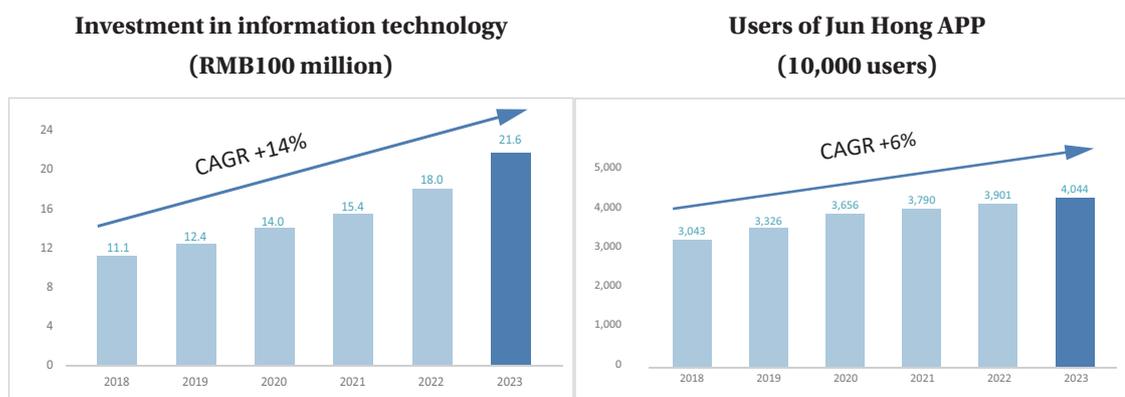
The Group has a complete set of licenses, comprehensive business, nationwide coverage and overseas exposure, and its main businesses rank among the top in the industry with strong integrated service capability. Since its establishment by way of merger, the Group has always adhered to the concept of integrated services and provided customers with integrated services, so that its competitiveness has continued to rise, operating performance has maintained leadership and its position in the industry has been consolidated. In 1999, faced with the mission of full consolidation and deep integration, the Group proposed the development direction of “adhering to customer-centric” integrated services. After its A-share listing in 2015, the Group actively capitalized on the advantages of resource endowments and explored and promoted synergy. Since 2020, in response to new changes in customer demand and market landscape, the Group actively seized the opportunity of the comprehensive reform of state-owned assets and state-owned enterprises, further promoted integrated services, and set up three collaborative development committees for retail, institutional and corporate customers, and a cross-border business collaborative development committee, optimized and improved the supporting guarantee mechanism for collaborative business development, resulting in closer coordination and cooperation between the head office and subsidiaries and the various business lines, thereby gradually improving the advantages of the Group’s comprehensive financial service platform. In recent years, the Company further clarified the goals, methods and tasks of building an “integrated service platform”, promoted cross-line and cross-divisional collaboration at home and abroad, strengthened the empowerment of headquarters on branches, upgraded and built a Synergy 2.0 model. The “wealth management + asset management” and “institutional services + corporate services” coordination mechanisms continued to deepen, the “investment bank +” ecological construction became more mature, the publicly offered REITs business promotion committee functioned effectively and cross-border integration made steady progress. While making breakthroughs in key collaborative businesses, we deepened reform and innovation in organizational management, and strived to strengthen regional collaborative development. The Guangdong-Hong Kong-Macao Greater Bay Area Collaborative Development Committee made positive progress in promoting cross-border business. All these efforts have gradually improved the “customer-centric” integrated service system.

(II) Leading digital technology

The Group places great emphasis on strategic investment in technology and continuously promotes proprietary financial technology innovation. The Group is a pioneer in the application of financial technology in the securities industry, and its investment in information technology has always been at the forefront of the industry. In 2003, in response to the industry’s large-scale and intensive development trend, the Group took the lead in building a centralized trading system for large-scale application. In 2014, the Group built the industry’s first high-level, large-capacity and park-type green data center, which effectively guaranteed the stable operation of the system under extreme market conditions in 2015. Since 2020, in the face of the new development trend of accelerated integration and deep mutual embedding between the securities industry and digital technology, the first in the industry to creatively put forward the comprehensive digital transformation vision of building a “SMART investment bank” and the ecological development concept of “open securities”, the construction of projects such as the group management cockpit, cross-sector financial technology laboratory

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and new generation of core trading system for information technology application and innovation have been successively launched, leading the development of digital technology in the industry, and the continuous investment in digital technology plays an increasingly important role in enhancing customer experience, promoting business development and improving management capabilities. Since its establishment by way of merger, the Group has won 34 science and technology awards at or above the provincial and ministerial levels. Levels and numbers of awards ranked the first in the industry. In recent years, the Group has been vigorously promoting comprehensive digital transformation with the focus on platform construction and was the first company in the industry which completed the full conversion of the new generation of core trading system for information technology application and innovation, and steadily promoted the construction of key projects such as Daohe Xiaoshoutong (道合銷售通) system, Long-Short Return Swap System (多空收益互換系統), Quanyuantong (券源通) and Investment Bank Digital Intelligence Platform (投行數智平台), and continued to optimize the digital wealth management platform with Jun Hong APP as the core and the integrated service platform for institutional clients with the Daohe APP as the core, and officially release the big models and application results of “Lingxi Budao”(靈犀布道) and “Guoxin Zhengdao”(國芯證道), thereby digital technology capabilities have been continuously improved. The “Construction and Methods of Investor Trading Behavior Knowledge Graph” and other projects have been successfully selected as national key research and development plans and demonstration projects of the National Development and Reform Commission. At the end of the Reporting Period, Jun Hong APP ranked the second in the industry in terms of average monthly active users, with mobile terminal users of 40.44 million, representing an increase of 3.7% as compared with the end of precious year. The accumulated number of users of the Daohe platform was 72,700, with a coverage of 9,159 institutional and corporate customers, representing an increase of 14.7% and 13.8% respectively as compared with the end of last year. In 2023, the Company’s investment in information technology^{note} was RMB2.16 billion, representing an increase of 20.1% as compared with the same period of the previous year.



Sources: Company operations and financial data.

Note: Investment in information technology of the Company includes IT capital expenditure, IT daily maintenance expenses, server room rental or depreciation expenses, cable rental fees, IT staff salaries and others of parent company and securities subsidiaries.

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(III) Sound compliance culture

The Group firmly believes that risk management is the primary core competitiveness of securities companies. Since its establishment, the Group has committed to the business values of soundness and compliance, adhered to the corporate culture of soundness and compliance, and established a comprehensive and effective risk management and internal control system. In addition, the Group has accurately identified and effectively managed risks through a sound risk management system, scientific risk management models and methods and advanced risk management methods, which has promoted the long-term sustainable and comprehensive development of the Group. At the beginning of its establishment by way of merger in 1999, the Company proposed to focus on the main business and “earn profits under the sun”. During the integrated management period of the industry from 2004 to 2007, the Company pioneered the third-party custody model and successfully passed through the industry cycle. In 2015, in the face of abnormal fluctuations in the stock market, the Company took the lead in making counter-cyclical adjustment in respect of its margin financing and securities lending business, which maximized the safety of customer assets. In recent years, in the face of the new environment of the increasingly stricter compliance and risk control, the Group has gradually consolidated the foundation of a group-based unified risk management system, strived to build three lines of defense, namely “business units, compliance risk control and audit”, promoted the formation of a complete set of scientific, complete, efficient, intensive and professional group-based comprehensive risk control management system and comprehensively built a lifeline for high-quality development; constantly strengthened its comprehensive risk pre-warning and response capabilities, continuously improved the refined level of compliance risk management, and steadily propelled its risk management to shift from post-mortem to forward-looking judgment, from passive management to active empowerment, ensuring the stable and healthy development of the Group. In 2023, the Group further optimized risk control and compliance mechanism, strengthened risk data collection and governance, and enhanced the management and control of key risks, improved the accountability system, leading to continuous improvement in compliance and risk control capabilities. So far, the Company has attained the Grade AA rating in Class A from the CSRC for 16 consecutive years and the highest rating in the industry cultural construction practice evaluation for 3 consecutive years.

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VI. PRINCIPAL OPERATION CONDITION DURING THE REPORTING PERIOD

(I) Analysis of financial statements

1. Analysis of consolidated statements of profit or loss

(1) Total revenue and other income structure

Unit: thousand yuan Currency: RMB

Items	January to December of 2023		January to December of 2022		Changes	
	Amount	Component	Amount	Component	Amount	Component
Fee and commission income	18,748,922	35.85%	17,731,799	36.12%	1,017,123	5.74%
Interest income	15,635,577	29.89%	15,586,674	31.75%	48,903	0.31%
Net investment gains	9,120,378	17.44%	5,538,527	11.28%	3,581,851	64.67%
Total revenue	43,504,877	83.18%	38,857,000	79.15%	4,647,877	11.96%
Gain on business combination	-	0.00%	1,478,368	3.01%	-1,478,368	-100.00%
Other income and gains	8,798,954	16.82%	8,751,553	17.84%	47,401	0.54%
Total revenue and other income	52,303,831	100.00%	49,086,921	100.00%	3,216,910	6.55%

In 2023, the Group realized a total revenue and other income of RMB52.304 billion, representing an increase of 6.55% as compared to the same period of last year. Of which, fee and commission income amounted to RMB18.749 billion, accounting for 35.85% and representing an increase of 5.74% as compared to the same period of last year, which was mainly due to the fact that HuaAn Funds was consolidated as a subsidiary for a whole year for the current period while the revenue of HuaAn Funds was only consolidated for two months in the same period of last year; net investment gains amounted to RMB9.12 billion, accounting for 17.44% and representing an increase of 64.67% as compared to the same period of last year, which was mainly due to an increase in investment gains of financial instruments at fair value through profit or loss.

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(2) Total expenses structure

Unit: thousand yuan Currency: RMB

Items	January to December 2023		January to December 2022		Changes	
	Amount	Component	Amount	Component	Amount	Component
Fee and commission expenses	3,681,163	9.08%	3,532,038	9.89%	149,125	4.22%
Interest expenses	12,832,969	31.66%	10,822,099	30.31%	2,010,870	18.58%
Staff costs	9,910,878	24.45%	9,537,139	26.72%	373,739	3.92%
Depreciation and amortization expenses	1,514,452	3.73%	1,305,198	3.66%	209,254	16.03%
Tax and surcharges	185,331	0.46%	214,789	0.60%	-29,458	-13.71%
Other operating expenses and costs	12,115,669	29.89%	10,728,581	30.05%	1,387,088	12.93%
Provision for impairment losses	32,399	0.08%	24,261	0.07%	8,138	33.54%
Credit loss expense	262,518	0.65%	-464,575	-1.30%	727,093	-156.51%
Total expenses	<u>40,535,379</u>	<u>100.00%</u>	<u>35,699,530</u>	<u>100.00%</u>	<u>4,835,849</u>	<u>13.55%</u>

In 2023, the Group's total expenses amounted to RMB40.535 billion, representing an increase of 13.55% compared with the same period of last year, among which: interest expenses amounted to RMB12.833 billion, accounting for 31.66%, representing an increase of 18.58% compared with the same period of last year, primarily due to increase in interest expenses of financial assets sold under repurchase agreements and borrowings; other operating expenses and costs amounted to RMB12.116 billion, accounting for 29.89%, representing an increase of 12.93% compared with the same period of last year, primarily due to HuaAn Funds was consolidated as a subsidiary for a whole year for the current period; credit loss expense accrued amounted to RMB263 million, due to the fact that after taking into account the changes in the market environment and project conditions, combined with the assessment of the expected credit loss model, a provision for credit impairment was made during the current year while the impairment losses were reversed last year.

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2. Analysis of consolidated statements of cash flows

In 2023, the net decrease in cash and cash equivalents of the Group was RMB3.718 billion, among which:

Net cash generated from operating activities amounted to RMB24.439 billion, mainly attributed to (i) an increase of RMB43.308 billion in financial assets sold under repurchase agreements, primarily due to the Company's business development and restructuring of liabilities; (ii) an increase of RMB17.274 billion in other liabilities, mainly due to the increase in accounts payable arising from derivative transactions and the increase in accounts payable to brokers; (iii) a decrease of RMB17.259 billion in cash held on behalf of brokerage customers due to changes in securities market conditions, which was partially offset by (i) an increase of RMB41.033 billion in financial instruments and derivative financial instruments measured at fair value through profit or loss for the current period; (ii) a decrease of RMB17.850 billion in accounts payable to brokerage customer due to changes in securities market conditions.

Net cash used in investing activities amounted to RMB34.100 billion, mainly due to the cash payment of RMB92.564 billion for the purchase of financial assets measured at fair value through other comprehensive income and other investment assets, partially offset by the cash received from the disposal of financial assets at measured at fair value through other comprehensive income and other investment assets of RMB56.213 billion, which reflected the restructuring of our trading investment.

Net cash flow generated from financing activities amounted to RMB5.943 billion, mainly due to (i) cash received from loans and borrowings of RMB109.901 billion; (ii) cash received from the issuance of bonds of RMB39.255 billion; (iii) cash received from the issuance of short-term debt instruments of RMB31.238 billion, which partially offset by (i) cash repayments of loans and borrowings of RMB108.249 billion; (ii) cash repayments of bonds of RMB58.968 billion.

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3. Analysis of consolidated statements of financial position

Unit: thousand yuan Currency: RMB

Items	31 December 2023		31 December 2022		Changes	
	Amount	Component	Amount	Component	Amount	Component
Non-current assets						
Property and equipment	4,345,379	0.47%	3,176,858	0.37%	1,168,521	36.78%
Investment property	1,067,254	0.11%	1,094,163	0.13%	-26,909	-2.46%
Right-of-use assets	2,311,388	0.25%	2,388,079	0.28%	-76,691	-3.21%
Goodwill	4,070,761	0.44%	4,070,761	0.47%	-	0.00%
Other intangible assets	840,235	0.09%	733,799	0.09%	106,436	14.50%
Investments in associates	7,556,250	0.82%	6,362,391	0.74%	1,193,859	18.76%
Investments in joint ventures	5,234,512	0.57%	5,081,873	0.59%	152,639	3.00%
Debt investments at amortised cost	3,010,433	0.32%	2,787,707	0.32%	222,726	7.99%
Debt instruments at fair value through other comprehensive income	76,450,493	8.26%	56,359,547	6.55%	20,090,946	35.65%
Equity instruments at fair value through other comprehensive income	1,806,371	0.19%	2,331,288	0.27%	-524,917	-22.52%
Financial assets held under resale agreements	1,783,561	0.19%	298,860	0.03%	1,484,701	496.79%
Financial assets at fair value through profit or loss	22,550,093	2.44%	21,126,943	2.45%	1,423,150	6.74%
Refundable deposits	56,787,627	6.14%	58,922,817	6.85%	-2,135,190	-3.62%
Deferred tax assets	2,457,519	0.27%	2,457,184	0.28%	335	0.01%
Other non-current assets	199,939	0.02%	154,482	0.02%	45,457	29.43%
Total	190,471,815	20.58%	167,346,752	19.44%	23,125,063	13.82%
Current assets						
Accounts receivable	16,823,117	1.82%	11,759,050	1.37%	5,064,067	43.07%
Other current assets	2,409,925	0.26%	2,913,113	0.34%	-503,188	-17.27%
Margin accounts receivable	89,753,965	9.70%	87,115,509	10.12%	2,638,456	3.03%
Debt investments at amortised cost	604,110	0.06%	368,442	0.04%	235,668	63.96%
Debt instruments at fair value through other comprehensive income	17,696,292	1.91%	4,829,768	0.56%	12,866,524	266.40%
Equity instruments at fair value through other comprehensive income	69,309	0.01%	-	0.00%	69,309	Not applicable
Financial assets held under resale agreements	67,882,530	7.34%	70,837,360	8.23%	-2,954,830	-4.17%
Financial assets at fair value through profit or loss	350,024,147	37.82%	310,274,301	36.05%	39,749,846	12.81%
Derivative financial assets	9,672,698	1.05%	8,232,823	0.96%	1,439,875	17.49%
Clearing settlement funds	7,315,428	0.79%	7,414,914	0.86%	-99,486	-1.34%
Cash held on behalf of brokerage customers	141,939,238	15.34%	158,867,961	18.46%	-16,928,723	-10.66%
Cash and bank balances	30,739,910	3.32%	30,747,924	3.57%	-8,014	-0.03%
Total	734,930,669	79.42%	693,361,165	80.56%	41,569,504	6.00%
Total assets	925,402,484	100.00%	860,707,917	100.00%	64,694,567	7.52%

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Unit: thousand yuan Currency: RMB

Items	31 December 2023		31 December 2022		Changes	
	Amount	Component	Amount	Component	Amount	Component
Current liabilities						
Loans and borrowings	11,661,690	1.55%	9,847,547	1.41%	1,814,143	18.42%
Short-term debt instruments	19,372,094	2.58%	13,649,479	1.96%	5,722,615	41.93%
Placements from other financial institutions	11,744,902	1.56%	12,967,205	1.86%	-1,222,303	-9.43%
Accounts payable to brokerage customers	178,055,072	23.68%	195,718,783	28.09%	-17,663,711	-9.03%
Employee benefits payable	7,728,844	1.03%	9,057,704	1.30%	-1,328,860	-14.67%
Income tax payable	1,078,951	0.14%	1,698,975	0.24%	-620,024	-36.49%
Financial assets sold under repurchase agreements	216,829,590	28.83%	173,236,682	24.86%	43,592,908	25.16%
Financial liabilities at fair value through profit or loss	57,623,628	7.66%	48,327,552	6.94%	9,296,076	19.24%
Derivative financial liabilities	11,488,606	1.53%	9,790,659	1.40%	1,697,947	17.34%
Bonds payable	32,443,108	4.31%	33,724,583	4.84%	-1,281,475	-3.80%
Contract liabilities	80,141	0.01%	96,601	0.01%	-16,460	-17.04%
Lease liabilities	615,271	0.08%	571,474	0.08%	43,797	7.66%
Other current liabilities	82,087,047	10.92%	64,786,119	9.31%	17,300,928	26.70%
Total	630,808,944	83.88%	573,473,363	82.30%	57,335,581	10.00%
Net current assets	104,121,725		119,887,802		-15,766,077	-13.15%
Non-current liabilities						
Loans and borrowings	549,552	0.07%	559,151	0.08%	-9,599	-1.72%
Bonds payable	101,582,435	13.51%	94,159,011	13.51%	7,423,424	7.88%
Lease liabilities	1,214,080	0.16%	1,313,701	0.19%	-99,621	-7.58%
Deferred tax liabilities	155,141	0.02%	128,523	0.02%	26,618	20.71%
Financial liabilities at fair value through profit or loss	17,200,633	2.29%	26,721,315	3.83%	-9,520,682	-35.63%
Other non-current liabilities	513,689	0.07%	507,394	0.07%	6,295	1.24%
Total	121,215,530	16.12%	123,389,095	17.70%	-2,173,565	-1.76%
Total liabilities	752,024,474	100.00%	696,862,458	100.00%	55,162,016	7.92%
Total equity	173,378,010		163,845,459		9,532,551	5.82%

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As of 31 December 2023, the total assets of the Group were RMB925.402 billion, representing an increase of 7.52% compared with the end of last year; the total liabilities were RMB752.024 billion, representing an increase of 7.92% compared with the end of last year; the total equity was RMB173.378 billion, representing an increase of 5.82% compared with the end of last year.

The asset of the Group was mainly comprised of: financial assets at fair value through profit or loss of RMB372.574 billion (40.26% of the total assets); cash held on behalf of brokerage customers of RMB141.939 billion (15.34% of the total assets); debt instruments measured at fair value through other comprehensive income amounted to RMB94.147 billion (10.17% of the total assets); margin accounts receivable of RMB89.754 billion (9.70% of the total assets); financial assets held under resale agreements of RMB69.666 billion (7.53% of the total assets). Among the above, the current assets amounted to RMB734.931 billion and accounted for 79.42% of the total assets. The liquidity of the Group was fine with reasonable structure. In addition, the Group made impairment provisions for the assets showing impairment indications under market fluctuation and therefore the assets were of relatively high quality.

Non-current assets

As of 31 December 2023, non-current assets amounted to RMB190.472 billion, representing an increase of 13.82% compared with the end of last year. Among which: property and equipment amounted to RMB4.345 billion with an increase of 36.78% compared with the end of last year, which was primarily due to the increase in business premises to meet the development needs of the Greater Bay Area; debt instruments at fair value through other comprehensive income amounted to RMB76.450 billion with an increase of 35.65% compared with the end of last year; financial assets at fair value through profit or loss amounted to RMB22.550 billion with an increase of 6.74% compared with the end of last year, which was primarily due to the increase in the scale of such investment by the Group according to the market environment.

Current assets

As of 31 December 2023, current assets amounted to RMB734.931 billion, representing an increase of 6.00% compared with the end of last year. Among which: financial assets at fair value through profit or loss amounted to RMB350.024 billion with an increase of 12.81% compared with the end of last year; debt instruments at fair value through other comprehensive income amounted to RMB17.696 billion with an increase of 266.40% compared with the end of last year which was primarily due to the increase in the scale of such investment by the Group according to the market environment; cash held on behalf of brokerage customers amounted to RMB141.939 billion with a decrease of 10.66% compared with the end of last year, which was primarily due to fluctuates in securities market conditions.

Current liabilities

As of 31 December 2023, current liabilities amounted to RMB630.809 billion with an increase of 10.00% compared with the end of last year. Among which: accounts payable to brokerage customers amounted to RMB178.055 billion with a decrease of 9.03% compared with the end of last year, which was primarily due to the fluctuations in the securities market conditions; short-term debt instruments amounted to RMB19.372 billion with an increase of 41.93% compared with the end of last year; financial liabilities at fair value through profit or loss amounted to RMB57.624 billion with an increase of 19.24% compared

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with the end of last year; financial assets sold under repurchase agreements amounted to RMB216.830 billion with an increase of 25.16% compared with the end of last year, which was primarily due to the increase in the scale of the above-mentioned liabilities by the Group based on its business development needs and in combination with the optimization of its liability structure.

Non-current liabilities

As of 31 December 2023, non-current liabilities amounted to RMB121.216 billion with a decrease of 1.76% compared with the end of last year. Among which: bonds payable amounted to RMB101.582 billion with an increase of 7.88% compared with the end of last year; financial liabilities at fair value through profit or loss amounted to RMB17.201 billion with a decrease of 35.63% compared with the end of last year, which was primarily due to the Group's adjustment to its liability structure.

Equity

The equity attributable to equity holders of the Company increased 5.82% from the end of last year to RMB173.378 billion as of 31 December 2023. The gearing ratio of the Group was 76.77% as of 31 December 2023, representing an increase of 1.41 percentage points compared with the end of last year, given the Group's reasonable and stable assets and liabilities structure.

Major restricted assets at the end of the Reporting Period

For details of assets with restricted ownership or use rights, please refer to notes to the consolidated financial statements.

Borrowings and debt financing

As of 31 December 2023, the total borrowings and debt financing of the Group amounted to RMB165.609 billion, details of which are set out as follows:

Unit: thousand yuan Currency: RMB

	31 December 2023	31 December 2022
Loans and borrowings	12,211,242	10,406,698
Short-term debt instruments	19,372,094	13,649,479
Bonds payable	134,025,543	127,883,594
Total	165,608,879	151,939,771

For details of the interest rate and the terms of the loans and borrowings, short-term debt instruments and bonds payable, please refer to notes to the consolidated financial statements.

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Except for the borrowings and debt financing, the Group obtained funds through placements from other financial institutions and financial assets sold under repurchase agreements. As of 31 December 2023, the balance of placements from other financial institutions was RMB11.745 billion while the balance of financial assets sold under repurchase agreements was RMB216.830 billion. The total debt mentioned above was RMB394.183 billion.

Except for the liabilities disclosed in the Report, the Group did not have, as of 31 December 2023, any outstanding mortgages, charges, bonds, other debt capital, liabilities under acceptance or other similar indebtedness, guarantees or other material contingent liabilities.

Major customers and suppliers

In 2023, revenue from the five largest customers of the Group accounted for less than 2% of its total revenue and other income, and none of the five largest customers are its related party. None of the Directors, supervisors and their respective associates as well as Shareholders holding more than 5% of the issued share capital of the Company has any interest in any of the five largest customers of the Company.

Due to its business nature, the Group has no major suppliers.

(II) Analysis of investments

Overall analysis of external equity investment

Applicable Not applicable

1. Material equity investments

Applicable Not applicable

2. Material non-equity investments

Applicable Not applicable

Office buildings in Jing'an District, Shanghai: Guoxiang Properties, a subsidiary of the Company, received a planning permit of construction engineering and a construction permit for pile foundation for land lot No. 49 in Jing'an District on 23 June 2014 and commenced construction in June 2014. According to the resolution at the second meeting of the fifth session of the Board of the Company in 2016, the total investment amount for this project was adjusted to RMB1.879 billion by adding another project investment of RMB255 million. The accumulative investment of the project was RMB1.834 billion as of 31 December 2023. The project has obtained the completion and acceptance filing certificate, and the office building has been officially put into use.

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3. Financial assets measured at fair value

Applicable Not applicable

Unit: yuan Currency: RMB

Class of assets	Opening balance of the period	Closing balance of the period	Regular changes	Effect on the amount of profit for the current period
Financial instruments at fair value through profit or loss	256,352,378,129	297,749,978,422	41,397,600,293	4,824,653,729
Debt instruments at fair value through other comprehensive income	61,189,314,640	94,146,784,972	32,957,470,332	2,151,001,640
Equity instruments at fair value through other comprehensive income	2,331,288,390	1,875,680,246	-455,608,144	47,839,825
Derivative financial instruments	-1,557,836,439	-1,815,908,441	-258,072,002	3,930,786,625
Total	<u>318,315,144,720</u>	<u>391,956,535,199</u>	<u>73,641,390,479</u>	<u>10,954,281,819</u>

4. Specific progress of major asset restructuring and integration during the Reporting Period

Applicable Not applicable

The Group did not hold any significant investment with a value more than 5% of its total assets as at 31 December 2023.

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(III) Material assets and equity disposal

Applicable Not applicable

(IV) Analysis of main holding companies

Applicable Not applicable

1. Guotai Junan Financial Holdings

Guotai Junan Financial Holdings primarily conducts brokerage, corporate finance, asset management, loans and financing as well as financial products, market making and investments businesses in Hong Kong through Guotai Junan International and its subsidiaries.

The paid-up capital of Guotai Junan Financial Holdings is HK\$2,611.98 million and the Company holds 100% of its equity interests.

As of 31 December 2023, the total assets of Guotai Junan Financial Holdings were HK\$155.017 billion with net assets of HK\$16.654 billion; in 2023, its operating revenue was HK\$5.361 billion and its net profit was HK\$665 million.

2. Guotai Junan Asset Management

Guotai Junan Asset Management is principally engaged in the licensed project: public fund management business and the general project: securities asset management business.

The registered capital of Guotai Junan Asset Management is RMB2 billion and the Company holds 100% of its equity interests.

As of 31 December 2023, the total assets of Guotai Junan Asset Management were RMB6.971 billion with net assets of RMB5.986 billion; in 2023, its operating revenue was RMB1.435 billion and its net profit was RMB284 million.

3. Guotai Junan Futures

Guotai Junan Futures is principally engaged in commodity futures brokerage, financial futures brokerage, futures investment consulting and assets management.

The registered capital of Guotai Junan Futures is RMB5 billion and the Company holds 100% of its equity interests.

As of 31 December 2023, the total assets of Guotai Junan Futures were RMB115.665 billion with net assets of RMB9.203 billion; in 2023, its operating revenue was RMB10.065 billion and its net profit was RMB710 million.

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4. Guotai Junan Innovation Investment

Guotai Junan Innovation Investment is principally engaged in equity investment business and other businesses approved by the CSRC.

The registered capital of Guotai Junan Innovation Investment is RMB7.5 billion and the Company holds 100% of its equity interests.

As of 31 December 2023, the total assets of Guotai Junan Innovation Investment were RMB8.476 billion with net assets of RMB7.728 billion; in 2023, its operating revenue was RMB461 million and its net profit was RMB250 million.

5. Guotai Junan Zhengyu

Guotai Junan Zhengyu is principally engaged in equity investment, financial product investment, and businesses as stipulated in the Management Norms of Alternative Investment Subsidiaries of Securities Companies.

The registered capital of Guotai Junan Zhengyu is RMB4.5 billion and the Company holds 100% of its equity interests.

As of 31 December 2023, the total assets of Guotai Junan Zhengyu were RMB6.335 billion with net assets of RMB5.981 billion; in 2023, its operating revenue was RMB533 million and its net profit was RMB339 million.

6. HuaAn Funds

HuaAn Funds is principally engaged in fund establishment, management of fund business and other businesses approved by the CSRC.

The registered capital of HuaAn Funds is RMB150 million and the Company holds 51% of its equity interests.

As of 31 December 2023, the total assets of HuaAn Funds were RMB7.439 billion with net assets of RMB5.274 billion; in 2023, its operating revenue was RMB3.439 billion and its net profit was RMB950 million.

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7. Shanghai Securities

Shanghai Securities is principally engaged in securities business (securities brokerage; securities investment consultation; financial advisory relating to securities trading and securities investment; securities (exclusive of stocks and corporate bonds issued by listed companies) underwriting; securities proprietary trading; securities asset management; margin financing and securities lending; agency sale of financial products); sale of securities investment fund and the general project: intermediary business for futures companies.

The registered capital of Shanghai Securities is RMB5.326532 billion and the Company holds 24.99% of its equity interests.

As of 31 December 2023, the total assets of Shanghai Securities were RMB73.072 billion with net assets of RMB17.366 billion; in 2023, its operating revenue was RMB3.418 billion and its net profit was RMB353 million.

(V) The situation of structured entities controlled by the Company

Applicable Not applicable

As of 31 December 2023, the Group consolidated 87 structured entities, which include asset management schemes and partnerships. For those asset management schemes where the Group is involved as a manager, and partnerships where the Group is involved as general partner or investment manager, the Group considered that it had control rights over some asset management schemes and certain partnerships and incorporated them into the consolidated category after comprehensively taking into account various factors such as the investment decision rights they owned and their exposures to the variable returns. As at 31 December 2023, the impacts of the above structured entities which were incorporated into the consolidated category on the Group's consolidated total assets were RMB2.313 billion; consolidated operating revenue and consolidated net profit in 2023 was RMB10 million and RMB-41 million, respectively.

(VI) Establishment and disposal of branches

1. Establishment and disposal of branches and business branches

During the Reporting Period, the Group established 4 new securities branch offices, 8 securities branches, 1 futures branch office, relocated 8 securities branch offices, 1 futures branch office, 27 securities branches and 1 futures branch in the same cities and deregistered 3 securities branches in China. Please refer to Appendix III for the details of establishment and disposal.

	Newly established branch offices	Newly established securities/futures branches	Relocated branch offices	Relocated securities/futures branches	Deregistered securities/futures branches
The Company	4	8	8	27	3
Guotai Junan Futures ^{Note}	1	-	1	1	-

Note: Guotai Junan Futures has 1 branch upgraded to a branch office

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(VII) Principal financing channel, structure of long and short term liabilities, measures taken and management policies adopted to maintain liquidity, financing ability, contingent matters and their effects on financial conditions

1. Financing channel

In the PRC, the Company mainly uses financing products such as interbank borrowings, debt securities repurchase, short-term financing bills, financial bonds, corporate bonds, subordinated bonds, structured notes, margin refinancing, perpetual bonds, convertible bonds, new issuance and placing to conduct short-term financing and medium to long-term financing through various venues including exchanges and interbank and over-the-counter markets according to relevant policies and regulations and market environment and its own needs. The Company may also obtain foreign funds through placing, convertible bonds, rights issue and issuance of medium-term notes, etc., thereby supporting the Company's business development.

2. Liability structure

For details, please refer to "VI. PRINCIPAL OPERATION CONDITION DURING THE REPORTING PERIOD (III) Analysis of assets and liabilities" in this section.

3. Liquidity management policies and measures

In order to maintain the liquidity and yield rate of its assets, the Company has established a liquidity reserve pool system as well as mechanisms relating to the management and operation of proprietary funds and liquidity, whereby the Company has established explicit responsibility division and authorization mechanism for the departments involved therein and improved the professionalism of liquidity management and operation. The Company has established and improved its financing strategies by continuously improving the diversity and stability of its source of funding, thus effectively maintaining its overall liquidity condition at a relatively safe level. In respect of liquidity operation, the Company always maintains short-term financing channels, such as relatively stable interbank borrowing and repurchase, in domestic exchanges and interbank markets and continuously exploits new trading methods and counterparties.

4. Analysis of financing capability and financing strategies

The Company enjoys a well-established operation and good reputation with strong capital strength, profitability and solvency. The Company has maintained the international credit ratings at BBB+ by Standard & Poor and Baa1 by Moody for many years, and good cooperative relations with major commercial banks for a long time by enjoying generous credit lines. At the same time, the Company has strong short-term and medium-to-long-term financing capabilities since its various risk regulatory indicators have met the relevant regulatory requirements, and its financing channels have been smooth. As a listed securities firm, the Company can also solve its capital needs for long-term development through equity refinancing and other means.

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The Company made forward-looking arrangements for asset and liability management, and dynamically planned financing strategies in light of the market environment and business capital needs. The Company will strengthen the coordinated management of domestic and overseas capital needs, continue to improve its overall capital allocation efficiency, and ensure the capital needs for business development. Meanwhile, the Company will continue to explore diversified domestic and overseas financing models and types of financing, strengthen the research and application of interest rate and exchange rate markets, and take into account the safety of financing and controllable costs.

VII. DISCUSSION AND ANALYSIS OF THE COMPANY ABOUT FUTURE DEVELOPMENTS

(I) Industrial landscape and trend

Applicable Not applicable

The PRC securities industry is still in the historic period which offers opportunities for rapid development. In the long run, the continuous development of the capital market and the deepening of reform and opening-up of the financial system will provide the industry with broad development room. However, reducing fees and making more profit concessions, relaxing entry barriers, and fully opening up will intensify competition. In order to better adapt to the new competitive environment and the financial service demands of the real economy, the PRC securities firms will accelerate their transformation and upgrade towards modern investment banking. The securities industry will show a development trend of service integration, differentiated competition, globalization development and operation digitalization.

1. Service integration

The PRC capital market has entered a new stage of building a modern capital market with Chinese characteristics. As the capital market reform continues to deepen with the registration system at its core and the wealth of Chinese residents continues to accumulate, the relatively singular business and service models of securities firms will find it difficult to meet the demands for high-quality development of the real economy and the professional, diversified and comprehensive investment, financing and wealth management needs of the investment community. At the same time, other financial institutions represented by banks and insurance companies are also penetrating into the securities business with their own advantages, challenging the comprehensive service capabilities of securities firms. Going forward, in order to adapt to changes in customer demands and the competitive environment, guided by customer demands, the securities companies will accelerate the promotion of innovative business, continuously expand the depth and breadth of its business and services, integrate its business, products, channels and support service system, and transform into comprehensive financial service providers with a complete business, industry and service chain, which they will shift from being passive channel providers to market organizers, companions of enterprises, creators of products, managers of risks and explorers of value.

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2. Differentiated competition

Experience from developed countries in Europe and America indicates that the PRC securities industry has been upgrading to differentiation, centralization and professionalization from summarization, diversification and channelization. Capital, profits and market share of principal businesses have shown a trend towards concentration among leading securities firms. In recent years, the intensification of market competition and the rapid development of innovative business have imposed higher requirements on the capital strength, talent pool, and risk management capabilities of securities companies, and also provided securities companies with more differentiated development space, promoting the increasingly business differentiation of the securities industry and the concentration of high-quality project resources to leading securities companies. On the one hand, leading securities companies that rely on digital technology, adopt a platform-based operation model and give full play to their synergies, will continuously expand scale through self-accumulation, mergers and acquisitions to accelerate their development across all markets and business areas, further enhance their competitive advantages and achieve professional comprehensive development. On the other hand, small and medium-sized securities companies lacking competitive advantages in comprehensive strength will concentrate their advantageous resources and other favorable conditions and form competitive advantages in certain niche business markets or regional markets, thereby forming a differentiated and multi-level competitive landscape with leading securities companies.

3. Globalization development

With the proceeding of economic globalization and capital market reform, the PRC capital market and securities industry has entered a new stage of overall opening-up. In recent years, China's capital market has continued to expand its high-level systematic opening-up, which various opening-up measures were accelerated to introduce and implement. The system for overseas listing of enterprises has been continuously improved, the scope of stock connect has gradually expanded, the international product system has become increasingly diverse, and the cooperation between domestic and overseas markets has continued to deepen. In this process, as the pace of internationalization of the PRC securities industry has also been accelerating, more and more domestic securities firms are intensifying their efforts to expand overseas markets through branches establishment, business cooperation, and mergers and acquisitions. Particularly, they are enhancing branches establishment and team layouts in regions along the "Belt and Road" such as Southeast Asia, the Middle East and Central Asia, to provide comprehensive cross-border investment and financing services for global institutional investors and domestic and foreign industrial clients. In the future, with the deepening of the institutional opening up of the capital market, there will be more diverse cross-border business scenarios and service tools to further improve the convenience of cross-border investment and financing so as to bringing new opportunities for the international development of securities firms. It also requires securities firms to leverage domestic and overseas resources for achieving synergistic growth by making forward-looking arrangements in terms of qualifications, systems, customer and product reserves, and capacity building. Among them, leading securities companies have the greater potential to grow into large-scale investment banks with international competitiveness by allocating resources, serving customers and managing risks globally.

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4. Operation digitalization

Advanced information technology has profoundly changed the operating environment and competitive landscape of the securities industry. In response to the penetration of the internet and intensifying competition, securities firms have increased their investment in information technology. Advanced digital technology were used to enhance customer experience, optimize business processes and improve operational efficiency, which increasingly transformed the PRC securities companies' businesses from the traditional fee-based models to diversified models focusing on professional services, deepening customer relationships and leveraging online services. In recent years, the top-level layout planning of the PRC digitalized economy has been continuing to improve, the "science and technology finance" and "digital finance" proposed by Central Economic Work Conference also put forward clear requirements for the transformation in financial technology digitalization of securities industry. In order to enhance the capabilities for serving real economy and improve their own development quality, securities firms must further strengthen internet-based operational thinking, form a strategic synergy driven by digital technology from top to bottom, continuously accelerate technological self-reliance, deepen the integration and application of emerging technologies, and optimize business model by comprehensive digitalization. Securities companies can provide investors with tailored and exclusive products and services only with financial technology application innovation as breakthrough to accelerate digital transformation, thereby improving the investment returns for clients.

(II) Development strategies of the Company

Applicable Not applicable

1. Opportunities and Challenges for Development

In terms of external environment, the reform and opening up of the capital market with a comprehensive registration system as the core continued to deepen, which will further improve the basic system of the capital market and improve the functions of the capital market, providing a sound policy environment and institutional foundation for the long-term sustainable and healthy development of securities companies. In terms of internal conditions, the Group has accelerated the reform, innovation and transformation. The optimization of organizational structure and supporting operating mechanisms and the initial establishment of long-term incentive and restraint mechanisms have created conditions for the further innovative development of the Group. However, the more sophisticated and tougher economic environment, the increasing opening-up of the capital market and the intensive competition in securities industry in the PRC have brought many challenges to the future development of the Group.

2. The Company's industry strengths and shortcomings

The Group's industry strengths mainly include: integrated service platform, leading digital technology and sound compliance culture (please refer to "V. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD" in this section for details). In the process of future development, the Group will still need to further enhance the core competitiveness of principal businesses and the management and support capabilities of the middle and back offices, optimize the integrated synergy mechanism at group level and gradually narrow the gap between itself and leading financial institutions.

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3. Development strategies

In 2020, combination of national and regional development strategies and taking our vision as the overall goal, the Company proposed a “Nine-Year Strategic Plan in 3 Three-Year Steps” for medium to long-term development. In the first three-year (2020-2022), we focus on laying the foundation to improve our weaknesses and consolidate our leading position among securities companies in the market. In the second three-year (2023-2025), we will focus on enhancing our abilities and developing our advantages to make the core indicators exceed peers. In the third three-year (2026-2028), we will focus on our integration and internationalization to become a respectable and comprehensive leading modern investment bank with international competitiveness.

In the second three-year, under the general requirement of “enhancing our abilities and developing our advantages”, the Company focuses on platform construction, and consolidate the three pillars of “integrated service platform, leading digital technology and sound compliance culture” core capabilities, so as to comprehensively cultivate five major advantages, namely “technology innovation finance, inclusive finance, regional finance, green finance and cross-border finance” to consolidate the three major guarantees of “manpower, capital and organization”, strive for progress while maintaining stability, deepen reforms, thereby achieving “domestic leadership in an all-round way”.

(III) The operation plan

Applicable Not applicable

In 2024, the Company will persist in pursuing progress while maintaining stability, focus on key tasks such as “improving business competitiveness, accelerating comprehensive digitalization and improving refined management efficiency”, fully promote the high-quality development of the Company, accelerate the establishment of the Company into a first-class investment bank, consolidate and enhance its industry leading advantages and regional influence, and better support the construction of a modern capital market with Chinese characteristics and Shanghai’s “Five Centers”. The Company will adhere to the emphasis on operations and collaboration, strive to improve the service capabilities of the three major customer service systems for retail, institution and enterprise customers, promote the overall improvement of its business competitiveness, and continuously enhance the quality and efficiency of serving economic and social development; the Company will closely follow the sense of gain and its leading role in the industry, steadily promote platform construction, continue to deepen comprehensive digital transformation, and continuously build up the advantages of digital technology-led development; the Company will strengthen its systemic view and business intensiveness, improve its operational and managerial capabilities, promote refined management to improve quality and efficiency, and continuously consolidate the foundation for the high-quality development of the Company.

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In particular, in respect of the wealth management business, the Company will continue to deepen its customer base operation, adhere to the dual-driven approach for transaction services and wealth management, accelerate the transformation to buyer advisory services, strengthen its asset allocation capabilities, and promote a steady development in product sales and investment advisory business. In respect of the futures business, the Company will focus on the service industry and the real economy, strengthen the construction of its professional capabilities, and improve the comprehensive service level for corporate and institutional customers. In respect of the margin financing and securities lending business, the Company will strengthen its customer development and potential exploration, optimize its business strategies. In respect of the stock pledge business, the Company will continue to improve its risk classification management mechanism. In respect of the institutional and transaction business, the Company will optimize its service model, cultivate first-class transaction and investment capabilities, continue to improve its product innovation capabilities and research expertise, and enhance the comprehensive service level for institutional customers. In respect of the investment banking business, the Company will adhere to the direction towards industrial investment banking, comprehensive investment banking and digital investment banking, deepen the reform of the division system, strengthen industrial cultivation, enhance the synergetic collaboration among its investment banking, investment and investment research businesses, and improve its full life-cycle comprehensive service capabilities. In respect of the investment management business, the Company will enhance its core competitiveness in investment research, strengthen its intensive management and the construction of its incentive and restraint mechanism. In respect of the international business, the Company will focus on the development of its cross-border business, promote cross-border integration, and steadily promote global deployment.

(IV) Possible risk exposure (Including the implementation of comprehensive risk management, compliance and risk control, and investment in information technology)

Applicable Not applicable

1. Overview

During the Reporting Period, the Company insisted on its prudent risk culture, firmly took the “compliance risk management” as one of its core strategies, continually established comprehensive risk management system, improved risk management system, optimized risk management organization structure, explored risk management models and methods, built up risk management information system, and enhanced the professional level of risk management, in order to ensure the long-term and healthy development of the Company.

2. Risk management structure

The Company has established a four-level risk management system consisting of the Board (including Risk Control Committee) and Supervisory Committee, operation management (including compliance and risk management committee and assets and liabilities management committee), risk management department, other business departments and branches and subsidiaries.

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1) *The Board (including Risk Control Committee) and Supervisory Committee*

The Board is the highest decision-making body in our risk management structure, ultimately responsible for the overall risk management of the Company. The Board is responsible for promoting the construction of risk culture; reviewing and approving the fundamental risk management policies of the Company; reviewing and approving the Company's risk appetite, risk tolerance and major risk limits; reviewing periodic risk assessment report; appointment, dismissal and assessment of the chief risk officer, determining his/her remuneration; establishing a mechanism for communicating with the chief risk officer directly. The Board has established the Risk Control Committee, which is responsible for reviewing the overall objectives and fundamental policies of risk management; reviewing the establishment and the duties of the risk management divisions; assessing the risks associated with significant business decisions and the solutions to address significant risks; reviewing various risk assessment reports; reviewing the effectiveness of the Company and its subsidiaries' risk management and internal control systems at least once a year in accordance with the instruction of the Board.

The Supervisory Committee is responsible for supervising comprehensive risk management of the Company, supervising and reviewing the performance of the risk management and rectification of defect by the Board and senior management.

2) *Operation management (including compliance and risk management committee and assets and liabilities management committee)*

Our operation management takes the major responsibility of the comprehensive risk management of the Company; is responsible for organizing and implementing the publicity and dissemination of risk culture; establishes risk management system and makes timely adjustment; establishes a healthy operation management structure for the Company's comprehensive risk management and clarifies the duty division of comprehensive risk management among risk management functions, business departments and other departments; establishes the specific execution plans of risk appetite, risk tolerance and major risk limits, and ensures the effective implementation of the plans; monitors its progress, analyzes its reasons in a timely manner and handles it according to the authorizations granted by the Board; periodically assesses the overall risk of the Company and various types of important risk management conditions, resolves problems that are found in risk management and reports to the Board; establishes a performance assessment system for all staff that covers effectiveness of risk management; and establishes a complete IT system and data quality control mechanism.

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A compliance and risk management committee is established at the operation level of the Company, which conducts overall management for the Company's operational risks, and reviews and makes decisions on major issues of risk management and performs following duties; reviewing arrangements and important systems for compliance risk control mechanism of the Company and its subsidiaries, making decisions or submitting to relevant decision-making bodies for consideration; reviewing the Company's basic policies for risk management, annual risk appetite, self-funded business scale, and maximum risk limits, reviewing the Company's interim and annual compliance reports, risk management reports, and annual internal control evaluation reports and submitting to the Board and the Risk Control Committee of the Company for approval; within the scope of the Board's authorization, considering and determining various investment and financing business scales, risk limits allocation plans, and important risk control indicators and its major adjustments of the Company; submitting to the Board and the Risk Control Committee for approval if the matters reviewed are beyond the scope of the Board's authorization; reviewing the Company's major innovative business risks, compliance assessment report, making decisions and granting authorization; reviewing and making decisions for the Company's business matters that have major disputes in the risk assessment and risk control mechanism arrangement; judging and identifying prospectively on regulatory situation and the risk situation, making decision for risk control response; considering and deciding the disposal options for the Company's major risk issues; considering and making decisions for other matters of significant risk management in business activities.

The members of the compliance and risk management committee include the president, the chief risk officer, the chief compliance officer, the head of the strategic development department, the head of the planning and finance department, the head of the legal compliance department, the head of the risk management department, the head of the group audit center, the head of the internal audit risk management department, the head of the information technology department, and the head of brand center of executive office.

3) *Risk management departments*

Our departments that perform risk management duties include the risk management department, the internal audit risk management department, the legal compliance department, and the group audit center, the planning and finance department, the assets and liabilities department, the IT department, the information center, the operation center and the executive office, as well as other departments. Our risk management department manages the market risks, credit risks, operational risks and liquidity risks, and performs specific risk management responsibilities; our internal audit risk management department is responsible for the risk review and assessment of the Company's securities issuance business in the primary market; our legal compliance department is responsible for identifying, assessing, notifying, monitoring, reporting and preventing legal compliance risks of the Company to protect the Company from legal penalties, significant financial losses or damages to reputation; our group audit center is responsible for independent and objective inspection, supervision, evaluation of and recommendations on the compliance and reasonableness of business, management, finance and other operations, on the security and

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profitability of assets, and on the comprehensiveness and effectiveness of internal controls among the Company's various departments, branches and controlled subsidiaries. Our planning and finance department is responsible for the Company's budget planning, financial management, accounting and net capital management; our assets and liabilities department is responsible for liquidity management and liquidity risk management; our IT department and information center are the management and operation body of the Company's IT, and are responsible for the planning, construction, operation and management of the Company's IT system, establishing and implementing IT-related system, assessing and controlling the Company's IT risks; our operation center is the daily operation management department of the Company and is responsible for the centralized clearing, settlement, auditing, third-party depository operation of the Company's various businesses, and takes the responsibility of relevant risk management and control; our executive office is responsible for the management of the Company's reputational risk.

4) *Other business departments, branches and subsidiaries*

The key responsible persons of each of our business departments, branches and subsidiaries are the persons who are primarily responsible for risk control of each business units. In order to enhance the frontline risk responsibility consciousness, strengthen front end risk control, identify and prevent risk timely and effectively, the Company continuously strengthens the risk control function of each specialized management committees, business departments, branches and subsidiaries. The Company established compliance and risk management system at the subsidiary level, requiring that the subsidiaries shall develop and improve risk management system for their own, and effectively improve the overall risk management level.

3. Risk management system

The Company established a 4-level risk management system based on its business characteristics and level of operational risks and has been constantly perfecting it. The system includes: measures on comprehensive risk management; various risk management measures based on different risks such as market risk, credit risk, operational risk, liquidity risk and reputational risk; risk management system on various business and products; and the practical business operation protocol. During the Reporting Period, the Company formulated, among other things, the Management Measures for ESG Risks, and revised, among other things, the Management Measures for Model Risks, the Management Measures for Risk Appetite, the Management Measures for Credit Rating of Institutional Customers and the Management Measures for Liquidity Risk in accordance with the latest regulatory requirements.

4. Risk appetite system

Risk appetite is the Company's overall attitude towards risks, as well as the type and level of risks it is willing to bear after taking into full consideration of net capital, assets and liabilities, solvency, liquidity, external ratings, compliance operations and future business risks and opportunities, provided that the requirements of stakeholders including creditors, customers, regulatory authorities and rating agencies have been satisfied.

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The Company sorts out the expectation and requirement of respective stakeholders (including Shareholders, regulatory authorities, rating agencies, the Board and senior management), sets specific goals based on the core aspects including development strategies, operation performance, capital strength, liquidity, compliance and external rating and forms the Company's risk appetite system. On the basis of a complete overall risk appetite setting, the Company describes the risk boundaries of different dimensions such as overall risk and major risks through quantized risk tolerance indicators. Subject to risk appetite and risk tolerance, the Company sets limits on key risk indicators and conducts risk monitor and control based on those limits.

During the Reporting Period, after consideration and approval by the Board, the Company defined the Group's risk appetite, tolerance and limit for 2023, and differentiated different dimensions such as risk types and subsidiaries for decomposition and transmission and implemented in the ordinary course of business. In 2023, the Group's various indicators remained stable under its risk appetite system.

5. Measures against various risks

1) *Market risks*

Market risks are those that may cause loss to the Company due to unfavorable changes of market prices, which include but not limited to interest rates, exchange rate, stock prices and commodity prices. The businesses of the Company that involve market risks mainly include the transactions and investment of equity securities and their derivatives, the transactions and investment of fixed-income securities and their derivatives as well as transactions such as foreign exchange transactions, precious metal transactions and commodity transactions.

The Company implements limit management for market risks and formulates a market risk limit system comprising business scale, loss limit, Value at Risk (VaR), exposure, Greek letters, effectiveness of hedge and concentration, and various types of risk indicators. It determines the alarm standards, warning standards and responding measures for market risks. The Company conducts daily monitoring for market risk limits by using its risk management system to monitor the operation of its businesses. We report market risk monitoring and management conditions, and conduct specialized analysis on risk matters, in order to provide basis for decision making. The Company adopts methods such as Value at Risk (VaR) and Stress Test to analyze and assess market risk. The Company's Value at Risk (VaR) calculation applies a historical comparative method based on the historical data for the previous 12 months, assuming the holding period is one day and the confidence level is 95%. The calculation model of VaR covers equity price risk, interest rate risk, commodity price risk and exchange rate risk. The Company regularly reviews the effectiveness of VaR model through the back testing method.

The following table sets forth the VaR of the Company by risk types as at the dates and for the periods indicated: (1) the VaR as of the end of the respective period; (2) the average value, the minimum value and maximum value of the daily VaR for the respective period.

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Value at Risk (VaR) of the Group for 2023

Unit: ten thousand yuan Currency: RMB

Category	29 December	30 December	Average	2023	
	2023	2022		Minimum	Maximum
Equity price-sensitive financial instruments	17,585	20,526	19,276	17,407	21,589
Interest rate-sensitive financial instruments	7,354	8,775	7,778	5,255	9,730
Commodity price-sensitive financial instruments	2,676	3,255	3,156	2,626	3,292
Exchange rate-sensitive financial instruments	2,901	2,745	3,115	2,629	3,298
Total portfolio VaR	24,860	27,753	26,731	24,312	29,630

Note: VaR of the Group covers the financial assets of the self-funded investment business of the Group.

In addition to the VaR, the Company actively uses stress tests to measure and assess possible losses under extreme market conditions. The Company regularly conducts comprehensive and special stress tests to strengthen risk assessment and development monitoring in connection with the trading and investment businesses, and applies its results of stress tests to market risk management and limit management.

During the Reporting Period, the Company conducted exchange rate risk management for assets involving exchange rate risks, managed exchange rate risk exposures by adjusting foreign exchange positions and using foreign exchange derivatives for hedging, and controlled it within an acceptable range.

In 2023, the Company's market risk is generally controllable, and no major market risk events occurred.

2) Credit risks

Credit risks are those that may cause a loss to the Company due to failures to perform their obligations stipulated in relevant contracts by securities issuers, counterparties and debtors or the changes of market value of the debts caused by the changes of credit rating or contract performance capacity. The Company's current credit risks mainly concentrate on the bond investment business, margin financing and securities lending business, stock-pledged financing transaction business and OTC derivatives business.

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The Company implements access management for credit risks. Before conducting relevant businesses involving credit risks, clients' credits will be rated. If the rating result is within the accessible credit rating, the credit may be granted and business may be carried out. Each business department shall conduct due diligence management based on actual business conditions, evaluate clients' credit qualifications, and determine transaction limits.

The Company mitigates credit risk through methods such as collecting deposits, qualified collaterals and netting settlements. An entry threshold has been formulated for bond investment business and through white list management and concentration control, the credit risks of bond positions are being continuously tracked and assessed. Credit business department sets detailed access standards and discount rates for collaterals according to the characteristics of their specific business. The credit risk faced by OTC derivatives business mainly refers to the counterparty default risk faced in carrying out OTC derivatives business such as forwards, swaps and options. The counterparties of OTC derivatives transactions are mainly financial institutions and other professional institutions. The Company controls the credit risk of the counterparty by screening the counterparty's qualifications, marking the market on a daily basis, calling for insurance coverage and forced liquidation.

Access standards and discount rates will be reviewed regularly by the Company. When there is a significant change in market or policies or there is a significant credit event related to the relevant entity applying for the credit, the access standards and discount rates shall be reviewed randomly. For collaterals other than cash, the Company conducts marking to market management and assesses collaterals' value. The Company analyzes credit risk factors of each business, identifies the credit risks for the business and conducts credit risks concentration management and measurement and assessment. The Company conducts credit risk management for its large clients in respect of concentration risk control targets. The Company uses analysis methods such as concentration, probability of default, default loss rate, credit exposure and collateral coverage rate as credit risk measures. The Company sets reasonable credit risk stress scenarios, conducts stress tests and analyzes the results thereof.

As at the end of 2023, the Company's credit risk was generally controllable, and no major credit default events occurred in bond investment business. The average performance guarantee ratio of the margin loans for stock-pledged financing business was 256.1%, and the average of the guarantee ratio for clients with outstanding liabilities in margin financing and securities lending business maintained at 255.8%.

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3) *Liquidity risks*

Liquidity risks are those the Company might face when it is not able to obtain sufficient funds in time at reasonable costs or price to repay debts that are due, fulfil other payment obligations and satisfy the funding requirements for ordinary business operation.

The Company mainly adopts the risk indicators analysis method to assess its overall liquidity risks, i.e., the Company assesses and measures its overall liquidity risk condition by analyzing key indicators such as the liquidity coverage ratio, net stable funding ratio, cash flow term gap, net size of the cash management pool, liquidity reserve ratio as well as asset and liability concentration. The Company establishes a liquidity risk limit system, conducts limit management on liquidity risks and monitors and reports the implementation of limits. The Company establishes a quantitative model for the liquidity risk of financial assets and measures the liquidity of various types of exchange and over the counter financial assets on a daily basis to assess the liquidity risk of various financial assets.

The Company explores and maintains financing channels, continuously keeps an eye on the risk conditions of significant capital providers, and regularly monitors the conditions of significant capital providers' transactions with the Company. The Company concerns the changes of capital markets, assesses the ability and cost of supplementing its liquidity by issuing stocks, bonds and other financing instruments and mitigates its period mismatch by supplementing its middle-to – long term liquidity. Under the premise of controlling the liquidity risk at the overall level, the Company pays attention to liquidity risk management at various business line levels, to focus on identifying, assessing, monitoring and controlling the fund management business, trading and investment proprietary business, brokerage business, credit business, investment banking business, and liquidity risk factors of the subsidiaries.

The Company conducts liquidity risk stress tests on a regular or ad hoc basis, simulates the losses that may occur under extreme liquidity pressures, assesses and judges the Company's ability to withstand risks and fulfill its payment obligations in extreme situations, and takes necessary measures to respond to the test conclusions.

The Company establishes and continuously improves the contingency plan for liquidity risks, which includes taking measures such as transferring, decentralizing and reducing risks exposure to reduce the level of liquidity risks. The Company also establishes emergency response or standby systems, procedures and measures for natural disasters, system failures and other emergencies so as to reduce losses and reputation damages that the Company may suffer. The contingency plan will be rehearsed and assessed regularly and emergency response arrangements will be continually updated and improved.

In 2023, the liquidity of the market was generally reasonable and sufficient with occasional fluctuations. The Company's liquidity coverage ratio and net stable funding ratio met the regulatory requirement. The net size of the cash management pool was higher than the minimum scale limit set by the Company and the overall liquidity status was good.

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4) *Operational risks*

Operational risks are the possibility of losses caused by the failures of internal systems and procedures, improper employee behaviors, IT risks and the influence of external events.

The Company sorts out the key risk points and control processes of each business, manages daily operational risks by using the operational risk management system, and establishes the self-evaluating procedure of operational risk and control. Each department, branch and subsidiary actively identify operational risks in their internal systems and procedures, employee behaviors and IT systems to ensure that the operational risks in existing and new businesses and management are adequately assessed. The Company systematically gathers and organizes the information of the events of operational risk and loss data, establishes key operational risk indicator system and monitors its process, and prepares periodical reports. In terms of significant operational risk events, it will provide specific valuation reports to ensure that the operational risk situation of the Company could be fully understood in a timely manner, which in turn facilitates their decision-making regarding the response to the risks or the initiation of contingency plans.

The Company continuously strengthens the security of information systems, formulates a comprehensive emergency response plan for information security events, and conducts regular assessment over the main plan and sub plan of emergency response. It also arranges various rehearsals against incidents, disaster and other scenarios that cover all important information systems in the headquarters and all branches, and improves, modifies and upgrades its system and emergency response plan based on the results of rehearsal and findings identified.

In 2023, the Company's information technology and operation affairs ran smoothly in a safe way with no significant operational risk events. The fault backup and recovery time for each information system emergency rehearsal reached our established goal, which has proved that the Company's core information system has incident and disaster response capabilities in line with the requirements.

5) *Reputational risk*

Reputational risk refers to the risk of negative publicity from investors, issuers, regulators, self-regulatory organizations, the public and the media on the Company due to its actions or external events and violations of integrity regulations, professional ethics, business norms and conventions by its staff, thereby damaging its brand value, disadvantaging its normal operation, and even affecting the market stability and social stability.

The Company incorporates reputational risk management into a comprehensive risk management system, establishes a reputational risk management mechanism, and sets up a brand center as the leading management department for Company's reputational risk under the executive office, requiring all departments, branches, sales offices and subsidiaries to actively and effectively prevent reputational risks and respond to reputational risk events, accurately identify, prudently evaluate, dynamically monitor, timely respond to and manage the reputational risks in the process of business management, and strive to maintain the Company's reputation and build a high-quality brand image.

In 2023, the Company further improved its reputational risk management works. During the Reporting Period, the Company did not experience any major reputational risk events.

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(V) Other disclosures

Applicable Not applicable

1. Business innovation during the Reporting Period

During the Reporting Period, the Group optimized its customer-centric comprehensive service platform, improved its strategic layouts across key regions and key businesses, and focused on promoting the innovative development of various businesses, thus consolidating the competitive advantages of its principal businesses. In terms of wealth management business, the Group actively developed the “Jun Xiang Tou 100 (君享投 100)” public fund investment advisory and “Jun Xiang Tou 50 (君享投 50)” private customized services, significantly enhancing the buy-side investment advisory service capability. In terms of investment banking business, the Group actively promoted technology innovation finance and green finance, ranking the third in the industry in terms of lead underwriting amount of technology innovation bonds and green bonds, vigorously expanded the business of publicly offered REITs and completed the issuance of two projects. In terms of institutional and trading business, the Group optimized its integrated sales model, launched “Daohe Zhitou (道合智投)”, an intelligent allocation service platform for institutional investors, achieved sustained growth in brokerage settlement, market making and cross-border business, steadily developed “Guotai Junan Risk Hedging (國泰君安避險)” with strong brand effect, and obtained a number of business qualifications, including the first batch of bond market makers qualification on SSE and SZSE, the first batch of dealers on the “Northbound Swap Connect”, and STAR 50 ETF Options lead market maker. In terms of investment management business, the Group actively promoted product innovation, Guotai Junan Asset Management completed the issuance of GTJA Urban Investment Kuanting Affordable Rental Housing REIT (國泰君安城投寬庭保租房 REIT), Guotai Junan Innovation Investment completed the establishment of Shanghai Pudong Leading Area Guotai Junan Science and Technology Innovation Private Equity Fund I Partnership (Limited Partnership) (上海浦東引領區國泰君安科創一號私募基金合夥企業(有限合夥)), HuaAn Funds completed the expansion and listing of the first batch of public REITs, and issued the first batch of innovative products such as the floating-rate product, and seven pension FOF products were shortlisted in the first batch of investment product catalogues for individual pension funds. In terms of international business, the Group was the first in the industry to be approved to establish a Macau subsidiary, the subsidiary in the United Kingdom has been approved by the Financial Conduct Authority (the FCA) to obtain the license of Investment Company, and Guotai Junan Futures became a derivative trading and clearing member of the Singapore Exchange.

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2. Risk control for business innovation

- (1) The Company has included innovative business in its comprehensive risk management system. Based on the development and risk profile of innovative business, the Company has established a complete decision-making mechanism, a management model and an organization structure catering for its business and formulated relevant compliance and risk management policies for the innovative business to standardize the risk management for the innovative business during the entire process. The sustainable and healthy development of each innovative business on the premise of building the capability to monitor, control and bear risks was ensured through risk assessment and determination, inspection before launch and continuous management for innovative business. Before the launch of innovative business, risk management departments of the Company conducted compliance verification, identification and assessment, measurement and analysis of the relevant risks, and directed business department to improve internal control mechanism in relation to policies and procedures.
- (2) The Company has established multi-level risk control and warning mechanism for innovative business and designed various risk control indicators and risk limits for each level based on the risk profile of the business, which enabled dynamic track to the risks of innovative business. In the course of each particular business, the specific compliance and risk controller of business department was responsible for overseeing the market and the risk management department conducted independent monitoring, so as to prompt risk warning in case of abnormal risk control indicators and take corresponding risk control measures based on the level of the risk warning, therefore ensuring the risk level of innovative business at any time was within the tolerance of the Company.
- (3) The Company has established the policy of regular report and significant risk event report for innovative business to issue regular risk information report for the innovative business, ensuring that all the staff and senior management involved in innovative business were informed of all necessary business, risk and management information on a timely basis. When the operation of innovative business was impacted by reason of external market turmoil, internal management problems and technical system failure, which might result in significant loss to the interest or reputation of the Company, the responsible department or the internal control department that identified the risk should immediately report to the business leader, the chief risk officer and the risk management department for the implementation of existing contingency plan or proposing new response plan based on the actual situation by the decision makers.
- (4) The Company conducted special review on the conduction of innovative business on a regular basis to improve the internal control and risk response capacity of the business. Such special review covered important steps of innovative business and management. Each of the related departments studied and analyzed the development and internal control mechanism of innovative business based on the findings of special review, constantly improved the management policies, operation process and corresponding control mechanism, and completed the contingency plan for innovative business, ensuring the stable and healthy development of innovative business.

Section III Discussion and Analysis of the Board of Directors

3. ESG risk factors and management

The Company incorporates ESG risk factors into its comprehensive risk management system. It established the ESG and Sustainable Development Committee to coordinate and promote the construction of its ESG risk management system. The Company standardizes its ESG risk management and control system and mechanism, and has formulated the “Management Measures for ESG Risks” to take ESG factors in key areas and key businesses into proactive consideration and prevent the transformation of ESG risks into other risks through risk identification, assessment, monitoring, reporting, disposal and other processes. The Company performs risk monitoring and alert for ESG risks, gives prompt reminders on important ESG risk policies, events and related entities, conducts regular inspections on risk exposure, and continuously enhances its capabilities in ESG risk perception, research and judgment. The Company aims to boost the construction of its ESG risk culture and promote the concept of ESG risk management and has released the “Statement on ESG Risk Management “ to improve the quality of its ESG information disclosure.

4. The establishment of dynamic risk control indicators monitoring and capital replenishment mechanism, risk control indicators that do not meet the required standards, rectification measures and rectification effect during the Reporting Period

(1) The establishment of dynamic risk control indicators monitoring mechanism of the Company

- a) In order to establish and improve the dynamic monitoring of the Company’s risk control indicators and capital replenishment mechanism, strengthen risk monitoring and carry out various businesses under measurable, controllable and sustainable risks, according to the Administrative Measures for the Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》) issued by the CSRC, the Guidelines for Dynamic Monitoring System of Risk Control Indicators of Securities Companies (《證券公司風險控制指標動態監控系統指引》) issued by the SAC and other relevant regulations, the Company has formulated the Administrative Measures for the Net Capital and Liquidity Risk Control Indicators of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司淨資本和流動性風險控制指標管理辦法》) and the Guidelines for Dynamic Monitoring System of Risk Control Indicators of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司風險控制指標動態監控系統工作指引》) and other internal systems.
- b) In accordance with regulatory requirements, the Company has established a dynamic monitoring system of risk control indicators to achieve dynamic monitoring and automatic warning of risk control indicators. The dynamic monitoring system of the Company can cover various business data that affect the net capital and liquidity risk control indicators and dynamically calculate various risk control indicators including net capital and liquidity; carry out dynamic monitoring based on the characteristics of each business, and automatically warn the risk control indicators such as net capital and liquidity according to the preset monitoring standards; generate dynamic monitoring reports on risk control indicators such as net capital and liquidity.

Section III Discussion and Analysis of the Board of Directors

- c) The Company shall monitor various risk control indicators such as net capital and liquidity in accordance with the relevant provisions of the CSRC, prepare supervision reports on risk control indicators, and make classified warning and follow-up reports on risk information in a timely manner; all relevant departments of the Company shall carry out their work within the scope of their responsibilities, provide relevant information with accuracy on a timely basis, and make regular follow-up control and analysis on indicators.

(2) Non-compliance and rectification measures

- a) When the Company's net capital or other risk control indicators reach the warning level prescribed by the CSRC or fail to meet the stipulated requirement, the Company shall file a written report to the relevant local office of the CSRC within three working days and one working day, respectively, to explain the basic situation, the cause of the problem and the specific measures and deadline to solve the problem.
- b) As at the end of 2023, each risk control indicator of the Company met the required standards.

VIII. THE SITUATION IN WHICH THE COMPANY FAILED TO DISCLOSE INFORMATION DUE TO NON-APPLICABILITY OF STANDARDS OR SPECIAL REASONS SUCH AS STATE SECRETS AND TRADE SECRETS AND REASONS THEREFOR

Applicable Not applicable

Section IV Corporate Governance

I. CORPORATE GOVERNANCE

Applicable Not applicable

As a company listed on the SSE and the Hong Kong Stock Exchange, the Company has standardized its operations in strict compliance with laws, regulations and regulatory documents of the listing place, both domestic and overseas. The Company keeps improving its corporate governance structure and system in order to enhance its corporate governance.

According to the requirements of laws, regulations and regulatory documents such as the Company Law of the PRC (《中華人民共和國公司法》), the Securities Law of the PRC (《中華人民共和國證券法》), the Regulations on Supervision and Administration of Securities Companies (《證券公司監督管理條例》), the Rules for Governance of Securities Companies (《證券公司治理準則》) and the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Company has established a sound and complete corporate governance structure, comprising the general meeting, the Board, the Supervisory Committee and the management of the Company to form a complete corporate governance system for discussion, decision-making, delegation and implementation with clear responsibilities, regulated operation, coordination and balance among the competent authorities, the decision-making body, the supervision body and management.

The Directors of the Company believe that good corporate governance is crucial to maintaining effective corporate operations, establishing a comprehensive corporate culture, realizing sound business development and protecting long-term shareholders' value. Therefore, the Company has been practicing a high standard of corporate governance.

During the Reporting Period, the Company has strictly complied with the relevant provisions under the Corporate Governance Code and satisfied most requirements of provisions for recommended best practices. During the Reporting Period, the Company has amended the Articles of Association and certain policies; the Chairman of the Company has communicated with non-executive Directors via various channels such as meetings to obtain suggestions and advice, and has held special strategy seminars to discuss and improve the Company's development strategy; the management of the Company has reported monthly operation and management to Directors and Supervisors on a monthly basis; the Chairman, Directors, the president, secretary to the Board and other management personnel of the Company have communicated with the Shareholders via performance explanation sessions, roadshows, survey and research on investors, online interactions, telephone and other methods, held an investor open day event and continued to improve its corporate governance.

During the Reporting Period, the Company has convened six general meetings; eleven Board meetings, including four regular meetings and seven extraordinary meetings; and four Supervisory Committee meetings, all of which are regular meetings. The convening, proposals, holding, voting, resolutions and minutes of each of these general meeting, Board meetings and Supervisory Committee meetings were in compliance with the requirements of laws, regulations, regulatory documents, the Articles of Association, Rules of Procedure of General Meetings (《股東大會議事規則》), Rules of Procedure of Board Meetings (《董事會議事規則》), and Rules of Procedure of Supervisory Committee Meetings (《監事會議事規則》). Each of the Directors and Supervisors has performed their duties and obligations with diligence in compliance with laws, regulations and the Articles of Association and each of the independent Directors has considered the proposals and provided independent opinion with due care in accordance with the Working System for Independent Directors (《獨立董事工作制度》), assuring Shareholders to exercise their rights under relevant laws, taking into sufficient account the interests of minority Shareholders and making no detriment to the interests of minority Shareholders.

Section IV Corporate Governance

Whether there is any significant difference between corporate governance of the Company and requirements of laws, administrative regulations and regulations of the CSRC on governance of listed companies; if any, reasons should be explained

Applicable Not applicable

II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS ^{NOTE} OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, ORGANIZATION, BUSINESS, ETC., AS WELL AS THE SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLANS THAT AFFECT THE COMPANY'S INDEPENDENCE

Applicable Not applicable

The controlling shareholders and de facto controllers of the Company have established a relatively sound corporate governance structure and business operation system to ensure the independence of the Company's assets, personnel, finance, organization, business, etc. In terms of assets, both parties have their own independent business premises and do not have joint offices or mixed assets, and the ownership of assets is clear; in terms of personnel, the management and business teams of both parties are completely separated and do not have concurrent posts, and have independent and complete systems for labor relations, labor contracts, personnel, wage management and social insurance, etc.; in terms of finance, both parties have established independent financial and accounting institutions, with independent accounting budgets, accounting systems and financial management systems, independent bank accounts and independent tax payments and no financial personnel holding concurrent posts in the Company; in terms of institutions, both parties have established an independent and complete business system and an independent administrative management system, and there is no administrative affiliation between each functional organization and the Company; in terms of business, both parties have established an independent business operation mechanism.

Note: Controlling shareholders and de facto controllers referred to herein have the meanings as defined in the listing rules of the Shanghai Stock Exchange.

Information of controlling shareholders, de facto controllers and other entities controlled by them that are engaged in businesses same as or similar to that of the Company, the impact of horizontal competition or major changes in horizontal competition on the Company, and the resolution measures that have been taken, the progress of resolution and follow-up resolution plans

Applicable Not applicable

Section IV Corporate Governance

III. INFORMATION OF GENERAL MEETINGS

Meeting session	Convening date	The address of the designated website for publishing resolutions	The disclosure date for publishing resolutions	Resolutions at the meeting
2023 First Extraordinary General Meeting	20 March 2023	www.sse.com.cn www.hkexnews.hk	21 March 2023	The Resolution on the Proposed Amendments to the Articles of Association《關於提請審議修訂公司章程的議案》and the Resolution on Repurchase and Cancellation of Part of Restricted A Shares《關於提請審議回購註銷部分 A 股限制性股票的議案》were considered and approved
2023 First A Share Class Meeting	20 March 2023	www.sse.com.cn www.hkexnews.hk	21 March 2023	Resolution on Repurchase and Cancellation of Part of Restricted A Shares《關於提請審議回購註銷部分 A 股限制性股票的議案》was considered and approved
2023 First H Share Class Meeting	20 March 2023	www.sse.com.cn www.hkexnews.hk	21 March 2023	Resolution on Repurchase and Cancellation of Part of Restricted A Shares《關於提請審議回購註銷部分 A 股限制性股票的議案》was considered and approved
2022 Annual General Meeting	29 May 2023	www.sse.com.cn www.hkexnews.hk	30 May 2023	The 2022 Work Report of the Board of the Company (《2022 年公司董事會工作報告》), the 2022 Work Report of the Supervisory Committee of the Company (《2022 年公司監事會工作報告》), the Resolution on 2022 Profit Distribution Plan of the Company (《關於提請審議公司 2022 年度利潤分配方案的議案》), the Resolution on the Re-appointment of Accountant Firm (《關於提請審議續聘會計師事務所的議案》), the Resolution on the 2022 Annual Report of the Company (《關於提請審議公司 2022 年年度報告的議案》), the Resolution on the Potential Related Party Transactions Contemplated in the Ordinary Course of Business of the Company in 2023 (《關於預計公司 2023 年度日常關聯交易的議案》), the 2022 Duty Performance Report of the Independent Directors (《2022 年公司獨立董事述職報告》), the Resolution on the Grant of General Mandate to the Board to issue Additional A Shares and/or H Shares (《關於授予董事會增發公司 A 股、H 股股份一般性授權的議案》), and the Resolution on the Appointment of the Independent Directors (《關於選舉公司獨立董事的議案》) were considered and approved

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Meeting session	Convening date	The address of the designated website for publishing resolutions	The disclosure date for publishing resolutions	Resolutions at the meeting
2023 Second Extraordinary General Meeting	30 November 2023	www.sse.com.cn www.hkexnews.hk	1 December 2023	The Resolution on the Signing of the 2023-2025 Framework Agreement for Securities and Financial Products Transactions and Services between the Company and HuaAn Funds Management Co., Ltd. (《關於提請審議公司與華安基金管理有限公司簽署 2023-2025 年度證券及金融產品交易及服務框架協議的議案》), the Resolution on the Appointment of the Independent Directors (《關於選舉公司獨立董事的議案》) and the Resolution on the Proposed Amendments to the Articles of Association (《關於提請審議修訂公司章程的議案》) were considered and approved
2023 Third Extraordinary General Meeting	29 December 2023	www.sse.com.cn www.hkexnews.hk	30 December 2023	The Resolution on the Appointment of Mr. ZHU Jian and Mr. SUN Minghui as Directors of the Company (《關於選舉朱健先生、孫明輝先生為公司董事的議案》) was considered and approved

Request for convening of an extraordinary general meeting by the holders of preferred shares with voting rights restored

Applicable Not applicable

General meetings

Applicable Not applicable

Section IV Corporate Governance

IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes in the shareholdings and remuneration of the current Directors, Supervisors and senior management of the Company and those who resigned during the Reporting Period

√ Applicable □ Not applicable

Unit: share

Name	Title	Gender	Age	Start date of the term	Closing date of the term	Shares held at the beginning of the year	Shares held at end of year (shares)	Amount of increase or decrease of shares within the year	Reasons for the changes	Total remuneration before tax received from the Company during the Reporting Period (RMB0'000)	Whether having received remunerations from the parties of the Company
ZHU Jian	Chairman of the Board, executive Director	Male	52	29 December 2023	28 June 2024	-	-	-	-	-	No
LI Junjie	Vice chairman of the Board, executive Director			20 March 2024							
	President	Male	48	23 January 2024	28 June 2024	599,686	599,686	-	-	151.39	No
YU Jian	Executive Director, secretary to the Board	Male	59	28 June 2021	28 June 2024	595,000	595,000	-	-	328.96	No
LIU Xinyi	Non-executive Director	Male	58	28 June 2021	28 June 2024	-	-	-	-	-	Yes
GUAN Wei	Non-executive Director	Female	52	28 June 2021	28 June 2024	-	-	-	-	-	Yes
ZHONG Maojun	Non-executive Director	Male	54	28 June 2021	28 June 2024	-	-	-	-	-	Yes
CHEN Hua	Non-executive Director	Male	49	28 June 2021	28 June 2024	-	-	-	-	-	Yes
SUN Minghui	Non-executive Director	Male	42	29 December 2023	28 June 2024	-	-	-	-	-	Yes
ZHANG Manhua	Non-executive Director	Male	49	20 March 2024	28 June 2024	-	-	-	-	-	Yes
ZHANG Yipeng	Non-executive Director	Male	59	25 November 2021	28 June 2024	-	-	-	-	-	Yes
AN Hongjun	Non-executive Director	Male	48	28 June 2021	28 June 2024	-	-	-	-	-	Yes
DING Wei	Independent non- executive Director	Male	64	28 June 2021	28 June 2024	-	-	-	-	25.00	Yes
LI Renjie	Independent non- executive Director	Male	69	28 June 2021	28 June 2024	-	-	-	-	25.00	No
BAI Wei	Independent non- executive Director	Male	59	28 June 2021	28 June 2024	-	-	-	-	25.00	Yes

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Name	Title	Gender	Age	Start date of the term	Closing date of the term	Shares held at the beginning of the year (shares)	Shares held at end of year (shares)	Amount of increase or decrease of shares within the year	Reasons for the changes	Total remuneration before tax received from the Company during the Reporting Period (RMB0'000)	Whether having received remunerations from the related parties of the Company
WANG Guogang	Independent non-executive Director	Male	68	29 May 2023	28 June 2024	-	-	-	-	14.59	No
YIM, Chi Hung Henry	Independent non-executive Director	Male	62	29 May 2023	28 June 2024	-	-	-	-	14.59	No
PU Yonghao	Independent non-executive Director	Male	66	30 November 2023	28 June 2024					2.09	No
WU Hongwei	Vice chairman of the Supervisory Committee, employee representative										
	Supervisor	Male	57	28 June 2021	28 June 2024	-	-	-	-	83.52	No
ZHOU Zhaohui	Supervisor	Male	53	28 June 2021	28 June 2024	-	-	-	-	15.00	Yes
Shen Yun	Supervisor	Male	45	28 June 2021	28 June 2024	-	-	-	-	15.00	Yes
ZUO Zhipeng	Supervisor	Male	54	28 June 2021	28 June 2024	-	-	-	-	15.00	Yes
SHAO Liangming	Employee representative										
	Supervisor	Male	52	28 June 2021	28 June 2024	-	-	-	-	236.42	No
XIE Min	Employee representative										
	Supervisor	Male	54	28 June 2021	28 June 2024	-	-	-	-	62.20	No
XIE Lebin	Vice president	Male	56	28 June 2021	28 June 2024	595,000	595,000	-	-	144.82	No
LUO Dongyuan	Vice president	Male	55	28 June 2021	28 June 2024	595,000	595,000	-	-	146.37	No
NIE Xiaogang	Vice president, chief financial officer, chief risk officer	Male	51	28 June 2021	28 June 2024	315,000	315,000	-	-	145.75	No
ZHANG Zhihong	Chief compliance officer, chief legal counsel, chief auditor	Female	54	28 June 2021 26 August 2022 29 March 2023	28 June 2024	595,000	595,000	-	-	306.89	No

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Name	Title	Gender	Age	Start date of the term	Closing date of the term	Amount of			Reasons for the changes	Total remuneration before tax received from the Company during the Reporting Period (RMB0'000)	Whether having received remunerations from the parties of the Company
						Shares held at the beginning of the year (shares)	Shares held at end of year (shares)	increase or decrease of shares within the year			
HE Qing (resigned)	Former chairman of the Board, executive Director	Male	53	28 June 2021	28 November 2023	-	-	-	-	85.88	No
Wang Song (resigned)	Former vice chairman of the Board, executive Director, president	Male	60	28 June 2021	23 January 2024	722,000	722,000	-	-	163.85	No
WANG Wenjie (resigned)	Former non-executive Director	Male	54	28 June 2021	4 January 2024	-	-	-	-	-	Yes
ZHANG Zhan (resigned)	Former non-executive Director	Male	43	28 June 2021	6 December 2023	-	-	-	-	13.75	Yes
XIA Dawei (resigned)	Former independent non-executive Director	Male	71	28 June 2021	29 May 2023	-	-	-	-	10.42	No
LEE Conway Kong Wai (resigned)	Former independent non-executive Director	Male	69	28 June 2021	30 November 2023	-	-	-	-	22.91	No
CHAI Hongfeng (resigned)	Former independent non-executive Director	Male	66	25 November 2021	29 May 2023	-	-	-	-	-	No
GONG Dexiong (resigned)	Former vice president	Male	54	28 June 2021	19 April 2023	350,000	350,000	-	-	104.45	No
Total	/	/	/	/	/	<u>4,366,686</u>	<u>4,366,686</u>	-	-	<u>2,158.85</u>	/

Notes:

- On 29 March 2023, the Company considered and approved the Resolution on the Appointment of the Chief Auditor of the Company 《關於提請聘任公司總審計師的議案》 in the 8th meeting of the sixth session of the Board, to appoint Ms. ZHANG Zhihong as the chief auditor of the Company.
- Mr. GONG Dexiong resigned as vice president of the Company on 19 April 2023 due to work adjustment.

Section IV Corporate Governance

3. On 29 May 2023, the Company considered and approved the Resolution on the Appointment of the Independent Directors (《關於選舉公司獨立董事的議案》) in 2022 Annual General Meeting, to appoint Mr. WANG Guogang and Mr. YIM, Chi Hung Henry as independent Directors of the Sixth Session of the Board, and Mr. XIA Dawei and Mr. CHAI Hongfeng ceased to serve as independent Directors of the Sixth Session of the Board.
4. Mr. HE Qing resigned as chairman of the Board and Director of the Company on 28 November 2023 due to work adjustment.
5. On 30 November 2023, the Company considered and approved the Resolution on the Appointment of the Independent Directors (《關於選舉公司獨立董事的議案》) in the 2023 Second Extraordinary General Meeting, to appoint Mr. PU Yonghao as an independent Director of the Sixth Session of the Board, and Mr. LEE Conway Kong Wai ceased to serve as an independent Director of the Sixth Session of the Board.
6. Mr. ZHANG Zhan and Mr. WANG Wenjie resigned as Directors of the Company on 6 December 2023 and 4 January 2024 respectively due to work reason.
7. On 29 December 2023, the Company considered and approved the Resolution on the Appointment of Mr. ZHU Jian and Mr. SUN Minghui as Directors of the Company (《關於選舉朱健先生、孫明輝先生為公司董事的議案》) in the 2023 Third Extraordinary General Meeting, to appoint Mr. ZHU Jian and Mr. SUN Minghui as Directors of the Sixth Session of the Board; according to the resolution of the 21st extraordinary meeting of the Sixth Session of the Board, Mr. ZHU Jian has been appointed as the chairman of the Sixth Session of the Board with immediate effect.
8. Mr. WANG Song resigned from the positions of vice chairman of the Board, Director and president of the Company on 23 January 2024, as he has reached the age of retirement.
9. On 23 January 2024, the Company considered and approved the Resolution on Proposing to Consider the Appointment of the President (《關於提請審議聘任公司總裁的議案》) in the 23rd extraordinary meeting of the Sixth Session of the Board, to appoint Mr. LI Junjie, the former vice president, as the president of the Company.
10. On 20 March 2024, the Company considered and approved the Resolution on Electing Mr. LI Junjie and Mr. ZHANG Manhua as Directors of the Company in the 2024 First Extraordinary General Meeting, to appoint Mr. LI Junjie and Mr. ZHANG Manhua as Directors of the Sixth Session of the Board; according to the resolution of the twenty-third extraordinary meeting of the Sixth Session of the Board, Mr. LI Junjie has been appointed as the vice chairman of the Sixth Session of the Board with immediate effect.
11. In accordance with the provisions of the Regulations on Supervision and Administration of Securities Companies, the remuneration structure and level for the Chairman and the chairman and vice chairman of the Supervisory Committee shall be determined in accordance with Opinions on Deepening the Remuneration System Reform of Senior Management of the State-owned Enterprises 《關於深化國有企業領導人員薪酬制度改革的意見》 in Shanghai and the relevant requirements of the competent authorities at the higher level since 1 January 2015. Payment for 40% of the annual performance-based bonus of the full-time professional managers, the secretary to the Board and senior management of the Company shall be deferred for a period of three years. The deferred payment of remuneration shall be divided equally. Among which, the remuneration structure and level for the president and vice president of the Company shall be determined in accordance with the Implementation Plan on Further Deepening the Remuneration System Reform of the Professional Managers (2022-2024) 《進一步深化職業經理人薪酬制度改革實施方案(2022-2024年)》 as approved by the competent authorities at the higher level since 1 January 2022. For the year of 2023, the following payments, including deferred pre-tax amounts of prior years, will be distributed to directors, supervisors and senior management: RMB348,100 to LI Junjie, RMB1,494,200 to YU Jian, RMB468,300 to WU Hongwei, RMB75,400 to SHAO Liangming, RMB1,413,900 to XIE Lebin, RMB2,149,200 to LUO Dongyuan, RMB300,000 to NIE Xiaogang, RMB1,377,800 to ZHANG Zhihong, RMB102,200 to HE Qing, RMB192,800 to WANG Song and RMB172,000 to GONG Dexiong.

Section IV Corporate Governance

12. Data on the remuneration of the directors, supervisors and senior management during the Reporting Period is based on their remuneration received during the periods they were serving as directors, supervisors and senior management, excluding any remuneration received from other positions.
13. According to the Resolution on Proposing to Consider the Remuneration for Directors of the Sixth Session of the Board and Supervisors of the Sixth Session of the Supervisory Committee (《關於提請審議第六屆董事會董事和第六屆監事會監事報酬的議案》) considered and passed at the 2020 Annual General Meeting, each of the independent Directors receives a remuneration of RMB250,000 (before tax) each year; each of the Directors nominated by the Shareholders and Supervisors nominated by the Shareholders is entitled to a remuneration of RMB150,000 (before tax) each year. The Directors and the employee representative Supervisor who hold other positions in the Company will not receive any other payment as the Directors and Supervisors in addition to the remunerations they receive from the Company. As of the date of this report, Mr. LIU Xinyi, Ms. GUAN Wei, Mr. ZHONG Maojun, Mr. CHEN Hua, Mr. SUN Minghui, Mr. ZHANG Manhua, Mr. ZHANG Yipeng, Mr. AN Hongjun, being the Directors of the Company, Mr. WANG Wenjie, being the former Director of the Company, and Mr. CHAI Hongfeng, being the former independent Director of the Company, have waived their remuneration arrangements.

Name	Major working experience
ZHU Jian	Master of Business Administration and Master of Laws. Mr. ZHU has served as the chairman of the Board and an executive Director of the Company since 29 December 2023. Mr. ZHU served as the deputy director of the Information Research Department of the Shanghai Securities Regulatory Office of the CSRC (中國證監會上海證管辦), the deputy director and director of the Information Research Department of the Shanghai Bureau of the CSRC, the head of the general office and the director of the Institutional Second Division of the Shanghai Bureau of the CSRC, the assistant of director general and deputy director general of the Shanghai Bureau of the CSRC, and the vice president of the Company. He also served as the vice chairman and president of Bank of Shanghai Co., Ltd. (a listed company on the Shanghai Stock Exchange with stock code of 601229) from October 2020 to December 2023.
LI Junjie	Master of Economics. Mr. LI has served as the president of the Company since 23 January 2024, and the vice chairman of the Board and executive Director of the Company since 20 March 2024. Mr. LI served as the assistant director of general office of China UnionPay Co., Ltd. (中國銀聯股份有限公司), the assistant to the general manager of the Administrative Management Headquarters and a deputy general manager of the Financial Management Headquarters of Shanghai International Group Co., Ltd. (上海國際集團有限公司), the deputy director and director of the Board Office and the securities affairs representative of the Company, and the general manager, vice chairman and chairman of Shanghai Securities Co., Ltd.. Mr. LI served as the vice president and the general manager of the Human Resources Department of the Company from June 2021 to January 2024, and concurrently served as the president of the Investment Banking Business Unit, and the director of the Executive Board of the Company from January 2022 to May 2023. He has been concurrently serving as the president of the Wealth Management Committee of the Company since May 2023.

Section IV Corporate Governance

Name	Major working experience
YU Jian	Master of Business Administration. Mr. YU has served as the secretary to the Board of the Company since 16 June 2009 and an executive Director of the Company since 19 May 2016. Mr. YU successively served as the deputy manager of the securities issuance department, the manager of the first issuance division of the securities issuance department, and the deputy general manager of the securities issuance department of Guotai Securities Co., Ltd.; the deputy general manager of the investment banking department of the Company, the deputy division head, division head and the general manager of the corporate finance department, the head of the listing office, and the head of the office of the Board. Before that, Mr. YU Jian also worked in the research institution under the Ministry of Aerospace (航空航天部).
LIU Xinyi	Master of Engineering, Doctor of Business Administration from SAIF-ASU, and a senior economist. Mr. LIU has served as a non-executive Director of the Company since 15 June 2020. Mr. LIU is currently a director and president of Shanghai International Group Co., Ltd.. Since joining Shanghai Pudong Development Bank (a listed company on the Shanghai Stock Exchange with stock code of 600000) in 1993, Mr. LIU consecutively served as deputy director of Airport Office, vice president of Airport Branch (in charge of daily operations), and deputy general manager of Shanghai Regional Headquarters, head of financial institutions division of Shanghai Financial Services Office (上海市金融服務辦公室) (temporary), assistant director of Shanghai Financial Services Office (temporary), vice president and general manager of Shanghai Regional Headquarters, and president of Shanghai Branch, vice president and chief financial officer, and chief risk officer of Shanghai Pudong Development Bank, and president of First Sino Bank. From February 2014 to April 2015, he served as president and director of Shanghai Guosheng Group Company Limited (上海國盛(集團)有限公司). From April 2015 to November 2019, he served as president and vice chairman of Shanghai Pudong Development Bank (上海浦東發展銀行), and chairman of SPD Silicon Valley Bank (浦發硅谷銀行).
GUAN Wei	Formerly GUAN Zhaohui, Master of Management and a senior accountant. Ms. GUAN has served as a non-executive Director of the Company since 25 July 2019. Ms. GUAN successively served as a financial staff of the financial management department of Shanghai Jiushi Company (上海久事公司), the assistant manager of the financial management department of Shanghai Shentong Group Co., Ltd. (上海申通集團有限公司), deputy manager, manager of the financial management department, member of the disciplinary committee, manager of the audit and supervision department, and supervisor of Shanghai Jiushi Company, general manager and party branch secretary of Shanghai Metropolitan Tourism Card Development Co., Ltd. (上海都市旅遊卡發展有限公司), the chief financial officer of Shanghai Real Estate (Group) Co., Ltd. (上海地產(集團)有限公司). Ms. GUAN has been serving as the chief financial officer of Shanghai International Group Co., Ltd. since December 2018, the vice president of Shanghai International Group Co., Ltd. since September 2019, and the chairman of Shanghai State-owned Assets Management Co., Ltd. since December 2021. Ms. GUAN has been serving as a director of Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司) (a listed company on the Shanghai Stock Exchange with stock code of 600000) since July 2019.

Section IV Corporate Governance

Name	Major working experience
ZHONG Maojun	<p>Master of Laws. Mr. ZHONG has served as a non-executive Director of the Company since 1 June 2015. Mr. ZHONG successively served as the general manager's assistant of the investment banking department and the deputy head of the reorganization office of Orient Securities Co., Ltd. (東方證券有限責任公司). Mr. ZHONG then held several positions in Shanghai Municipal Financial Service Office, including the deputy head of the financial institution division, the deputy head of the financial stabilization division (in charge of daily operations), the head of the financial stabilization division, the head of the financial institution service division and the director of municipal financial state-owned assets supervisory service division, the chief operating officer and the general manager of the strategic research department of International Group. Mr. ZHONG has served as a director and the chief operating officer of International Group since May 2016, the general manager of the capital operation department of International Group from May 2016 to August 2017 and the chairman of the supervisory committee of Shanghai State-owned Assets Management Co., Ltd. since April 2020.</p>
CHEN Hua	<p>Doctor of Management and a senior engineer. Mr. CHEN has served as a non-executive Director of the Company since 28 June 2021. Mr. CHEN began his career in July 1996 and successively worked as the deputy director of the corporate management department, the deputy director of planning and finance department and the deputy director of the strategy development department of Shanghai Airport Authority (上海機場(集團)有限公司), the deputy general manager of the Construction and Development Company of Shanghai Airport Authority; and the general manager of Airline Logistics Development Company, the Freight Hub Promotion Division of Shanghai Airport Authority. Mr. CHEN served as an executive vice president of Shanghai State-owned Assets Management Co., Ltd. from November 2018 to July 2023. He has been serving as the vice chairman and president of Shanghai State-owned Assets Management Co., Ltd. since July 2023.</p>
SUN Minghui	<p>Master of Economics and a senior accountant. Mr. SUN has served as a non-executive Director of the Company since 29 December 2023. Mr. SUN successively worked in the preparatory group of Shenzhen Energy Finance Co., Ltd. (深圳能源財務有限公司), the funding department of Shenzhen Energy Finance Co., Ltd. and the financial management department of Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司). Mr. Sun has been working at Shenzhen Investment Holdings Co., Ltd. (深圳市投資控股有限公司) since February 2012, and successively served as the head of financing management of the financial budget department, the senior head of the finance department, the senior head of the office of the board, and the deputy head of the financial department (settlement center). Mr. SUN has been the head (director) of the financial department (settlement center) of Shenzhen Investment Holdings Co., Ltd. since November 2020, a director of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co. Ltd. (深圳經濟特區房地產(集團)股份有限公司, a company listed on the Shenzhen Stock Exchange with stock code of 000029) since December 2020, and a director of Shenzhen Textile (Holdings) Co., Ltd. (深圳市紡織(集團)股份有限公司, a company listed on the Shenzhen Stock Exchange with stock code of 000045) since February 2021.</p>

Section IV Corporate Governance

Name	Major working experience
ZHANG Manhua	<p>Master of Management. Mr. ZHANG has served as a non-executive Director of the Company since 20 March 2024. Mr. ZHANG successively served as the senior manager of the investment center of Konka Group Co., Ltd. (康佳集團股份有限公司), the secretary of the board of directors of Shenzhen Julong Optoelectronics Co., Ltd. (深圳聚龍光電有限公司), and the head of the investment department of Shenzhen Shenchao Technology Investment Co., Ltd. (深圳市深超科技投資有限公司). Mr. ZHANG has worked in Shenzhen Investment Holdings Co., Ltd. since June 2013, and successively served as the senior director of the first enterprise department, the deputy director of the strategic development department, the deputy director of the capital operation department and the deputy director of the legal and risk management department (in charge of daily operations). Mr. ZHANG has been the head of the legal and risk management department of Shenzhen Investment Holdings Co., Ltd. since October 2018, a supervisor of Shenzhen Property Development (Group) Co., Ltd. (深圳市物業發展(集團)股份有限公司, a company listed on the Shenzhen Stock Exchange with stock code of 000011) since September 2014, and a director of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co. Ltd. (a company listed on the Shenzhen Stock Exchange with stock code of 000029) since March 2023.</p>
ZHANG Yipeng	<p>Bachelor degree. Mr. ZHANG has served as a non-executive Director of the Company since 25 November 2021. Mr. ZHANG started his career in August 1983 and successively served as a management specialist of station II, clerk of station VI, staff member of the corporate finance section, staff member and deputy principal staff member of the infrastructure construction division, deputy principal staff member and principal staff member of the economic construction division, principal staff member of the office, deputy director and director of the corporate division of Third Branch of Shanghai Municipal Finance Bureau (上海市財政局第三分局). He served as the director of Shanghai Municipal Investment (Group) Corporation (上海城投(集團)有限公司) from January 2019 to July 2022. He has been serving as the chief financial officer of Shanghai Municipal Investment (Group) Corporation since January 2019.</p>

Section IV Corporate Governance

Name	Major working experience
AN Hongjun	<p>Doctor of Economics. Mr. AN has served as a non-executive Director of the Company since 14 November 2019. Mr. AN joined New China Asset Management Co., Ltd. (新華資產管理股份有限公司) in May 2010 and successively served as the deputy general manager of the project investment department (in charge of daily operations) and the general manager of the international business department. He served as an executive director and the president of New China Asset Management (Hong Kong) Limited (新華資產管理(香港)有限公司) from April 2013 to November 2023, and he has been a vice chairman of the board (Principal Level) of New China Asset Management (Hong Kong) Limited since November 2023. He has also been an executive director and president of New China Capital Management Limited (新華資本管理有限公司) since September 2015, and a non-executive director of China Jinmao Holdings Group Limited (a listed company on the Hong Kong Stock Exchange with stock code of 0817) since November 2015. Prior to joining New China Asset Management Co., Ltd., Mr. AN had held various positions, including project manager, macro researcher and senior analyst, in Northeast Securities Co., Ltd (東北證券股份有限公司), the People's Insurance Company (Group) of China Limited (中國人民保險集團公司) and China Life Franklin Asset Management Company Limited (中國人壽富蘭克林資產管理有限公司). Mr. AN has intensive experiences in securities, insurance and investment sectors.</p>
DING Wei	<p>Bachelor of Finance. Mr. DING has served as an independent non-executive Director of the Company since 28 June 2021. Mr. DING successively served as the economist and department head of the World Bank and the IMF, head of China Region in Deutsche Bank, chairman of the investment banking management committee and the head of the investment banking department of China International Capital Corporation Limited (中國國際金融股份有限公司, the A shares of which are listed on the Shanghai Stock Exchange with stock code of 601995; the H shares of which are listed on the Hong Kong Stock Exchange with stock code of 3908), member of the global senior management committee, member of the global investment policy committee, head of China Region of the Temasek, vice chairman of Asia Region of the investment banking division at Morgan Stanley, CEO and chairman of CICC Capital Management Co., Ltd. (中金資本運營有限公司). Mr. DING has been the founder and chairman of Xiamen Borun Capital Investment Management Co., Ltd. (廈門博潤資本投資管理有限公司) since January 2021, an independent director of Hundsun Technologies Inc. (a company listed on the Shanghai Stock Exchange with stock code of 600570) since September 2021, and an independent director of Chongqing Changan Automobile Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code of 000625) since June 2022. Mr. DING served as an independent director of Hundsun Technologies Inc. (a company listed on the Shanghai Stock Exchange with stock code of 600570) from October 2014 to February 2020, and an independent director of CAR Inc (a company previously listed on the Hong Kong Stock Exchange with former stock code of 0699 and withdrawn from listing on 8 July 2021) from August 2014 to July 2021.</p>

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Name	Major working experience
LI Renjie	Bachelor of Economics. Mr. LI has served as an independent non-executive Director of the Company since 28 June 2021. Mr. LI successively served as the director of planning division of the People's Bank of China Fujian Branch, executive director of Hong Kong Jiangnan Finance Company (香港江南財務公司), chairman of Great Wall Securities Co., Ltd. (長城證券有限責任公司), president of Industrial Bank Shenzhen Branch, vice president of Industrial Bank, director and president of Industrial Bank, chairman of Lufax Holding Ltd. (陸金所控股有限公司) (a company listed on the New York Stock Exchange with stock code of LU). Mr. Li has been an independent director of Bank of Ningbo Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code of 002142) since June 2023.
BAI Wei	Master of Laws. Mr. BAI has served as an independent non-executive Director of the Company since 28 June 2021. Mr. BAI successively served as a lawyer at China Global Law Office (中國環球律師事務所), an associate at Sullivan & Cromwell LLP, and a member of the 19th CSRC Public Offering Review Committee, a member of the Listing Committee for the Shanghai Stock Exchange, an independent non-executive director of China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司), an independent non-executive director of Huatai Securities Company Limited, and an independent director of Ningxia Orient Tantalum Industry Co., Ltd. (寧夏東方鋁業股份有限公司). Mr. BAI has been serving as a founding partner and lawyer at Jingtian & Gongcheng since April 1992.
WANG Guogang	Doctor of Economics, member of the Chinese Academy of Social Sciences and recipient of special government allowance. Mr. WANG has served as an independent non-executive Director of the Company since 29 May 2023. Mr. WANG is currently a professor of the School of Finance of Renmin University of China. He was the director of the Institute of Finance & Banking of the Chinese Academy of Social Sciences, and the vice president of China Huaxia Securities Co., Ltd. (中國華夏證券有限公司). Mr. WANG concurrently served as an expert in the planning and evaluation group of the National Social Science Fund of China, an executive director of the China Society for Finance & Banking, an executive director of the China Urban Financial Society, and an executive director of the China Rural Financial Society.
YIM, Chi Hung Henry	Bachelor of Social Sciences from The University of Hong Kong. Mr. YIM has served as an independent non-executive Director of the Company since 29 May 2023. Mr. YIM has over 30 years of experience in financial auditing and served as a partner of Ernst & Young, Hong Kong and Ernst & Young Huaming (Special General Partnership) for many years until his retirement in December 2021. Mr. YIM is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

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Name	Major working experience
PU Yonghao	<p>Master of Economics, Master of Science (Demography). Mr. PU has served as an independent non-executive Director of the Company since 30 November 2023. Mr. PU is the vice chairman of the Chinese Financial Association of Hong Kong and had over 20 years of experience in senior positions in investment banking. Mr. PU successively served as a senior economist and vice president of BOC International (UK) Limited (中銀國際(英國)有限公司), a senior economist of Nomura International (Hong Kong) Limited, a senior advisor of Asian Development Bank, a managing director and the chief investment officer, chief investment strategist, and head of Wealth Management Research Department for Asia Pacific at Swiss Bank (瑞士銀行), and the founder and chief investment officer of Fountainhead Partners Company Limited. Mr. PU has been serving as a senior advisor of Fountainhead Partners Company Limited since February 2018, a managing director of Perry Wealth Consulting (伯瑞財富諮詢) since May 2018, an independent non-executive director of Huafa Property Services Group Company Limited (a listed company on the Hong Kong Stock Exchange with stock code of 0982) since June 2020, and an independent non-executive director of Interra Acquisition Corporation (a listed company on the Hong Kong Stock Exchange with stock code of 7801) since September 2022.</p>
WU Hongwei	<p>Formerly WU Hongwei (吳紅衛), Master of Business Administration and a researcher. Mr. WU has served as the vice chairman of the Supervisory Committee and employee representative Supervisor of the Company since 28 June 2021. Mr. WU successively served as a designer, project leader, assistant and deputy director of the research plan office, deputy director of the science and technology office, secretary of the science and technology committee, the director of the personnel security department, the director of the administration department, the deputy secretary of CPC party committee and secretary of discipline inspection committee, and the chairman of the labor union at Unit 801 of Shanghai Aerospace Administration (上海航天局八〇一研究所). Mr. WU served as the secretary of CPC party committee at Shanghai Xinguang Telecom Factory (上海新光電訊廠). Mr. WU consecutively served as the deputy director of the human resources department (in charge of daily operations), the director of the human resources department and the general secretary of the CPC party committee at the Social Work Committee of CPC Shanghai Municipal Committee (上海市社會工作黨委). Mr. WU consecutively served as the secretary of the discipline inspection committee, a member of CPC party committee and the leader of dispatched discipline inspection office of the Discipline Inspection Committee of CPC Shanghai Municipal Committee to the CPC party committee of Shanghai SASAC (上海市紀委駐上海市國資委黨委紀檢組組長). Mr. WU served as the deputy secretary of CPC party committee, secretary of discipline inspection committee, vice chairman of the supervisory committee and the leader of dispatched discipline inspection office of the Discipline Inspection Committee of CPC Shanghai Municipal Committee to Haitong Securities Co., Ltd. (the A shares of which are listed on the Shanghai Stock Exchange with stock code of 600837 and the H shares of which are listed on the Hong Kong Stock Exchange with stock code of 6837) (上海市紀委監委駐海通證券股份有限公司紀檢監察組組長) from September 2017 to May 2021. Mr. WU has been serving as the deputy secretary of CPC party committee of the Company since May 2021.</p>

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Name	Major working experience
ZHOU Zhaohui	<p>A postgraduate and an engineer. Mr. ZHOU has served as a Supervisor of the Company since 28 June 2021. Mr. ZHOU successively served as the office business director, the deputy director, the director and the deputy minister of the securities department, and the securities affairs representative of Shenzhen Energy Investment Co., Ltd. (深圳能源投資股份有限公司), the secretary of the board of directors of Shenzhen Energy Logistics Co., Ltd. (深圳能源物流有限公司), the office director and the secretary of the chairman of the board of directors of Shenzhen Energy Group Co., Ltd. (深圳市能源集團有限公司), the secretary of the chairman of the board of directors, the senior manager of investor relations of the office of the board of directors, the acting director, the director, general manager and the securities affairs representative of Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司), and a director of Shenzhen Energy Environmental Co., Ltd. (深圳市能源環保有限公司). From June 2015 to October 2020, Mr. ZHOU concurrently served as a supervisor of China Great Wall Securities Co., Ltd. (長城證券股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code of 002939). From June 2021 to July 2022, Mr. ZHOU concurrently served as an executive director and general manager of Shenzhen East Electricity Co., Ltd. (深圳市東部電力有限公司). From November 2021 to July 2022, Mr. ZHOU concurrently served as an executive director and general manager of Shenzhen Pengwan Power Operation Co., Ltd. (深圳市鵬灣電力運營有限公司). Mr. ZHOU has been serving as the secretary of board of directors and the general manager of the office of the board of directors of Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code of 000027) since June 2020, a supervisor of Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) since May 2012, the vice chairman and director of China Great Wall Securities Co., Ltd. since October 2020, and a director of Shenzhen Energy Environmental Co., Ltd. (深圳能源環保股份有限公司) since November 2021.</p>
SHEN Yun	<p>Bachelor degree. Mr. SHEN has served as a Supervisor of the Company since 28 June 2021. Mr. SHEN successively served as the staff of the planning and finance department of Shanghai Jin Jiang International Hotel Company Limited (上海錦江國際酒店股份有限公司), the assistant in the office of the board of directors of Shanghai Jin Jiang Capital Company Limited (上海錦江資本股份有限公司) (a company listed on the Hong Kong Stock Exchange with stock code of 2006), the deputy manager of the planning and development department and the secretary to the board of directors of Shanghai Jin Jiang International Travel Service Company Limited (上海錦江國際旅遊股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code of 900929). Mr. SHEN has been serving as the secretary to the board of directors of Shanghai Jin Jiang Online Network Service Company Limited (上海錦江在線網絡服務股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code of 600650, 900914) since June 2015.</p>

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Name	Major working experience
ZUO Zhipeng	<p>Formerly ZUO Fanxiu (左反修). Master of Business Administration, a senior accountant and a non-practicing member of the Chinese Institute of Certified Public Accountants. Mr. ZUO has served as a Supervisor of the Company since 27 June 2016. Mr. ZUO successively served as an officer of the finance division of Anqing Textile Factory (安慶紡織廠), and an assistant of the finance division head of Anhui Huamao Textile Co., Ltd. (安徽華茂紡織有限公司). Mr. ZUO then successively held various positions in Anhui Huamao Textile Company Limited (安徽華茂紡織股份有限公司, a company listed on the Shenzhen Stock Exchange with stock code of 000850), including director, the director of finance division, the deputy general manager, the secretary to the board of directors and the chief financial officer, and concurrently served as a director in many of its subsidiaries. Mr. ZUO has been serving as a director of Anhui Huamao Group Co., Ltd. (安徽華茂集團有限公司) since March 2007, a director and the general manager of Anhui Huamao Textile Company Limited (安徽華茂紡織股份有限公司) since April 2016.</p>
SHAO Liangming	<p>Master of Laws. Mr. SHAO has served as an employee representative Supervisor of the Company since 28 June 2021. Mr. SHAO successively served as teacher and vice president at Chi'an Middle School of Hanjiang District, Yangzhou (揚州市邗江區赤岸中學), the deputy chief section member of the organization section of the Organization Department of Chongming Party Committee (崇明縣委組織部) of Shanghai, the deputy chief section member, chief section member at the human resources office of CPC Municipal financial working committee of Shanghai, and the vice president, the general manager of the human resources department, office director of CPC working committee and the general manager of the wealth management business department of Aijian Securities Co., Ltd. (愛建證券有限責任公司). Mr. SHAO served as the deputy general manager of the human resources department of the Company from November 2020 to October 2021, and the deputy director of the Party Committee Office (in charge of daily operations) and the deputy director of the Party Committee Propaganda Department (in charge of daily operations) of the Company from October 2021 to May 2022. Mr. SHAO has been serving as the director of the Party Committee Office and the director of the Party Committee Propaganda Department of the Company since May 2022.</p>

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Name	Major working experience
XIE Min	<p>Doctor of Economics. Mr. XIE has served as an employee representative Supervisor of the Company since 28 June 2021. Mr. XIE successively served as a teacher of the primary section at Jiangxi Vocational & Technical College of Electricity (江西電力職業技術學院), a researcher at the Jiangxi Economic Development Research Institute (江西經濟發展研究院) of Jiangxi University of Finance and Economics (江西財經大學), and the senior manager of the strategic development department of Shanghai International Group Co., Ltd. (上海國際集團有限公司). Mr. XIE successively served at the post-doctoral workstation project research post and performance management post of human resources department of the Company. Mr. XIE has been serving at the office of the Labor Union of the Company since December 2016.</p>
XIE Lebin	<p>Doctor of Economics. Mr. XIE has served as the vice president of the Company since 28 June 2021. Mr. XIE successively served as an executive director of the investment banking department of J&A Securities Co., Ltd., a deputy general manager of the Shanghai Investigation and Auditing Department, a deputy general manager of the Investigation and Auditing Headquarters, a deputy general manager (in charge of daily operations) of the Investigation and Auditing Headquarters, and the general manager of the Investigation and Auditing Headquarters of the Company. He also served as the general manager, the deputy chief financial officer, the chief financial officer and the chief operation officer, and the chief risk officer of the Planning and Finance Department, the president of the Investment Banking Business Unit, and the director of the Executive Board of the Company. Prior to that, Mr. XIE Lebin worked at Wanguo Securities Co., Ltd. (萬國證券有限公司).</p>
LUO Dongyuan	<p>Master of Business Administration and an auditor. Mr. LUO has served as the vice president of the Company since 28 June 2021. Mr. LUO successively served as the senior manager of the bond department of J&A Securities Co., Ltd., the business director of the Second Bond Business Department, the business director, the managing director, the deputy general manager, the deputy general manager (in charge of daily operations) and the general manager of the Fixed Income Securities Headquarters, the general manager of the Debt Financing Department, the general manager of the Fixed Income Securities Department, the president of the Trading and Investment Committee, and the general manager of the Fixed Income Foreign Exchange Commodity Department of the Company. Prior to that, Mr. LUO Dongyuan worked in the Audit Office of Jiaozuo Jiefang District. Mr. LUO has been concurrently serving as the president of the Institutional and Transaction Business Committee of the Company since July 2021.</p>

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Name	Major working experience
NIE Xiaogang	Doctor of Economics. Mr. NIE has served as the vice president, the chief financial officer and the chief risk officer of the Company since 28 June 2021. Mr. NIE successively served as an employee of the Third Investment Banking Department of Guotai Securities Co., Ltd., the head and deputy manager of the President Office, the deputy manager of the Marketing Management Headquarters, the assistant to the director, deputy director and the director of the secretariat of the Board of the Company, and the president of Guotai Junan Innovation Investment Co., Ltd. He also served as the general manager of the Strategies Management Department, the general manager of the Equity Investment Department, the general manager of the Strategic Investment Department, the vice president of the Strategic Investment and Direct Investment Business Committee of the Company, the general manager and chairman of Guotai Junan Zhengyu Investment Co., Ltd., and the general manager of Risk Management Department of the Company.
ZHANG Zhihong	Doctor of Economics and a senior economist. Ms. ZHANG has served as the chief compliance officer of the Company since 19 November 2018, the chief legal counsel of the Company since 26 August 2022, and the chief auditor of the Company since 29 March 2023. Ms. ZHANG successively served as the deputy director of the party committee (discipline inspection) office and the deputy director of the agency department of the Shanghai Securities Management Office, the director of the agency supervision department, the director of the agency supervision department I, the director of the listed companies' supervision department I of the Shanghai Bureau of the CSRC, the chief compliance officer and a deputy general manager of Great Wall Securities Co., Ltd, the president assistant, a vice president of the Investment Banking Business Committee, the business director, and a vice president of the Investment Banking Business Committee of the Company. Ms. ZHANG has been concurrently serving as the chairman of the Trade Union of the Company since May 2020.

Other Information

Applicable Not applicable

Section IV Corporate Governance

(II) POSITIONS OF THE CURRENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

1. Positions in Shareholder entities

√ Applicable □ Not applicable

Staff name	Name of Shareholder entities	Position held in the Shareholder entities	Starting date of term of office	Expiry date of term of office
LIU Xinyi	Shanghai International Group Co., Ltd.	Director, president	November 2019	Until expiry of term
GUAN Wei	Shanghai International Group Co., Ltd.	Vice president, chief financial officer	September 2019	Until expiry of term
	Shanghai State-owned Assets Management Co., Ltd.	Chairman	December 2021	Until expiry of term
ZHONG Maojun	Shanghai International Group Co., Ltd.	Director, chief operation officer	May 2016	Until expiry of term
	Shanghai State-owned Assets Management Co., Ltd.	Chairman of the supervisory committee	April 2020	Until expiry of term
CHEN Hua	Shanghai State-owned Assets Management Co., Ltd.	Vice chairman, president	July 2023	Until expiry of term
SUN Minghui	Shenzhen Investment Holdings Co., Ltd.	Director (head) of the finance department (settlement center)	November 2020	Until expiry of term
ZHANG Yipeng	Shanghai Municipal Investment (Group) Corporation	Chief financial officer	January 2019	Until expiry of term
AN Hongjun	New China Asset Management (Hong Kong) Limited	Vice chairman (principal level)	November 2023	Until expiry of term
ZHOU Zhaohui	Shenzhen Energy Group Co., Ltd.	General manager of the office of the board Secretary to the board	January 2014 June 2020	Until expiry of term
SHEN Yun	Shanghai Jin Jiang Online Network Service Company Limited	Secretary to the board	June 2015	Until expiry of term
ZUO Zhipeng	Anhui Huamao Textile Company Limited	Director, general manager	April 2016	Until expiry of term
Explanations on the positions in Shareholder entities	None			

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2. Positions in other entities

√ Applicable □ Not applicable

Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
YU Jian	Guotai Junan Financial Holdings Co., Ltd.	Director	June 2020	Until expiry of term
	Shanghai Securities Co., Ltd.	Director	January 2021	Until expiry of term
	Guotai Junan International Holdings Limited	Non-executive director	February 2022	Until expiry of term
LIU Xinyi	Sailing Capital Management Co., Ltd.	Chairman	January 2020	Until expiry of term
GUAN Wei	Sailing Capital Management Co., Ltd.	Director	February 2019	Until expiry of term
	Sailing Capital International Investment Fund (Shanghai) Co., Ltd.	Director	February 2019	Until expiry of term
	Shanghai Guosheng Capital Management Co., Ltd. (上海國盛資本管理有限公司)	Director	March 2019	Until expiry of term
	Shanghai Pudong Development Bank Co., Ltd.	Director	July 2019	Until expiry of term
ZHONG Maojun	Shanghai Xieyi Asset Management Co., Ltd.	Chairman	January 2016	Until expiry of term
CHEN Hua	Shanghai Guoxin Investment Development Co., Ltd.	Chairman	October 2023	Until expiry of term
	Guohua Satellite Application Industry Fund Management (Nanjing) Co., Ltd. (國華衛星應用產業基金管理(南京)有限公司)	Director	May 2020	Until expiry of term
	Shanghai Zhaoxin Semiconductor Co., Ltd. (上海兆芯集成電路有限公司)	Director	November 2022	Until expiry of term

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Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
SUN Minghui	Shenzhen Highway Passenger and Freight Transport Service Center Company Limited (深圳市公路客貨運輸服務中心有限公司)	Supervisor	June 2017	Until expiry of term
	China Nanshan Development (Group) Incorporation (中國南山開發(集團)股份有限公司)	Supervisor	November 2017	Until expiry of term
	Shenzhen Chiwan Industrial Development Co., Ltd. (深圳市赤灣產業發展有限公司)	Supervisor	March 2020	Until expiry of term
	ULTRARICH INTERNATIONAL LIMITED	Director	November 2020	Until expiry of term
	Hubei Shentoukong Investment Development Co., Ltd. (湖北深投控投資發展有限公司)	Director	November 2020	Until expiry of term
	Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.	Director	December 2020	Until expiry of term
	Shenzhen Textile (Holdings) Co., Ltd.	Director	February 2021	Until expiry of term
ZHANG Yipeng	Shanghai Municipal Investment Environmental Financial Services Co., Ltd. (上海城投環保金融服務有限公司)	Chairman	May 2019	Until expiry of term
	Shanghai Municipal Investment Environmental Industry Investment Management Co., Ltd. (上海城投環保產業投資管理有限公司)	Chairman	May 2019	Until expiry of term
	Shanghai Municipal Investment Group Finance Co., Ltd. (上海城投集團財務有限公司)	Director	November 2019	Until expiry of term

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Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
AN Hongjun	Profound Brilliant Star Limited	Director	August 2015	Until expiry of term
	New China Capital Management Limited	Executive director, president	September 2015	Until expiry of term
	Huixin Capital International Management Limited	Director	September 2015	Until expiry of term
	China Jinmao Holdings Group Limited	Non-executive director	November 2015	Until expiry of term
DING Wei	Xiamen Borun Capital Investment Management Co., Ltd. (廈門博潤資本投資管理有限公司)	Executive director, legal representative	January 2021	Until expiry of term
	Xiamen Borun Bowei Consulting Management Co., Ltd. (廈門博潤博為諮詢管理有限公司)	Legal representative	January 2023	Until expiry of term
	Xiamen Borun Capital Holding Partnership (Limited Partnership) (廈門博潤資本控股合夥企業(有限合夥))	Managing partner	October 2020	Until expiry of term
	Borun Multi-strategies (Xiamen) Equity Investment Partnership (Limited Partnership) (博潤多策略(廈門)股權投資合夥企業(有限合夥))	Representative of managing partner	November 2021	Until expiry of term
	Hundsun Technologies Inc.	Independent director	September 2021	Until expiry of term
	Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司)	Independent director	June 2022	Until expiry of term
	LI Renjie	Xiamen International Bank Co., Ltd.	Independent director	2021
Bank of Ningbo Co., Ltd. (寧波銀行股份有限公司)		Independent director	June 2023	Until expiry of term
BAI Wei	Jingtian & Gongcheng	Partner	April 1992	Until expiry of term
WANG Guogang	The School of Finance of Renmin University of China	Professor	September 2017	Until expiry of term
	Industrial Securities Assets Management Co., Ltd.	Independent director	December 2023	Until expiry of term

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Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
PU Yonghao	BRAEMAR WEALTH CONSULTING LIMITED	Managing director	May 2018	Until expiry of term
	Fountainhead Partners Company Limited	Senior consultant	February 2018	Until expiry of term
	Huafa Property Services Group Company Limited	Independent director	June 2020	Until expiry of term
	Interra Acquisition Corporation	Independent director	September 2022	Until expiry of term
ZHOU Zhaohui	Shenzhen Energy Environmental Co., Ltd. (深圳能源環保股份有限公司)	Director	November 2021	Until expiry of term
	China Great Wall Securities Co., Ltd. (長城證券股份有限公司)	Vice chairman	October 2020	Until expiry of term
	Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司)	Supervisor	May 2012	Until expiry of term
ZUO Zhipeng	Anhui Huamao Group Co., Ltd.	Director	March 2007	Until expiry of term
	Anhui Huatai Textile Co., Ltd. (安徽華泰紡織有限公司)	Director	June 2007	Until expiry of term
	Anhui Huayi Sewing Threads Co., Ltd. (安徽華意制線有限公司)	Director	June 2007	Until expiry of term
	Anhui Huamao Weaving and Dyeing Co., Ltd. (安徽華茂織染有限公司)	Director	January 2011	Until expiry of term
	Anqing Huamao Baisite Textile Technology Co., Ltd. (安慶華茂佰斯特紡織科技有限公司)	Director	July 2012	Until expiry of term
	Anqing Huaxin Industrial Cloth Co., Ltd. (安慶華欣產業用布有限公司)	Director	August 2015	Until expiry of term
	Alar Xinkai Textile Co., Ltd. (阿拉爾市新凱紡織有限公司)	Director	September 2010	Until expiry of term
	HUAMAO (H.K.) COMPANY LIMITED	Director	February 2013	Until expiry of term

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Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
	Anhui Yiyuan Environmental Technology Co., Ltd. (安徽宜源環保科技股份有限公司)	Director	May 2011	Until expiry of term
	Shanghai Huamao Entiaishi Apparel Co., Ltd. (上海華茂恩遜艾世服飾有限公司)	Director	September 2012	Until expiry of term
	Anhui Huamao Industrial Investment Co., Ltd. (安徽華茂產業投資有限公司)	Director	December 2009	Until expiry of term
	Anqing Yuanhong Mining Investment Co., Ltd. (安慶元鴻礦業投資有限公司)	Director	November 2011	Until expiry of term
	Kunming Dongchuan District Laomingcao Mining Co., Ltd. (昆明市東川區老明槽礦業有限公司)	Director	June 2007	Until expiry of term
	Liuyang Xinlei Mining Development Co., Ltd. (瀏陽市鑫磊礦業開發有限公司)	Director	June 2007	Until expiry of term
	Anhui Xintianzhu Textile Co., Ltd. (安徽新天柱紡織有限公司)	Director	May 2010	Until expiry of term
	Anhui Huamao Jingwei New Textile Co., Ltd. (安徽華茂經緯新型紡織有限公司)	Director	June 2016	Until expiry of term
	Anqing Huawei Industrial Cloth Technology Co., Ltd. (安慶華維產業用布科技有限公司)	Director	May 2016	Until expiry of term
	Anqing Zhenfeng Pawn Co., Ltd. (安慶振風典當有限責任公司)	Director	June 2016	Until expiry of term
	Anqing Zhenfeng Auction Co., Ltd. (安慶市振風拍賣有限公司)	Director	June 2016	Until expiry of term
	Anhui Huamao Zhenyang Investment Co., Ltd. (安徽華茂振陽投資有限公司)	Director	June 2017	Until expiry of term

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Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
	Anqing Xinsheng Technology Co., Ltd. (安慶新盛科技有限公司)	Director	September 2021	Until expiry of term
	Guotai Junan Investment Management Co., Ltd.	Supervisor	April 2014	Until expiry of term
XIE Lebin	Guotai Junan Financial Holdings Co., Ltd.	Chairman of the board	December 2021	Until expiry of term
	Guotai Junan Financial Holdings Co., Ltd.	Director	June 2020	Until expiry of term
	Shanghai Guotai Junan Securities Asset Management Co., Ltd. (上海國泰君安證券資產管理有限公司)	Chairman	January 2022	Until expiry of term
	Guotai Junan American Holdings Co., Ltd. (國泰君安美國控股有限公司)	Director	December 2020	Until expiry of term
LUO Dongyuan	China Securities Credit Investment Co., Ltd.	Director	May 2022	Until expiry of term
	Guotai Junan Investments (Hong Kong) Limited	Director	July 2017	Until expiry of term
	Guotai Junan Futures Co., Ltd.	Chairman	March 2023	Until expiry of term
ZHANG Zhihong	HuaAn Funds Management Co., Ltd.	Chairman of the supervisory committee	August 2014	Until expiry of term
Explanations on the positions in other entities	None			

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(III) COMPENSATION FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

√ Applicable □ Not applicable

Procedure for the determination of compensation for Directors, Supervisors and senior management members of the Company	The Company has established the Remuneration, Appraisal and Nomination Committee under the Board, mainly responsible for reviewing and making recommendations on the assessment and remuneration management system for Directors and senior management members of the Company, establishing formal and transparent procedures for developing remuneration policy and making recommendations to the Board, assessing the Directors and senior management members of the Company and making recommendations, suggesting on the remuneration of the senior management with reference to the corporate operation goals and objectives set by the Board. Compensation for the Supervisors shall be proposed by the Supervisory Committee and subject to the approval at the Shareholders' general meeting.
Whether Directors recuse themselves from the Board's discussion on their remuneration	Yes
Details of recommendations made by the Remuneration, Appraisal and Nomination Committee or the special meeting of independent directors on the remuneration of Directors, Supervisors and senior management members of the Company	The special committee of independent directors considered and approved the Resolution on Proposing to Consider the Implementation Scheme for Further Deepening the Remuneration Policy Reform of Professional Managers (《關於提請審議公司進一步深化職業經理人薪酬制度改革實施方案的議案》), and agreed to submit to the Board for consideration and issued independent opinions. For details of independent opinions, please refer to the relevant announcement of the Company disclosed on the website of SSE on 4 November 2023. For details of the Remuneration, Appraisal and Nomination Committee, please refer to "VII. (III) The Remuneration, Appraisal and Nomination Committee" in this section.

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Basis for the determination of compensation for Directors, Supervisors and senior management members of the Company	The Company determines the remuneration of professional managers according to the Implementation Scheme for Further Deepening the Remuneration Policy Reform of Professional Managers (《進一步深化職業經理人薪酬制度改革實施方案》), Measures for the Assessment of Professional Managers (《職業經理人考核辦法》), Measures for the Remuneration of Professional Managers (《職業經理人薪酬辦法》), etc. The remuneration of professional managers is composed of annual salary and medium and long term incentive, where annual salary includes basic annual salary and performance-related annual salary, and the medium and long-term incentives for professional managers are determined in accordance with the Implementation Scheme for Further Deepening the Remuneration Policy Reform of Professional Managers of the Company. The Company determines the remuneration of other leaders according to the Performance Evaluation and Remuneration Distribution Plan for Other Leaders (《其他領導人員業績考核和薪酬分配方案》), and the total annual salary is composed of basic annual salary, performance-related annual salary and tenure incentive.
Actual payment of compensation for Directors, Supervisors and senior management members of the Company	See “IV. (I) Changes in the shareholdings and remuneration of the current Directors, Supervisors and senior management of the Company and those who resigned during the Reporting Period” in this section.
Actual total amount of remuneration received by the Directors, Supervisors and senior management members of the Company at the end of the Reporting Period	29.6824 million

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

√ Applicable □ Not applicable

Name	Position	Manner of change	Reason of change
ZHANG Zhihong	Chief auditor	Appointment	Appointment by the Board
WANG Guogang	Independent director	Election	Election by the general meeting
YIM, Chi Hung Henry	Independent director	Election	Election by the general meeting
PU Yonghao	Independent director	Election	Election by the general meeting
ZHU Jian	Chairman	Election	Election by the general meeting and the Board
SUN Minghui	Director	Election	Election by the general meeting
LI Junjie	President	Appointment	Appointment by the Board
LI Junjie	Vice chairman	Election	Election by the general meeting and the Board
ZHANG Manhua	Director	Election	Election by the general meeting
GONG Dexiong	Former vice president	Resignation	Work reallocation
XIA Dawei	Former independent director	Resignation	Expiry of term
CHAI Hongfeng	Former independent director	Resignation	Work reason
LEE Conway Kong Wai	Former independent director	Resignation	Expiry of term

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Name	Position	Manner of change	Reason of change
HE Qing	Former chairman	Resignation	Work reallocation
ZHANG Zhan	Former director	Resignation	Work reallocation
WANG Wenjie	Former director	Resignation	Work reason
WANG Song	Former vice chairman, director, president	Resignation	Retirement
LI Junjie	Former vice president	Resignation	Work arrangement

(V) PUNISHMENT BY SECURITIES REGULATORY BODIES FOR THE PAST THREE YEARS

Applicable Not applicable

Zhou Zhaohui, the Supervisor of the Company and the secretary of the board of directors of Shenzhen Energy Group Co., Ltd. received the Decision of Shenzhen Securities Regulatory Bureau on issuing warning letters to Zhou Zhaohui, and Zhang Shunwen of Shenzhen Energy Group Co., Ltd. ([2024] No.36) in February 2024 issued by the Shenzhen Securities Regulatory Bureau of the China Securities Regulatory Commission, which was due to the violation of the “Information Disclosure Management Measures for Listed Companies” in the process of making the “Independent Director Nominee Statement” and “Independent Director Candidate Statement” by Shenzhen Energy Group Co., Ltd. and its independent director, Zhang Shunwen. As the secretary of the board of directors, Zhou Zhaohui was primarily responsible for the violations and was issued a warning letter of administrative supervision measures by the Shenzhen Supervision Bureau of the China Securities Regulatory Commission.

(VI) SERVICE CONTRACTS WITH DIRECTORS AND SUPERVISORS

The Company entered into the agreements in compliance with relevant laws, regulations and arbitration rules with all the Directors of the sixth session of the Board and all the Supervisors of the sixth session of the Supervisory Committee, which came into effect since the date on which the H Shares was listed on the Hong Kong Stock Exchange or the respective Directors and Supervisors were appointed and will end on the expiry date of the term of this session of the Board and the Supervisory Committee. Saved as disclosed above, none of the Directors or Supervisors entered into any service agreement with the Company or its subsidiaries, which is not determinable within one year or is determinable with payment of compensation other than statutory compensation.

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(VII) DIRECTORS' INTERESTS IN BUSINESS COMPETING WITH THE COMPANY

Mr. AN Hongjun, a non-executive Director of the Company, has been an executive director and president of New China Asset Management (Hong Kong) Limited (新華資產管理(香港)有限公司) from April 2013 to November 2023, and has been the vice chairman (principal level) of New China Asset Management (Hong Kong) Limited since November 2023. Since New China Asset Management (Hong Kong) Limited currently holds the licenses under the SFO for engaging in the regulated activities of Type 4 (Advising on Securities) and Type 9 (Asset Management), it competes or is likely to compete, either directly or indirectly, with certain businesses of Guotai Junan Financial Holdings and its subsidiaries. Save as disclosed in this report, none of the Directors has any interest in the businesses which compete or is likely to compete, either directly or indirectly, with the Company's business.

(VIII) Interests of Directors and Supervisors in material contracts

Except for the related party transactions disclosed in "XII. Material Related Party Transactions of Section VI Significant Events", the Company has not entered into any significant transaction, arrangement or contract in which Directors, Supervisors or entities associated with such Directors or Supervisors held or had held any direct or indirect material interests during the Reporting Period.

(IX) Others

Applicable Not applicable

The Board has six independent non-executive Directors, representing more than one third of the members of the Board. The number and qualifications of independent non-executive Directors are in compliance with domestic regulatory requirements and the requirement of the Hong Kong Listing Rules.

The Board has received annual self-evaluation confirmations issued by each independent non-executive Director in respect of their independence according to the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) issued by the CSRC, the Guidelines No. 1 for the Application of Self-regulatory Rules of Companies Listed on the Shanghai Stock Exchange – Standard Operation (《上海證券交易所上市公司自律監管指引第 1 號 – 規範運作》) issued by the SSE and Rule 3.13 of the Hong Kong Listing Rules. After evaluation, the Board believes that each independent non-executive Director is independent as required by the relevant laws and regulations of the CSRC, the SSE and the Hong Kong Stock Exchange.

The Company has established channels through formal and informal means whereby independent non-executive Directors can express their views in an open and candid manner, and in a confidential manner, should circumstances require; these include dedicated meeting sessions with the Chairman annually and interaction with management and other Board members including the Chairman outside the boardroom. In case of any conflict of interest, the relevant Director will abstain from voting and consider seeking advices from lawyers and company secretary. Therefore, the Company believes that the Board can obtain independent views and opinions.

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V. CONVENING OF BOARD MEETINGS DURING THE REPORTING PERIOD

Meeting session	Convening date	Resolutions
The fifteenth extraordinary meeting of the sixth session of the Board	14 February 2023	The Resolution on Proposing to Consider the Establishment of a Branch in Qingdao and Xiamen was considered and approved
The eighth meeting of the sixth session of the Board	29 March 2023	The Work Report of the Directors of the Company for 2022, the Report on the Operation and Management of the Company for 2022, the Annual Report of the Company for 2022, the Resolution on Proposing to Consider the Work Report of Independent Directors for 2022, the Resolution on Proposing to Consider the Report on the Performance of Duties by the Audit Committee under the Board for 2022, the Resolution on Proposing to Consider the Social Responsibility Report of the Company for 2022, the Profit Distribution Plan of the Company for 2022, the Resolution on Proposing to Consider the Re-appointment of Accounting Firm, the Resolution on Proposing to Consider the Group's Risk Appetite for 2023, the Resolution on Proposing to Consider the Scale of Proprietary Trading Business of the Company for 2023, the Risk Management Report of the Company for 2022, the Compliance Report of the Company for 2022, the Internal Control Assessment Report of the Company for 2022, the Resolution on Proposed Appointment of chief auditor of the Company, the Resolution on Proposing to Consider the Donations by the Company to Shanghai Guotai Junan Social Welfare Foundation in 2023, the Resolution on the Potential Related Party Transactions Contemplated in the Ordinary Course of Business of the Company in 2023, the Resolution on Proposing the General Meeting to Grant a General Mandate to the Board to Issue Additional A Shares or H Shares and the Resolution on Proposing to Consider the Convening of the Annual General Meeting of the Company for 2022 were considered and approved, and the Work Report on Legal Construction of the Company for 2022 and the Special Report on the Information Technology Management of the Company for 2022 were listened

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Meeting session	Convening date	Resolutions
The ninth meeting of the sixth session of the Board	28 April 2023	The 2023 First Quarterly Report of the Company, the Resolution on Proposing to Consider the Changes in Accounting Policies of the Company and the Resolution on Proposing the Board to Nominate Independent Directors were considered and approved
The sixteenth extraordinary meeting of the sixth session of the Board	21 June 2023	The Resolution on Proposing to Consider the Joint Investment and Establishment of Pudong Leading Area Kechuang No.1 Fund between the Company and Related Parties and the Resolution on Proposing to Consider the Adjustment to Certain Members of Special Committees under the Board were considered and approved
The tenth meeting of the sixth session of the Board	29 August 2023	The 2023 Interim Report of the Company, the 2023 Interim Compliance Report of the Company, the 2023 Interim Risk Management Report of the Company and the Resolution on Proposing the Board to Nominate Independent Directors were considered and approved
The seventeenth extraordinary meeting of the sixth session of the Board	13 September 2023	The Resolution on Proposing to Consider the Dissolution of the New York Representative Office of the Company and the Resolution on Proposing to Consider the Establishment of the Institutional Platform Operation Department of the Company were considered and approved
The eighteenth extraordinary meeting of the sixth session of the Board	20 October 2023	The Resolution on Proposing to Consider the Entering into of the 2023-2025 Securities and Financial Products Transactions and Services Framework Agreement between the Company and HuaAn Funds Management Co., Ltd. and the Resolution on Proposed Amendments to Certain Policies were considered and approved
The eleventh meeting of the sixth session of the Board	30 October 2023	The 2023 Third Quarterly Report of the Company was considered and approved

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Meeting session	Convening date	Resolutions
The nineteenth extraordinary meeting of the sixth session of the Board	3 November 2023	The Resolution on Proposing to Consider the Implementation Scheme for Further Deepening the Remuneration Policy Reform of Professional Managers of the Company and the Resolution on Proposing to Consider the Formulation of Administrative Measures for the Company's Financing Guarantee and Fund Lending were considered and approved, and the Report on the Twelfth Meeting by the Remuneration, Appraisal and Nomination Committee under the Sixth Session of the Board was heard
The twentieth extraordinary meeting of the sixth session of the Board	10 November 2023	The Resolution on Proposing to Consider the Amendments to the Articles of Association, the Resolution on Proposing to Consider the Amendments to the Working Rules of the Risk Control Committee under the Board and the Resolution on Proposed Convening of the 2023 Second Extraordinary General Meeting were considered and approved
The 21st extraordinary meeting of the sixth session of the Board	6 December 2023	The Resolution on Proposing to Consider the Nomination of Mr. ZHU Jian as a Director Candidate, The Resolution on Proposing to Consider the Nomination of Mr. SUN Minghui as a Director Candidate and the Resolution on Proposed Convening of the 2023 Third Extraordinary General Meeting were considered and approved

VI. PERFORMANCE OF DUTIES BY THE BOARD AND DIRECTORS

(I) Duties of the Board

The Board is the permanent authority of the Company, and is responsible to the general meeting of Shareholders. According to the Articles of Association, the Board has the following duties: to convene general meetings and to report to shareholders' general meetings; to implement the resolutions of shareholders' general meetings; to research and formulate the medium and long-term development plan of the Company; to determine business operation plans and investment plans of the Company; to formulate annual preliminary and final financial budgets of the Company; to formulate the profit distribution plans and plans for recovery of losses of the Company; to formulate proposals of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing; to formulate plans for any substantial acquisition by the Company, repurchase of the shares (in circumstances specified to Sub-clauses (1) and (2) of Article 30 of the Articles of Association) or merger, division and change of the form and dissolutions of the Company; to decide on matters relating to the Company's external investment, acquisitions or disposal of assets, mortgage of assets, external guarantee, entrusted wealth management and connected transactions

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as authorized by shareholders' general meetings; to decide on the establishment of the Company's internal management structure; to appoint or dismiss the Company's president, secretary to the board of directors, chief risk officer, chief compliance officer, chief legal counsel and chief auditor and, based on the nominations of president, to appoint or dismiss vice presidents, chief financial officer and other senior management and to determine their remuneration and rewards and penalties; to decide on the proposals for the establishment of subsidiaries; to formulate the basic management system of the Company; to formulate proposals for any amendments to the Articles of Association; to manage the disclosure of information of the Company; to propose to shareholders' general meetings the appointment or change of the accounting firm acting as the auditor of the Company; to hear the work report of the Company's president and special committees under the board of directors and to review the work of the Company's president and special committees under the board of directors; to assume ultimate responsibility for the effectiveness of the compliance management and overall risk management of the Company, and perform the respective duties; to determine the compliance management objectives of the Company, and perform the following compliance management duties: to consider and approve the basic compliance management rules; to consider and approve the annual compliance report; to establish the mechanism for direct communication with the person responsible for compliance; to evaluate the effectiveness of compliance management and supervise the resolution of problems existing in compliance management; to decide on the Company repurchases its shares in circumstances specified to Sub-clauses (3), (5) and (6) of Article 30 of the Articles of Association; to promote the construction of corporate culture and guide the construction of corporate culture; and any other powers as conferred by the laws, administrative regulations, departmental rules and the Articles of Association.

(II) Attendance at Board meetings and general meetings by Directors

Name of Directors	Independent Director or not	Number of Board meetings to be attended this year	Attendance at Board meetings				Attendance at general meetings	
			No. of meetings attended in person	No. of meetings attended by way of telecommunication	Number of meetings attended by proxy	Two consecutive Board meetings not attended in person or not	No. of general meetings attended	
ZHU Jian	No	-	-	-	-	-	No	-
LI Junjie	No	-	-	-	-	-	No	-
YU Jian	No	11	11	9	0	0	No	6
LIU Xinyi	No	11	11	9	0	0	No	0
GUAN Wei	No	11	10	9	1	0	No	0
ZHONG Maojun	No	11	11	9	0	0	No	0
CHEN Hua	No	11	10	9	1	0	No	0
SUN Minghui	No	-	-	-	-	-	No	-
ZHANG Manhua	No	-	-	-	-	-	No	-

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Name of Directors	Independent Director or not	Number of Board meetings to be attended this year	Attendance at Board meetings				Attendance at general meetings	
			No. of meetings attended in person	No. of meetings attended by way of telecommunication	Number of meetings attended by proxy	Two consecutive Board meetings not attended in person or not	No. of general meetings attended	
ZHANG Yipeng	No	11	11	9	0	0	No	0
AN Hongjun	No	11	11	9	0	0	No	0
DING Wei	Yes	11	11	9	0	0	No	0
LI Renjie	Yes	11	11	9	0	0	No	6
BAI Wei	Yes	11	11	9	0	0	No	6
WANG Guogang	Yes	8	8	7	0	0	No	0
YIM, Chi Hung								
Henry	Yes	8	8	7	0	0	No	2
PU Yonghao	Yes	1	1	1	0	0	No	0
HE Qing								
(resigned)	No	10	10	8	0	0	No	4
WANG Song								
(resigned)	No	11	11	9	0	0	No	6
WANG Wenjie								
(resigned)	No	11	10	9	1	0	No	0
ZHANG Zhan								
(resigned)	No	10	9	8	1	0	No	0
XIA Dawei								
(resigned)	Yes	3	3	2	0	0	No	0
LEE Conway								
Kong Wai								
(resigned)	Yes	10	10	8	0	0	No	4
CHAI Hongfeng								
(resigned)	Yes	3	2	2	1	0	No	0

Not attending in person at two consecutive Board meetings

Applicable Not applicable

Number of Board meetings held during the year	11
Including: Number of on-site meetings	2
Number of meetings held by way of telecommunication	9
Number of meetings held in a mixed model	0

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(III) Directors' objection to relevant matters of the Company

Applicable Not applicable

(IV) Others

Applicable Not applicable

1. Main measures implemented by the Board in respect of corporate governance during the Reporting Period

- (1) Corporate governance and related recommendations. In 2023, facing the complicated environment that China's economy was developing through a few cycles and twists, the market situation that imposed responsibilities on intermediary agencies and strengthened counter-cyclical adjustment to primary and secondary markets in light of comprehensive registration reform, the industry challenges arising from fee reduction and concession and acceleration of business transformation and upgrading, the Board of the Company adhered to the guideline of seeking progress while maintaining stability, and steadily promoted its operation and management focusing on the "second three-year" strategic planning and accelerated the development of technology finance, green finance, inclusive finance, pension finance and digital finance as its first-mover advantages, achieving a smooth start to the "second three-years." The Company has received the highest AA regulatory rating in A class in the industry for 16 consecutive years, maintained the highest international credit rating in the industry in the PRC, and received the highest rating in the evaluation of industry culture construction practice for three consecutive years.
- (2) Performance of duties by Directors and their development. The Company has established a monthly report system on its operation and management to provide Directors with the operation and management of the Company and the development of the securities industry in a timely manner to facilitate their performance of duties. At the same time, it regularly provides Directors with the latest regulatory developments, engages intermediary agencies to provide professional training for Directors to perform their duties, or organizes Directors to participate in professional training held by regulatory authorities and industry associations, so as to continuously improve Directors' ability to perform their duties. By participating in Board meetings, special committee meetings and corporate strategy seminars, the Directors have given advice and suggestions, performed their duties conscientiously, and continued to improve the level and capability of corporate governance.
- (3) Improvement of the governance system. The Articles of Association and relevant corporate governance system were amended in accordance with the latest requirements of the CSRC, the Shanghai Stock Exchange, the Hong Kong Stock Exchange and other regulatory authorities; 3 independent Directors was elected, a special meeting mechanism for independent Directors was established to study and discuss major issues and promote the influence of independent Directors in the decision-making of the Company, further improving the transparency and credibility of corporate governance and enhancing the trust of investors; a chief auditor was engaged to strengthen the leadership of the Board in auditing, enhance the independence and professionalism of internal audit and supervision, and strengthen the unified and centralized management of internal audit; the responsibilities and authorities of the Risk Control Committee in professional integrity were clarified to conscientiously strengthen the supervision and management of professional integrity, forming a long-term mechanism for internal control of integrity risks.

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- (4) Improvement and optimization of long-term incentive and restraint mechanism. The Company has adhered to the combination of incentives and restraints, improved the short-term and medium-to-long-term remuneration structure, reviewed and approved the implementation plan for further deepening the remuneration system reform for professional managers and stimulated the vitality of the management; released the selling restrictions of the second lock-up period under the first grant and the first lock-up period for the Reserved Grant of the Restricted Share Incentive Scheme of A Shares. The Company has strictly implemented the administrative measures on assessment and identified the termination of employment contract or the failure to meet the performance appraisal objectives among participants, and the repurchase shall be made at different grant prices.

2. Training for Directors

The Company keeps providing training to its Directors. During the Reporting Period, the Company conducted trainings on anti-money laundering and professional integrity for Directors, engaged intermediary agencies to provide on-demand trainings to Directors, and arranged Directors to attend the professional trainings organized by the SSE, the SAC, the China Association for Public Companies, the Shanghai Association for Public Companies and other institutions. In addition, the Company delivered reading and learning materials such as Monthly Report on Operation and Management, formulation and revision of relevant laws and regulations to its Directors to help them to keep up with the latest industry updates, laws, regulations and policies, and keep them informed of significant events in relation to the operation, management, risk compliance and financial positions of the Company. Specific training arrangements for Directors are as follows:

Name	Position	Training method and content
ZHU Jian	Chairman, Executive Director	In January 2023, participating in the training of directors, supervisors and senior management of listed companies in Shanghai in 2022 provided by the Listed Companies Association of Shanghai; in November 2023, participating in the second training course for directors, supervisors and senior management of listed companies in Shanghai and the special training on the reform system of independent directors in 2023 provided by the Listed Companies Association of Shanghai; in December 2023, participating in the online training for the chairman, general managers and supervisors of listed companies provided by the China Association for Public Companies; in December 2023, participating in the induction training for Directors provided by Freshfields Bruckhaus Deringer.
LI Junjie	Vice chairman of the Board, Executive Director, President	In October 2023, participating in the follow-up training for practitioners in 2023 provided by the SAC; in October 2023, participating in the training of directors, supervisors and senior management of listed companies in Shanghai and the special training on the reform system of independent directors in 2023 provided by the Listed Companies Association of Shanghai; in March 2024, participating in the induction training for Directors provided by Freshfields Bruckhaus Deringer.

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Name	Position	Training method and content
YU Jian	Executive Director, Secretary to the Board	In March 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer and the training on the Full Implementation of Registration-based IPO System for A Shares provided by Haiwen & Partners; in May 2023, participating in special training on performance explanation sessions of 2023 annual report provided by the China Association for Public Companies; in July and December 2023, participating in the training on anti-money laundering and professional integrity provided by the Company; in August 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer; in October 2023, participating in the follow-up training for practitioners in 2023 provided by the SAC; in October 2023, participating in the training of directors, supervisors and senior management of listed companies in Shanghai and the special training on the reform system of independent directors in 2023 provided by the Listed Companies Association of Shanghai; in October 2023, participating in special training for directors for 2023 provided by the Shanghai SASAC.
LIU Xinyi	Non-executive Director	In March 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer and the training on the Full Implementation of Registration-based IPO System for A Shares provided by Haiwen & Partners; in August and December 2023, participating in the training on anti-money laundering and professional integrity provided by the Company; in August 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer; in October 2023, participating in the training of directors, supervisors and senior management of listed companies in Shanghai and the special training on the reform system of independent directors in 2023 provided by the Listed Companies Association of Shanghai; in October 2023, participating in special training for Directors for 2023 provided by the Shanghai SASAC.

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Name	Position	Training method and content
GUAN Wei	Non-executive Director	In March 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer and the training on the Full Implementation of Registration-based IPO System for A Shares provided by Haiwen & Partners; in August and December 2023, participating in the training on anti-money laundering and professional integrity provided by the Company; in August 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer; in October 2023, participating in the training of directors, supervisors and senior management of listed companies in Shanghai and the special training on the reform system of independent directors in 2023 provided by the Listed Companies Association of Shanghai; in October 2023, participating in special training for Directors for 2023 provided by the Shanghai SASAC.
ZHONG Maojun	Non-executive Director	In March 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer and the training on the Full Implementation of Registration-based IPO System for A Shares provided by Haiwen & Partners; in August and December 2023, participating in the training on anti-money laundering and professional integrity provided by the Company; in August 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer; in October 2023, participating in the training of directors, supervisors and senior management of listed companies in Shanghai and the special training on the reform system of independent directors in 2023 provided by the Listed Companies Association of Shanghai; in October 2023, participating in special training for Directors for 2023 provided by the Shanghai SASAC.
CHEN Hua	Non-executive Director	In March 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer and the training on the Full Implementation of Registration-based IPO System for A Shares provided by Haiwen & Partners; In July 2023, participating in the fourth session of training course for directors, supervisors and senior management of securities companies (digital financial topics) provided by the SAC; in August and December 2023, participating in the training on anti-money laundering and professional integrity provided by the Company; in August 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer; in October 2023, participating in the training of directors, supervisors and senior management of listed companies in Shanghai and the special training on the reform system of independent directors in 2023 provided by the Listed Companies Association of Shanghai; in October 2023, participating in special training for Directors for 2023 provided by the Shanghai SASAC.

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Name	Position	Training method and content
SUN Minghui	Non-executive Director	In December 2023, participating in the induction training for Directors provided by Freshfields Bruckhaus Deringer.
ZHANG Manhua	Non-executive Director	In March 2024, participating in the induction training for Directors provided by Freshfields Bruckhaus Deringer.
ZHANG Yipeng	Non-executive Director	In March 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer and the training on the Full Implementation of Registration-based IPO System for A Shares provided by Haiwen & Partners; in August and December 2023, participating in the training on anti-money laundering and professional integrity provided by the Company; in August 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer; in October 2023, participating in the training of directors, supervisors and senior management of listed companies in Shanghai and the special training on the reform system of independent directors in 2023 provided by the Listed Companies Association of Shanghai; in October 2023, participating in special training for Directors for 2023 provided by the Shanghai SASAC.
AN Hongjun	Non-executive Director	In March 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer and the training on the Full Implementation of Registration-based IPO System for A Shares provided by Haiwen & Partners; in August and December 2023, participating in the training on anti-money laundering and professional integrity provided by the Company; in August 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer; in October 2023, participating in the training of directors, supervisors and senior management of listed companies in Shanghai and the special training on the reform system of independent directors in 2023 provided by the Listed Companies Association of Shanghai.
DING Wei	Independent Non-executive Director	In March 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer and the training on the Full Implementation of Registration-based IPO System for A Shares provided by Haiwen & Partners; in August and December 2023, participating in the training on anti-money laundering and professional integrity provided by the Company; in August 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer; in November 2023, participating in the follow-up training for independent directors provided by Shanghai Stock Exchange.

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Name	Position	Training method and content
LI Renjie	Independent Non-executive Director	In March 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer and the training on the Full Implementation of Registration-based IPO System for A Shares provided by Haiwen & Partners; in August and December 2023, participating in the training on anti-money laundering and professional integrity provided by the Company; in August 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer; in November 2023, learning on the duty performance platform provided by Shanghai Stock Exchange; in December 2023, participating in the follow-up training for independent directors provided by Shanghai Stock Exchange.
BAI Wei	Independent Non-executive Director	In March 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer and the training on the Full Implementation of Registration-based IPO System for A Shares provided by Haiwen & Partners; in August and December 2023, participating in the training on anti-money laundering and professional integrity provided by the Company; in August 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer; in December 2023, participating in the follow-up training for independent directors provided by Shanghai Stock Exchange.
WANG Guogang	Independent Non-executive Director	In May 2023, participating in the induction training for Directors provided by Freshfields Bruckhaus Deringer; in August and December 2023, participating in the training on anti-money laundering and professional integrity provided by the Company; in August 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer; in December 2023, participating in the follow-up training for independent directors provided by Shanghai Stock Exchange.

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Name	Position	Training method and content
YIM, Chi Hung Henry	Independent Non-executive Director	In May 2023, participating in the induction training for Directors provided by Freshfields Bruckhaus Deringer; in August and December 2023, participating in the training on anti-money laundering and professional integrity provided by the Company; in August 2023, participating in the training on the Legal and Regulatory Updates in Hong Kong provided by Freshfields Bruckhaus Deringer; in September 2023, learning on the duty performance platform provided by Shanghai Stock Exchange; in December 2023, participating in the follow-up training for independent directors provided by Shanghai Stock Exchange.
PU Yonghao	Independent Non-executive Director	In November 2023, participating in the induction training for Directors provided by Freshfields Bruckhaus Deringer; in December 2023, participating in the follow-up training for independent directors provided by Shanghai Stock Exchange.

VII. SPECIAL COMMITTEES UNDER THE BOARD

Applicable Not applicable

(I) Composition of special committees under the Board

Special committees	Names of members
Strategy and ESG Committee	ZHU Jian (Chairman), LIU Xinyi (Member), AN Hongjun (Member), DING Wei (Member)
Remuneration, Appraisal and Nomination Committee	LI Renjie (Chairman), GUAN Wei (Member), DING Wei (Member), WANG Guogang (Member)
Audit Committee	YIM, Chi Hung Henry (Chairman), CHEN Hua (Member), SUN Minghui (Member), BAI Wei (Member), PU Yonghao (Member)
Risk Control Committee	LI Renjie (Chairman), LI Junjie (Member), ZHONG Maojun (Member), ZHANG Yipeng (Member), Bai Wei (Member)

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Note:

- On 29 May 2023, Mr. XIA Dawei resigned due to the expiration of his term, and as a result, the Company failed to meet the relevant requirements under Rules 3.21, 3.25 and 3.27 of the Hong Kong Listing Rules regarding the number and composition of members of the Remuneration, Appraisal and Nomination Committee, and the Audit Committee of the Board of Directors. On 21 June 2023, Mr. WANG Guogang was appointed as a member of the Remuneration, Appraisal and Nomination Committee of the Board of Directors; Mr. YIM, Chi Hung Henry was appointed as a member of the Audit Committee of the Board of Directors; Mr. LI Renjie was appointed as the chairman of the Remuneration, Appraisal and Nomination Committee of the Board of Directors. The Company has re-complied with the relevant requirements under Rules 3.21, 3.25 and 3.27 of the Hong Kong Listing Rules regarding the number and composition of members of the Remuneration, Appraisal and Nomination Committee, and the Audit Committee of the Board of Directors.
- On 30 November 2023, Mr. LEE Conway Kong Wai resigned due to the expiration of his term, and as a result, the Company failed to meet the requirement under Rule 3.21 of the Hong Kong Listing Rules that the majority of the members of the Audit Committee of the Board of Directors shall be composed of independent non-executive Directors and the Audit Committee shall be chaired by an independent non-executive Director. On 10 January 2024, Mr. PU Yonghao was appointed as a member of the Audit Committee of the Board of Directors, and Mr. YIM, Chi Hung Henry was appointed as the chairman of the Audit Committee of the Board of Directors. The Company has re-complied with the relevant requirements under Rule 3.21 of the Hong Kong Listing Rules regarding the number and composition of members of the Audit Committee of the Board of Directors.

(II) During the Reporting Period, the Strategy and ESG Committee held one meeting

Convening date	Meeting session	Major opinions and recommendations	Other performance of duties
28 March 2023	The fifth meeting of the Strategy and ESG Committee under the sixth session of the Board	The Social Responsibility Report of the Company for 2022 (ESG Report) was considered and was agreed to be submitted to the Board for consideration; the Action Plan for the Company to be the Leading Goose in the Practice of Green Finance (2023-2025) was listened.	Major accomplishments of the Strategy and ESG Committee in 2023: conducted research on the Company's ESG governance and provide decision-making advice, including ESG governance vision, goals, policies, etc.

- The main functions and duties of the Strategy and ESG Committee:** conducting analysis and providing decision-making advices on the mid- and long-term strategies of the Company; conducting analysis and providing advices on major investments and financing proposals subject to the Board's approval; conducting analysis and providing decision-making advices on the Company's ESG, including ESG vision, goals, policies, etc.; conducting analysis and providing advices on other material matters affecting the development of the Company; and checking and evaluating the implementation of the above matters, and providing timely advices for necessary adjustments; and other duties delegated by the Board.

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- **During the Reporting Period, the attendance of meeting by the members of the Strategy and ESG Committee is as follows:**

Name	Number of meetings to be attended	Number of meetings actually attended
ZHU Jian	–	–
LIU Xinyi	1	1
AN Hongjun	1	1
DING Wei	1	1
HE Qing (resigned)	1	1
WANG Wenjie (resigned)	1	1
CHAI Hongfeng (resigned)	1	1

Note: Mr. ZHU Jian has been serving as the chairman of the Strategy and ESG Committee since December 2023.

(III) During the Reporting Period, the Remuneration, Appraisal and Nomination Committee held five meetings

Convening date	Meeting session	Major opinions and recommendations	Other performance of duties
28 March 2023	The ninth meeting of the Remuneration, Appraisal and Nomination Committee under the sixth session of the Board	The provision and use for total remuneration for 2022 of the parent company for final accounting, the provision for the budget of the total remuneration for 2023 were considered; the performance of certain senior management of the Company in 2022 was evaluated and scored at the second level at the meeting; a special appraisal based on the work report of Ms. ZHANG Zhihong in charge of compliance and the 2022 appraisal report was issued to her at the meeting; the 2022 performance based bonus plan for certain senior management of the Company was approved; the Company's chief auditor was nominated.	Reviewing the performance of and conducting annual performance appraisals for the senior management of the Company; Considering the responsibility letters for achievement of goals for term of professional managers of the Company; Considering the further deepening of the implementation plan of the remuneration system reform for professional managers and the relevant system measures; Considering the 2022 remuneration Incentives for the senior management appointed; Reviewing the nomination of candidates for directors and senior management.
21 April 2023	The tenth meeting of the Remuneration, Appraisal and Nomination Committee under the sixth session of the Board	Nomination of Mr. Wang Guogang and Mr. YIM, Chi Hung Henry as independent director candidates was approved.	

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Convening date	Meeting session	Major opinions and recommendations	Other performance of duties
21 August 2023	The eleventh meeting of the Remuneration, Appraisal and Nomination Committee under the sixth session of the Board	Nomination of Mr. Pu Yonghao as an independent director candidate was approved.	
26 October 2023	The twelfth meeting of the Remuneration, Appraisal and Nomination Committee under the sixth session of the Board	Implementation Plan on Further Deepening the Remuneration System Reform of the Professional Managers and the relevant system and measures, the written work report of the Chairman and the President in 2022 and the work report of professional managers in 2022 and the appraisal at the first level in 2022 were considered and approved; the 2022 remuneration incentives for the senior management appointed by the Company implemented in accordance with the spirit of the Shanghai SASAC was approved; the allocation of the 2022 remuneration incentives of the professional managers by the Company based on the final performance results of the second level of appraisal score according to the plan to further deepen the implementation plan of the remuneration system reform for professional managers and the actual situation of the Company was approved; the 2023 performance management contracts of senior management and the responsibility letters for achievement of goals for 2022-2024 term of professional managers were approved; written work reports for 2022 of the Chairman and President of the Company was delivered.	
6 December 2023	The thirteenth meeting of the Remuneration, Appraisal and Nomination Committee under the sixth session of the Board	Nomination of Mr. ZHU Jian and Mr. SUN Minghui as director candidates of the Company was considered and approved.	

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- **The main functions and duties of the Remuneration, Appraisal and Nomination Committee:**

Reviewing and advising on the selection criteria and procedures of directors and senior management; looking for qualified directors and senior management candidates, reviewing and advising on the qualifications of directors and senior management candidates; reviewing and advising on the appraisal and remuneration management system of directors and senior management; conducting and advising on the appraisal of directors and senior management; and other functions and duties delegated by the Board.

To comply with and implement the requirements regarding board diversity in the Hong Kong Listing Rules and ensure a more scientific and reasonable composition of the Board, the Company has formulated the Board Diversity Policy. The Company selects candidates for Directors taking into account various factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The Remuneration, Appraisal and Nomination Committee under the Board of the Company discusses and agrees expected annual objectives with aims to promote the implementation of the Board Diversity Policy and advises the Board on acting for such objectives. The composition of the Board satisfies the requirements regarding the Board Diversity Policy. The Company regards enhancing diversification at the level of the Board as a key element for meeting the Group's strategic goal and achieving sustainable and balanced development. As a part of the succession plan for the Board, the Remuneration, Appraisal and Nomination Committee shall review the structure, size and composition of the Board (including skills, knowledge and experience) at least once a year, and make recommendations on changes in the composition of the Board in light of the Company's strategy. In nominating candidates for Directors, the following factors shall be considered: candidates' characters, qualifications (including professional qualifications, skills, knowledge and experience related to the Company's business and strategy), any measurable objectives adopted for implementing the Board Diversity Policy, and conditions required by the stock exchange on which shares were listed and the regulatory authorities in the countries where shares were listed.

The Board currently comprises a total of 17 Directors, including one female Director, representing approximately 5% of the Board members. The Board hopes to maintain the proportion of female members at least at the current level. The Board will continue to increase the proportion of female members if suitable candidates become available in the future. In respect of succession to directors, the Remuneration, Appraisal and Nomination Committee engages independent professional recruitment agencies to assist in identifying potential non-executive Director candidates when necessary.

The Company adheres to the employment policy of equal employment and equal pay for equal work, provides fair and equitable employment opportunities and development platform for female staffs, and promotes the diversity of staffs in terms of gender, age and professional background, and specifically stipulate the protection of labor rights and interests of female employees under the Special Collective Contract for the Protection of Special Rights and Interests of Female Employees (《女職工特殊權益保護專項集體合同》). At the end of the Reporting Period, the ratio of male to female among all employees of the Company (including senior management) was 1.2:1.

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- **During the Reporting Period, the attendance of meeting by the members of the Remuneration, Appraisal and Nomination Committee is as follows:**

Name	Number of meetings to be attended	Number of meetings actually attended
LI Renjie	5	5
GUAN Wei	5	5
DING Wei	5	5
WANG Guogang	3	3
XIA Dawei (resigned)	2	2
WANG Wenjie (resigned)	5	5

Note: Mr. LI Renjie has been serving as the chairman of the Remuneration, Appraisal and Nomination Committee since June 2023; Mr. WANG Guogang has been serving as a member of the Remuneration, Appraisal and Nomination Committee since June 2023.

(IV) During the Reporting Period, the Audit Committee held seven meetings

Convening date	Meeting session	Major opinions and recommendations	Other performance of duties
27 March 2023	The fourteenth meeting of the Audit Committee under the sixth session of the Board	Reports from KPMG Huazhen LLP (“KPMG Huazhen”) and KPMG (“KPMG HK”) on the Company’s annual audit in 2022 were listened; the Company’s Audit Report for 2022, the Company’s Internal Control Audit Report, the Company’s Annual Report for 2022 were considered; Profit Distribution Plan of the Company for 2022, the re-appointment of an accounting firm, the Company’s Bad Debt Write-off Plan for 2023, the Estimated Daily Related Party Transactions in 2023, the Company’s Internal Control Assessment Report (including Compliance Management Effectiveness Assessment Report) for 2022, the Report on the Special Audit of Anti-money Laundering of the Company for 2022, the Annual Performance Report of the Audit Committee for 2022 were considered; the Report of the Company’s Internal Audit work summary for 2022 and the Work Plan for 2023 were received.	Major accomplishments of the Audit Committee in 2023: hearing the annual audit plan of external auditors and making suggestions; supervising the works of external audit institutions; hearing internal audit work reports and making suggestions; reviewing the Company’s periodic reports including the annual report, semi-annual reports and quarterly reports; reviewing the Company’s Internal Audit Work Reports and the Company’s Annual Internal Control Assessment Report (including Compliance Management Effectiveness Assessment Report), Annual Report on the Special Audit of Anti-money Laundering, Annual Report on the Special Audit of Major Related Party Transactions; reviewing regular related party transactions and occasional related party transactions and estimate of the related party transactions in 2023.

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Convening date	Meeting session	Major opinions and recommendations	Other performance of duties
28 April 2023	The fifteenth meeting of the Audit Committee under the sixth session of the Board	The Resolution on First Quarterly Report of the Company in 2023 and the Resolution on the Change in the Accounting Policies of the Company were considered.	
21 June 2023	The sixteenth meeting of the Audit Committee under the sixth session of the Board	The Resolution on Pudong Leading District Kechuang No.1 Fund Jointly Invested and Established by the Company and Related Parties was considered.	
25 August 2023	The seventeenth meeting of the Audit Committee under the sixth session of the Board	Reports from KPMG Huazhen and KPMG HK on the interim review of the Company for 2023 were listened, the Resolution of the Company's Interim Report for 2023 was considered; the Company's Internal Audit Work Summary in the First Half of 2023 and the Work Plan for the Second Half of the Year were listened.	
19 October 2023	The eighteenth meeting of the Audit Committee under the sixth session of the Board	The Resolution on Signing of 2023-2025 Securities and Financial Products Transactions and Services Framework Agreement between the Company and HuaAn Fund Management Co., Ltd. was considered.	
27 October 2023	The nineteenth meeting of the Audit Committee under the sixth session of the Board	The Third Quarterly Report of the Company in 2023 was considered.	
22 December 2023	The twentieth meeting of the Audit Committee under the sixth session of the Board	Reports from KPMG Huazhen and KPMG HK on the Company's audit plan in 2023 were received, and the Resolution on the Pre-Consent Method for the Provision of Non-assurance Services by the Auditors was considered.	

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- **The main functions and duties of the Audit Committee:**

Guiding and supervising the Company's internal audit system and its implementation; supervising and evaluating external audit work, proposing the engagement or replacement of external auditors and supervising the practice of external audit institutions; auditing the Company's financial information and its disclosures, including supervising annual audit work, making judgments on the authenticity, accuracy and completeness of information in the audited financial report and submitting it to the Board for consideration; taking responsibility for the communication between internal audit and external audit; supervising and evaluating the Company's internal control system; performing the responsibilities of related party transaction control and daily management; taking responsibility for other duties as required by laws and regulations, the Articles of Association and delegated by the Board.

In accordance with the requirements of the Working Rules of the Audit Committee under the Board, the Audit Committee plays full role in the working of the annual report and financial statements, actively performs responsibilities of preparing and reviewing the disclosures in annual reports and financial statements, improves the quality and transparency of the disclosure in the annual reports and financial statements.

During the Reporting Period, through reviewing the Company's periodic financial statements, audit work report and the proposal of related party/connected transactions, the Audit Committee obtained a full picture of the Company's financial status, supervised the progress of audit work and the implementation of related party/connected transactions, and reviewed the effectiveness of the Company's internal control.

- **During the Reporting Period, the attendance of meeting by the members of the Audit Committee is as follows:**

Name	Number of meetings to be attended	Number of meetings actually attended
YIM, Chi Hung Henry	4	4
CHEN Hua	7	7
SUN Minghui	–	–
BAI Wei	7	7
PU Yonghao	–	–
LEE Conway Kong Wai (resigned)	6	6
ZHANG Zhan (resigned)	6	6
XIA Dawei (resigned)	2	2

Note: Mr. YIM, Chi Hung Henry has been serving as a member of the Audit Committee since June 2023 and a chairman since January 2024; Mr. SUN Minghui has been serving as a member of the Audit Committee since December 2023; Mr. PU Yonghao has been serving as a member of the Audit Committee since January 2024.

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(V) During the Reporting Period, the Risk Control Committee held three meetings

Convening date	Meeting session	Major opinions and recommendations	Other performance of duties
28 March 2023	The fifth meeting of the Risk Control Committee under the sixth session of the Board	The Anti-money Laundering Report of the Company for 2022 was considered; the Compliance Report of the Company for 2022, the Legal Construction Report for 2022, the Risk Management Report for 2022, the Group Companies' Risk Preference for 2023 and the Scale of Proprietary Trading Business of the Group Companies for 2023 were considered and were agreed to be submitted to the Board for consideration.	Major achievements of the Risk Control Committee in 2023: reviewing and proposing the Board to determine the risk preference of 2023; reviewing and proposing the Board to determine the scale for the Company's proprietary trading business; considering and proposing the amendment to the Working Rules of the Risk Control Committee under the Board; reviewing the Anti-money Laundering Report of the Company for 2022, the Legal Construction Report of the Company for 2022; reviewing regularly the compliance reports and risk management reports of the Company.
21 August 2023	The sixth meeting of the Risk Control Committee under the sixth session of the Board	The Company's 2023 Interim Compliance Report and the Company's 2023 Interim Risk Management Report were considered, and were agreed to be submitted to the Board for consideration.	
10 November 2023	The seventh meeting of the Risk Control Committee under the sixth session of the Board	The Amendment to the Working Rules of the Risk Control Committee under the Board of the Company was considered, and was agreed to be submitted to the Board for consideration.	

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- **The main functions and duties of the Risk Control Committee:**

Reviewing and advising on the overall objectives and basic policies for compliance management and risk management; reviewing and advising on the organization design and duties of compliance management and risks management; evaluating and advising on the risks of important decisions and solutions to significant risks which require the review by the Board; reviewing and advising on the compliance reports and risk assessment reports which require the review by the Board; reviewing and advising on the goals and overall requirements for integrity management; discussing the effectiveness of risk management and internal control systems of the Company and its subsidiaries at least annually as delegated by the Board, and reporting to Shareholders about the accomplishment of the relevant discussion, and the scopes of such discussion shall cover each and every key aspect of the control systems including the financial control system, operation control system and compliance control system; and performing other functions and duties as delegated by the Board.

- **During the Reporting Period, the attendance of meeting by the members of the Risk Control Committee is as follows:**

Name	Number of meetings to be attended	Number of meetings actually attended
LI Renjie	3	3
LI Junjie	–	–
ZHONG Maojun	3	3
ZHANG Yipeng	3	3
BAI Wei	3	3
WANG Song (resigned)	3	3

Note: Mr. LI Junjie has been serving as a member of the Risk Control Committee since March 2024.

(VI) Details of any disagreements

Applicable Not applicable

VIII. SUPERVISORY COMMITTEE'S COMMENTS ON IDENTIFICATION OF RISKS IN THE COMPANY

Applicable Not applicable

(I) Supervisory Committee's comments on identification of risks in the Company

The Supervisory Committee has no objection toward matters during the Reporting Period.

Section IV Corporate Governance

(II) Meetings of the Supervisory Committee during the Reporting Period

During the Reporting Period, the Supervisory Committee of the Company has convened four meetings in total, which are all regular meetings. After consideration and voting, all resolutions of the Supervisory Committee during the Reporting Period were unanimously approved, without abstention or objections. Information on those meetings is as follows:

1. The eighth meeting of the sixth session of the Supervisory Committee was held by the Company by a combination of on-site and telephone calls on 29 March 2023, at which nine resolutions on the Work Report of the Supervisory Committee for 2022 (《公司 2022 年度監事會工作報告》), the Profit Distribution Plan of the Company for 2022 (《公司 2022 年度利潤分配預案》), the Risk Management Report of the Company for 2022(《公司 2022 年度風險管理報告》), the Compliance Report of the Company for 2022 (《公司 2022 年度合規報告》), the Anti-money Laundering Report of the Company for 2022 (《公司 2022 年度反洗錢工作報告》), the Report on the Special Audit of Anti-money Laundering of the Company for 2022 (《公司 2022 年度反洗錢專項審計報告》) were considered and approved; the Report on the Implementation of Final Financial Accounts and Budget of the Company for 2022 (《公司 2022 年度財務決算及預算執行情況的報告》) was listened, and written review opinions on the Annual Report and the Profit Distribution Plan were given.
2. The ninth meeting of the sixth session of the Supervisory Committee was held on 28 April 2023 by means of considering in writing and voting through communications, at which the First Quarterly Report of the Company in 2023 (《公司 2023 年第一季度報告》) and the Resolution on the Change in the Accounting Policies of the Company (《關於公司會計政策變更的議案》) were reviewed and approved, and written review opinions on the reports were given.
3. The Company held the tenth meeting of the sixth session of Supervisory Committee by a combination of on-site and telephone calls in Xiong'an New District, Hebei Province on 29 August 2023, at which the three resolutions regarding the 2023 Interim Report, the 2023 Interim Compliance Report, the 2023 Interim Risk Management Report were reviewed and approved, and written review opinions on the Interim Report were given.
4. The Company held the eleventh meeting of the sixth session of Supervisory Committee on 30 October 2023 by means of considering in writing and voting through communications, at which the Third Quarterly Report of the Company in 2023 was reviewed and approved, and written review opinions on the report were given.

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(III) Attendance at meetings of the Supervisory Committee and general meetings by Supervisors during the Reporting Period

Name of supervisor	Position	Attendance at meetings of the Supervisory Committee					Number of absence	Attendance at general meetings
		No. of meetings of the Supervisory Committee to be attended this year	No. of meetings attended in person	No. of meetings attended by way of telecommunication	No. of meetings attended by proxy	No. of general meetings attended		
WU Hongwei	The vice chairman of the Supervisory Committee, employee supervisor	4	4	2	0	0	4	
ZHOU Zhaohui	Supervisor	4	4	2	0	0	6	
SHEN Yun	Supervisor	4	4	2	0	0	5	
ZUO Zhipeng	Supervisor	4	3	2	1	0	4	
SHAO Liangming	Employee supervisor	4	4	2	0	0	6	
XIE Min	Employee supervisor	4	4	2	0	0	6	
Number of the meetings of the Supervisory Committee held during the year				4	The Company			
Including: Number of on-site meetings				2	convened six			
Number of meetings held by way of telecommunication				2	general meetings			
					during the year,			
					including one A			
					share class meeting			
					and one H share			
					class meeting			

Section IV Corporate Governance

IX. INFORMATION OF EMPLOYEES OF PARENT COMPANY AND PRINCIPAL SUBSIDIARIES AT THE END OF REPORTING PERIOD

(I) Information of employees

Number of existing employees of parent company	12,066
Number of existing employees of major subsidiaries	3,020
Total number of existing employees	15,086
Number of disengaged and retired employees for whom the parent company and major subsidiaries shall be liable to expenses	–

Professions

Type of professions	Number of individuals
Business personnel	9,473
Business support personnel	4,872
Management personnel	741
Total	15,086

Educational background

Level of education	Number of individuals
Doctors	169
Masters and postgraduates	6,292
Bachelors	7,254
Associate degree and below	1,371
Total	15,086

(II) Remuneration policy

Applicable Not applicable

The Company has formulated a series of remuneration management systems in line with the practical conditions of the Company pursuant to relevant PRC laws and regulations and the Articles of Association, including the Administrative Measures on Remuneration, and the Administrative Measures on Performance, and the Administrative Measures on Professional Ranking. The Company establishes a post value and competence oriented and performance-related remuneration system to achieve “inside fairness and outside competition”, which improves the utility efficiency of remuneration resources and motivates excellent employees for the purpose of attracting and retaining excellent talents. The Company has formulated and implemented the Restricted Share Incentive Scheme of A Shares (《A 股限制性股票激勵計劃》) in accordance with the PRC laws and regulations, to further strengthen the incentive and retention of core staff. The Company maintains and makes contribution to various social insurances (including the pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance), housing fund and enterprise annuity for its employees in accordance with the PRC laws and regulations.

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(III) Training programs

Applicable Not applicable

The Company continued to build a multi-level talent training system, set up hierarchical and classified training programs for “business talents, management talents, international talents and post-doctoral top talents”, and continued to explore the establishment of a cross-department, cross-line, cross-professional talent exchange and career-covering talent training mechanism, and carried out a series of employee trainings through hierarchical and classification, enriched and optimized the growth path of employee training, and empowered various talent systems of the Company. In 2023, the Company launched offline and online training for employees with a total of 1,308,000 hours, including 889,000 hours of online training and 419,000 hours of offline face-to-face training. By the end of 2023, the Company has developed and introduced a total of 36,354 online and offline courses.

(IV) Labour outsourcing

Applicable Not applicable

Total number of working hours of labour outsourcing	Standard working hour policies
Total compensation paid for labour outsourcing	RMB15,608,800

(V) Information of the brokers

As at the end of 2023, the Group had a total of 1,473 security brokers, representing a decrease of 204 compared with last year. The Group conducts unified management over brokers and has established a complete system of rules, internal control system and system platform to standardize management over brokers. The Group has taken preventative measures beforehand, processes monitoring and posts reviews in respect of the conduction of business by brokers. The Group has effectively controlled risks associated with brokers related business, by providing pre-job training and training for the conduction of business to reinforce the management over the practices of brokers, monitoring and tracking transactions of brokers clients via off-site monitoring platforms to identify risks on a timely basis, and conducting audits to standardize management over brokers and to effectively control brokers related business risks.

Section IV Corporate Governance

X. PROPOSAL FOR PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE FUND INTO CAPITAL

(I) Formulation and implementation of or adjustment to the cash dividend policy

Applicable Not applicable

According to the Articles of Association, the Company has explicitly formulated the profit distribution policy, including the cash dividend policy which states that “The Company adopts a positive, sustainable and stable profit appropriation policy, which emphasizes a reasonable investment return for investors. The Company may distribute dividends in cash, in shares or in a combination of both cash and shares. The Company shall give priority to distribute dividends in cash provided that the conditions for cash distribution are satisfied. When implementing the cash dividend distribution, the Company shall consider the internal and external factors, directors’ opinions and Shareholders’ expectations. Under the preconditions that Company has no material investment plan or there is no significant cash expenditure, as well as the net profits realized by the Company in current year, the accumulated undistributed profits at end of current year and the capital reserve are positive, the Board of the Company shall distribute annual or interim profits by cash as long as it does not affect the normal operation of the Company, in which case the Company shall distribute cash dividends (including interim and final dividends) in an amount equal to at least 15% of the annual distributable profits (net of gains from fair value changes and so on according to relevant requirements) in any year. In distributing profits by means of shares, the Company shall take into account the operation position and share capital scale and adequately consider factors such as growth, dilution to net assets per share and so on.

The Board of the Company shall take various factors into account, including its industry features, the stage of development, its own business model, profitability as well as whether it has any substantial capital expenditure arrangement, to propose a differentiated policy for distributing cash dividend. Unless otherwise stipulated in the Articles of Association, the profit distributed in cash each time shall not be less than 20% of the actual profit distributed.

If the Company decides not to make cash dividend or decides to make cash dividend at a ratio lower than the prescribed one in special circumstances, the Company shall implement the relevant decision-making procedures and make disclosure according to laws, administrative regulations, departmental rules and the provisions of the exchanges where the securities of the Company are listed.

As at the end of 2023, the parent company’s distributable profit was RMB40,864,558,704. Pursuant to the requirements of the CSRC, the portion of the gains on fair value changes in the distributable profits shall not be used for cash distribution to shareholders. After deducting the impact of the net gains and losses on changes in fair value at the end of 2023 on the distributable profits of RMB177,235,843, the amount of cash dividends available for distribution to investors at the end of 2023 is RMB40,687,322,861.

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The Company's profit distribution proposal for 2023 is: based on the total share capital of the Company on the record date for dividend distribution, the Company will distribute to the holders of A Shares and H Shares whose names appear on the register of members of the Company on the record date for the dividend distribution a cash dividend of RMB4.0 (tax inclusive) for every 10 Shares.

Based on the total share capital of the Company, being 8,904,610,816 Shares as at 31 December 2023, the total amount of cash dividends is RMB3,561,844,326, accounting for 38.0% of the consolidated net profit attributable to equity holders of the Company for 2023. The Company's profit distribution plan for 2023 has been approved at the twelfth meeting of the sixth session of the Board, but is subject to the approval of the Shareholders at a general meeting of the Company.

After the Company's profit distribution plan for 2023 is considered and approved at the general meeting, cash dividends will be distributed within two months from the date of the annual general meeting.

The aforesaid profit distribution proposal of the Company is compliant and transparent and complies with the Articles of Associations and approval procedures, which sets out definite criteria and proportions of dividends. Independent Directors have expressed their independent opinions that the decision-making procedures and mechanism are complete and the proposal fully protects minority investors' interests.

(II) Special explanation on cash dividend policy

Applicable Not applicable

Whether it complies with the provisions of the Company's Articles of Association or the requirements of the resolution of the general meeting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Not
Whether the dividend standard and ratio are specific and clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Not
Whether the relevant decision-making procedure and mechanism are complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Not
Whether the independent directors have performed their duties and played their due role	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Not
Whether minority shareholders have opportunities to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> Not

(III) If the Company records profits and the parent company records positive profits for distribution to shareholders during the Reporting Period but there is no proposal for cash profit distribution, the Company shall disclose the reasons and the usage of the retained profits and the usage plan in detail

Applicable Not applicable

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(IV) Proposal on profit distribution and transfer of capital reserve fund into capital during the Reporting Period

Applicable Not applicable

Unit: yuan Currency: RMB

Number of bonus shares for every 10 shares (share)	–
Amount of dividend for every 10 shares (RMB) (inclusive of tax)	4.0
Number of increased shares for every 10 shares (share)	–
Cash dividend amount (inclusive of tax)	3,561,844,326
Net profit attributable to shareholders of ordinary shares of the listed company in the consolidated financial statements for the year of distribution	9,374,143,632
Percentage of net profit attributable to shareholders of ordinary shares of the listed company in the consolidated financial statements (%)	38.0
Amount included in cash dividends for repurchased shares in cash	–
Total dividend amount (inclusive of tax)	3,561,844,326
Percentage of total dividend amount to shareholders of ordinary shares of the listed company in the consolidated statements (%)	38.0

XI. THE EQUITY INCENTIVE SCHEME, EMPLOYEE SHARE SCHEME OR OTHER EMPLOYEE INCENTIVES OF THE COMPANY AND THE IMPACT THEREOF

(I) The Restricted Share Incentive Scheme of A Shares

Purpose of the Scheme

In order to further enhance the corporate governance structure of the Company, realize the long-term incentives and constraints for the executive Directors, senior management and other core staff, fully activate their motivation and creativity, align their interests more closely with the long-term development of the Company, prevent loss of talents and realize sustainable corporate development, the Company has formulated the Restricted Share Incentive Scheme of A Shares (“the Incentive Scheme”) in accordance with the requirements of relevant laws, administrative regulations, regulatory documents and the Articles of Association.

Participants of the Scheme

The Incentive Participants in the First Grant of the Incentive Scheme are executive directors, senior management officers and other core staff of the Company, and the reserved Incentive Participants are senior management officers and other core staff of the Company.

The total number of shares that may be issued under the Scheme and their percentage of the issued shares as at the date of the annual report

The Incentive Scheme uses Restricted Shares as incentive tools, the source of underlying shares is the ordinary A Shares of the Company repurchased from the secondary market by the Company. On 17 July 2020, the Company completed the repurchase and actually repurchased 88,999,990 A Shares of the Company.

Section IV Corporate Governance

On 17 September 2020, the Company granted 79,300,000 Restricted A Shares to the Incentive Participants (the “First Grant”). In the process of subscription upon the determination of the Grant Date of the First Grant, 79,000,000 Restricted Shares were actually subscribed by the Incentive Participants, as the Incentive Participants voluntarily gave up the subscription of part of the Restricted Shares granted for personal reason. The Restricted Shares not taken up have been reallocated to the Reserved Shares.

On 2 November 2020, the Company completed the registration for 79,000,000 Restricted A Shares of the First Grant under the Incentive Scheme with China Securities Depository and Clearing Corporation Limited, Shanghai Branch.

On 19 July 2021, the Company granted 9,999,990 Restricted A Shares reserved under the Incentive Scheme to the Incentive Participants (the “Reserved Grant”).

Since the First Grant of the Restricted A Shares of the Company to 8 September 2021, as the Incentive Participants under the First Grant are no longer qualified as the Incentive Participants, a total of 1,778,000 Restricted A Shares granted to such Incentive Participants but not yet unlocked have been repurchased and cancelled by the Company on 27 January 2022 with the repurchase price at RMB7.08 per share and the repurchase amount of RMB12,588,240. Upon completion of the repurchase and cancellation of the Company, there are 87,221,990 Restricted A Shares remaining.

On 29 November 2022, the Company convened the twelfth extraordinary meeting of the sixth session of the Board and the fourth extraordinary meeting of the sixth session of the Supervisory Committee, at which the Resolution on Proposing to Consider the Achievement of Releasing Selling Restrictions in the First Lockup Period for the First Grant under the Restricted Share Incentive Plan of A Shares and Releasing Selling Restrictions (《關於提請審議公司 A 股限制性股票激勵計劃首次授予部分第一個限售期解除限售條件成就並解除限售的議案》) was reviewed and approved, pursuant to which releasing selling restrictions in the first lock-up period for the First Grant under the restricted share incentive plan of A shares of the Company have been achieved, the Company completed the relevant procedures for the releasing selling restrictions for the 24,900,183 Restricted Shares held by 420 Incentive Participants in total in accordance with relevant regulations, and the above shares have been released selling restrictions and traded on 21 December 2022. A total of 62,321,807 shares remain unlocked, of which there are 52,321,817 shares under the First Grant and 9,999,990 shares under the Reserved Grant.

On 20 March 2023, the Company convened the 2023 first extraordinary general meeting, the 2023 first A Shareholders’ class meeting and the 2023 first H Shareholders’ class meeting, at which the Resolution on Proposing to Consider Repurchase and Cancellation of Certain Restricted A Shares (《關於提請審議回購註銷部分 A 股限制性股票的議案》) was reviewed and approved. Since 19 of the 487 Incentive Participants under the restricted share incentive plan of A shares of the Company have terminated their labor contracts or not fully met the performance appraisals, the Company repurchased and cancelled all or part of the Restricted Shares granted to such Incentive Participants, totalling 2,156,747 shares, on 9 June 2023, of which 1,714,037 shares of the First Grant are repurchased at RMB6.40 per share and 442,710 shares of the Reserved Grant are repurchased at RMB7.27 per share with the repurchase amount of RMB14,188,338.50. There are 60,165,060 restricted A shares remaining, of which there are 50,607,780 shares under the First Grant and 9,557,280 shares under the Reserved Grant.

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On 20 March 2024, the Company convened the 2024 first extraordinary general meeting, the 2024 first A Shareholders' class meeting and the 2024 first H Shareholders' class meeting, at which the Resolution on Proposing to Consider Repurchase and Cancellation of Certain Restricted A Shares (《關於提請審議回購註銷部分 A 股限制性股票的議案》) was reviewed and approved. Since 12 of the 475 Incentive Participants under the restricted share incentive plan of A shares of the Company have terminated their labor contracts or not fully met the performance appraisals, the Company repurchased and cancelled all or part of the Restricted Shares granted to such Incentive Participants, totaling 880,196 shares, of which 437,486 shares of the First Grant are repurchased at RMB5.87 per share and 442,710 shares of the Reserved Grant are repurchased at RMB6.74 per share with the repurchase amount of RMB5,551,908.22.

As at the date of this report, the total number of shares granted under the Incentive Scheme is 88,999,990 shares, representing approximately 1.00% of the issued shares of the Company.

The maximum entitlement of each participant under the Scheme

The total number of shares to be granted to any single Incentive Participant of the Incentive Scheme under all the fully effective share incentive schemes of the Company within the effective period shall not exceed 1% of the total share capital of the Company.

The period during which the grantee may exercise the option under the Scheme

Not applicable

Vesting period of awards granted under the Scheme

A The lock-up periods of the Restricted Shares granted under the Incentive Scheme are 24 months, 36 months and 48 months, respectively, from the date of completion of equity registration of the corresponding portions granted.

Time schedule for unlocking of the First Grant:

Unlocking Batches	Time Schedule for Unlocking	Unlocking Ratio
First batch of the Restricted Shares to be unlocked	Commencing from the first trading day upon the expiry of 24 months from the date of completion of registration for the Grant of the corresponding portion of the Restricted Shares to the last trading day upon the expiry of 36 months from the date of completion of registration for the Grant of the Restricted Shares	33%

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Unlocking Batches	Time Schedule for Unlocking	Unlocking Ratio
Second batch of the Restricted Shares to be unlocked	Commencing from the first trading day upon the expiry of 36 months from the date of completion of registration for the Grant of the corresponding portion of the Restricted Shares to the last trading day upon the expiry of 48 months from the date of completion of registration for the Grant of the Restricted Shares	33%
Third batch of the Restricted Shares to be unlocked	Commencing from the first trading day upon the expiry of 48 months from the date of completion of registration for the Grant of the corresponding portion of the Restricted Shares to the last trading day upon the expiry of 60 months from the date of completion of registration for the Grant of the Restricted Shares	34%

Time schedule for unlocking of the Reserved Grant:

Unlocking Batches	Time Schedule for Unlocking	Unlocking Ratio
First batch of the Restricted Shares to be unlocked	Commencing from the first trading day upon the expiry of 24 months from the date of completion of registration for the Grant of the corresponding portion of the Restricted Shares to the last trading day upon the expiry of 36 months from the date of completion of registration for the Grant of the Restricted Shares	33%

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Unlocking Batches	Time Schedule for Unlocking	Unlocking Ratio
Second batch of the Restricted Shares to be unlocked	Commencing from the first trading day upon the expiry of 36 months from the date of completion of registration for the Grant of the corresponding portion of the Restricted Shares to the last trading day upon the expiry of 48 months from the date of completion of registration for the Grant of the Restricted Shares	33%
Third batch of the Restricted Shares to be unlocked	Commencing from the first trading day upon the expiry of 48 months from the date of completion of registration for the Grant of the corresponding portion of the Restricted Shares to the last trading day upon the expiry of 60 months from the date of completion of registration for the Grant of the Restricted Shares	34%

The Restricted Shares held by the Incentive Participants who have not fulfilled the conditions for unlocking, unless otherwise provided under the Incentive Scheme, shall be repurchased by the Company at the Grant Price.

B The Conditions of Operation Results for Unlocking the Restricted Shares

The Scheme will conduct annual appraisal on the performance indicators of the Company, the performance indicators of the unit (department) and the performance indicators of the individuals during the three accounting years of 2021-2023, achievement of the appraisal target will be used as the unlocking condition of current year for Incentive Participants.

Number of the Restricted Shares to be unlocked in current year by individual = total amount granted to individual × percentage to be unlocked in current year × company performance coefficient × individual performance coefficient.

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1. The conditions of operation results at the company level

The Company has chosen net profit attributable to parent company, weighted average return on net assets, investment in financial technology innovation, and comprehensive risk control indicator as the company results appraisal indicators, of which, the comprehensive risk control indicator will be used as the threshold indicator. If such indicator of the Company has not reached the threshold value, the corresponding batch of the Restricted Shares shall not be unlocked.

Subject to fulfillment of the comprehensive risk control indicator, the company performance coefficient corresponding to the appraisal result at the company level is as follows:

Company performance coefficient = score of net profit attributable to parent company x appraisal weight of net profit attributable to parent company + score of weighted average return on net assets x appraisal weight of weighted average return on net assets + score of investment in financial technology innovation x appraisal weight of investment in financial technology innovation.

In this formula, the appraisal weight of net profit attributable to parent company is 50%, the appraisal weight of weighted average return on net assets is 40%, and the appraisal weight of investment in financial technology innovation is 10%.

If the appraisal indicator has achieved its target, the score of that indicator is 1, otherwise the score is 0.

The targets of appraisal indicators at company level are as follows:

Appraisal Indicators	First Batch	Conditions for Unlocking	
		Second Batch	Third Batch
Net profit attributable to parent company	Not lower than No. 4 in the ranking of comparable companies in 2021	Not lower than No. 3 in the ranking of comparable companies in 2022	Not lower than No. 3 in the ranking of comparable companies in 2023
Weighted average return on net assets	Rise by one place among comparable companies in 2021 as compared to the ranking in 2019	Rise by two places among comparable companies in 2022 as compared to the ranking in 2019	Rise by two places among comparable companies in 2023 as compared to the ranking in 2019
Investment in financial technology innovation	Not less than 6.05% for 2021	Not less than 6.10% for 2022	Not less than 6.15% for 2023
Comprehensive risk control indicator	Threshold value: the rating result of securities companies is Class A Grade A or above and there is no occurrence of material non-compliance with laws and regulations		

The Company has selected CITIC Securities, Haitong Securities, HTSC, GF Securities, Shenwan Hongyuan and China Merchants Securities as comparable companies in the capital market service industry under the financial sector in the categorization of industries by CSRC for A Shares Companies.

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2. Performance conditions at the individual level of Incentive Participants

When the Incentive Participants are appraised on individual performance of the previous year according to the relevant measures for performance appraisal of the Company, the number of Restricted Shares which may be unlocked by the Incentive Participants is linked to the appraisal results of their performance in the previous year.

The relationship between the performance score and the individual performance coefficient of executive directors and senior management officers is as follows:

Individual Performance Appraisal Score (N)	Individual Performance Coefficient
N≥95	100%
90≤N<95	95%
80≤N<90	90%
60≤N<80	75%
N<60	0%

Individual performance coefficient of other Incentive Participants is linked to the performance of the units (departments) in which they work and their individual performance, the calculation method is as follows:

Individual performance coefficient=Performance score of unit (department) × Individual performance score

Unit (Department)/Individual Performance Grade	Unit (Department)/Individual Performance Score
Excellence/Good/Above Average	100%
Pass	90%
Failed	0%

The payables for applying for or accepting the option or award, if any, and the period of payment or notice of payment or the period of repayment of the option loan applied for

No

Section IV Corporate Governance

Basis of determination of the purchase price of the shares granted

The grant price of restricted A shares of the First Grant shall not be lower than the higher of the following prices:

- (1) 50% of the average trading price of the Company's A shares on the trading day prior to the announcement of the Incentive Scheme;
- (2) 50% of one of the average trading prices of the Company's A Shares for 20 trading days, 60 trading days or 120 trading days prior to the announcement of the Incentive Scheme.

The grant price of the reserved A Shares shall not be lower than the higher of the following prices:

- (1) 50% of the average trading price of the Company's A Shares on the last trading day preceding the date of the announcement of the Board meeting on the grant of reserved Restricted Shares;
- (2) 50% of one of the average trading prices of the Company's A Shares for the last 20 trading days, 60 trading days or 120 trading days preceding the date of the announcement of the Board meeting on the grant of reserved Restricted Shares.

During the period from the date of the announcement of the Incentive Scheme (i.e. 7 June 2020) to the completion of registration of the Restricted Shares by the Incentive Participants, the Company was engaged in conversion of capital reserves, distribution of scrip dividends and share subdivision, share reduction, share allotment, dividend distribution. The Company adjusted the price of the Restricted Shares accordingly.

Remaining validity period of the Scheme

The validity period of the Incentive Scheme shall commence from the date of completion of registration for the First Grant of the Restricted Shares and ends on the date when all the Restricted Shares granted to the Incentive Participants are fully unlocked or repurchased and deregistered, for a maximum of six years, valid until 1 November 2026.

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For the year ended 31 December 2023, the changes in the shares under the Incentive Scheme were as follows:

Name of participants	At	Granted	Cancelled	Lapsed	Number of	At	Date of grant ^{Note 2}	Subscription price
	1 January 2023	during the year	during the year	during the year	unlocking Shares for the year	31 December 2023		
Directors								
Wang Song	483,740	-	-	-	-	483,740	17 September 2020	RMB7.64/Shares
Yu Jian	398,650	-	-	-	-	398,650	17 September 2020	RMB7.64/Shares
Subtotal	882,390					882,390		
First grant to the five highest paid individuals (in aggregate)	-	-	-	-	-	-	-	-
Reserved grant to the five highest paid individuals (in aggregate)	-	-	-	-	-	-	-	-
Subtotal	-					-		
First grant to employees	51,439,427	-	1,714,037	-	-	49,725,390	17 September 2020	RMB7.64/Shares
Reserved grant to employees	9,999,990	-	442,710	-	-	9,557,280	19 July 2021	RMB7.95/Shares
Subtotal	61,439,417	-	2,156,747	-	-	59,282,670		
Total	62,321,807		2,156,747		-	60,165,060		

Note 1: There were neither directors nor supervisors of the Group among the five highest paid employees.

Note 2: For the Restricted Shares of First Grant on 17 September 2020 and completion of registration on 2 November 2020, the time schedule for the first batch of the Restricted Shares to be unlocked (33%), second batch of the Restricted Shares to be unlocked (33%) and third batch of the Restricted Shares to be unlocked (34%) will be from 2 November 2022 to 1 November 2023, 2 November 2023 to 1 November 2024 and 2 November 2024 to 1 November 2025, respectively.

For the Restricted Shares of Reserved Grant on 19 July 2021 and completion of registration on 29 September 2021, the time schedule for the first batch of the Restricted Shares to be unlocked (33%), second batch of the Restricted Shares to be unlocked (33%) and third batch of the Restricted Shares to be unlocked (34%) will be from 29 September 2023 to 28 September 2024, 29 September 2024 to 28 September 2025 and 29 September 2025 to 28 September 2026, respectively.

(II) Share awards granted to the Directors, senior management of the Company during the Reporting Period

Applicable Not applicable

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(III) The Establishment and Implementation of Appraisal and Incentives System to the Senior Management Members During the Reporting Period

Applicable Not applicable

The Company formulated the Measures for the Assessment of Professional Managers 《(職業經理人考核辦法)》, the Measures for Remuneration of Professional Managers 《(職業經理人薪酬辦法)》 and the Performance Assessment and Salary Distribution Plan for Other Leaders 《(其他領導人員業績考核和薪酬分配方案)》. After the end of each accounting year, the Board shall conduct annual evaluation of the performance of the senior management and determine the remuneration and incentive.

During the Reporting Period, the Company continued to promote the remuneration system reform for professional managers, thereby it closely links professional managers' performance-related annual salary with the Company's performance and individual performance appraisal results so as to guarantee the marketization of professional managers compensation incentive system and effectively improve the overall competitiveness of the Company.

During the Reporting Period, the Company's performance conditions for the lifting of sales restrictions in the second lock-up period for the First Grant of the Restricted A Shares and the first lock-up period for the Reserved Grant have been achieved. On 5 February 2024, according to the Restricted Share Incentive Scheme of A Shares, the Company released the shares of the senior management based on the achievement of the performance conditions for releasing the selling restrictions at the corporate level and the individual level, and closely linked the medium and long term incentive of the senior management with the Company's strategy and shareholder returns, to promote the high-quality development of the Company.

XII. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

Applicable Not applicable

Since its incorporation, the Company attached importance to the internal control mechanisms, the establishment of internal control system and established and improved the standardized governance structure for legal entity, forming a scientific decision-making, execution and supervision mechanism. According to the requirements of laws, regulations and documents of administrative norms such as the Company Law of the PRC, the Securities Law of the PRC, the Rules for Governance for Securities Companies, the Basic Rules for Internal Control of Corporates and its guidelines, and also the actual condition of the Company, the Company formulated a comprehensive internal control system considering factors such as internal environment, risk assessment, control activities, information and communication and internal monitoring, to provide a reasonable protection for the compliance of operation management, asset security and the truth and completeness of financial report and related information.

Section IV Corporate Governance

During the Reporting Period, the Company continued to improve the construction of internal control system and optimize the organizational structure and supporting operation and management mechanism; formulated or revised the Measures on Accountability for Compliance and Risk Management (《合規與風險管理問責辦法》), the Measures for the Administration of Anti-money Laundering (《反洗錢工作管理辦法》), the Measures for the Administration of Abnormal Transactions by Customers of Stock Exchanges (《證券交易所客戶異常交易行為管理辦法》) and the Measures for the Administration of Contracts (《合同管理辦法》) and other important compliance management systems; formulated the Work Plan for the Construction of Front-line Compliance and Risk Control Talent Team of Branches (《分支機構一線合規風控人才隊伍建設工作方案》) to strengthen the construction of the front-line compliance team; optimized the classified and graded review mechanism; improved the management level by digital means; the internal control system of the Company operated well in general.

Matters relating to material defects on internal control during the Reporting Period

Applicable Not applicable

XIII.MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

Applicable Not applicable

The Company regards “professional management, coordinated development, intensive operation, categorized management, efficient service and effective management and control (專業經營、協同發展、集約運營、分類管理、高效服務、有效管控)” as the basic objectives and principles of management of the subsidiaries, and has established and improved the management system of subsidiaries. The Company formulated a series of management and control systems for subsidiaries, such as the Subsidiary Management Measures (《子公司管理辦法》), the Subsidiary Compliance and Risk Management Measures (《子公司合規與風險管理辦法》), the Subsidiary Financial Management Measures (《子公司財務管理辦法》) and the Management Rules for Group Settlement Behavior (《集團化結算行為管理細則》), which systematically improve the management and control of subsidiaries from comprehensive management, vertical management, intensive management and control, and unified management on a multi-dimension basis. At the same time, the Company further promoted the comprehensive digital transformation of the Group, effectively strengthened the management and control of subsidiaries through digital means to empower the high-quality business development of subsidiaries.

Section IV Corporate Governance

XIV. MATTERS RELATING TO THE AUDIT REPORT ON INTERNAL CONTROL

Applicable Not applicable

The Company has appointed KPMG Huazhen LLP as the internal control auditor. KPMG Huazhen LLP has issued the 2023 Internal Control Audit Report of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司 2023 年度內部控制審計報告》), and considered that the Company has maintained an effective financial reporting internal control in all material aspects according to the Basic Norms for Enterprise Internal Control (《企業內部控制基本規範》) and relevant regulations on 31 December 2023, which is consistent with the self-assessment conclusion of internal control of the Company.

Whether to disclose internal control audit report: Yes

Type of opinion in the internal control audit report: Standard unqualified opinion

XV. RECTIFICATION OF NON-COMPLIANCE MATTERS IDENTIFIED THROUGH SELF EXAMINATION AND IN SPECIAL ACTIONS ON GOVERNANCE OF LISTED COMPANIES

During the Reporting Period, there were no self-examination and rectification matters involving the special action on corporate governance of listed companies. The Company will further improve corporate governance in accordance with the provisions of laws and regulations and continuously improve the development quality of the Company.

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

Applicable Not applicable

(I) Development of compliance management system

The Company has established and perfected a four-level compliance management organization system consisting of the Board (including the Risk Control Committee) and the Supervisory Committee, the Chief Compliance Officer, the legal compliance department and first-line compliance risk control personnel by appointing chief compliance officer, establishing the legal compliance department, and building first-line compliance risk control team. The Company's Chief Compliance Officer, as the person in charge of all the Company's compliance, is a senior manager of the Company, responsible for the legal compliance department, the internal audit risk management department, and the group audit center. The Chief Compliance Officer organizes and coordinates each internal control department and relevant management departments, jointly perform various internal control responsibilities including compliance management. The Company's headquarters are equipped with full-time compliance management staff, and has set first-line compliance risk control personnel at each department and branch of the Company's headquarters, who are responsible for the compliance check, training, advisory, audit, supervision, and communication of each unit, etc.

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In 2023, the Company continued to strengthen the concepts and optimize the operation of rules and regulations, actively promoting the implementation of new regulatory regulations and modifying important compliance management systems, as well as empower the high quality development of its business and give full support to various business lines with continuous follow-up and review. It also consolidated its group compliance management system, improved the management mechanism, led and supervised its subsidiaries to improve their compliance management systems. The digital transformation was promoted at top speed while our legal compliance platform was continuous upgrading. The Company bolstered the effectiveness of its money laundering risk management and carried out inspection and assessment of subsequent rectifications. The Company furthered the formation of compliance practices, carried out relevant publicity and training in multiple ways, fostered a probity and anti-corruption culture, continuously improved its corporate governance and created a favorable environment to do good deeds and abide by the rules and regulations. Daily routines of compliance management were carried out in a stable and orderly manner.

(II) Compliance inspections

In 2023, insisting to be problem-oriented and risk-oriented and focusing on key links or developments of various business, the Company has conducted a total of 34 compliance inspections, organized several key special self-inspections and self-rectifications, proposed rectification suggestions and strictly procured rectification of the problems and potential defects identified during such inspections.

(III) Audit work conducted

In 2023, the Company further improved the top-level design of internal audit and promoted the systematic and holistic restructuring of the audit system. The Company has established a leading group for audit work of the Party Committee, which is responsible for the top-level design, overall coordination and supervision of major internal audit work of the Company, so as to further strengthen the overall leadership of the Company's Party Committee over the internal audit work. In the context of the Guidelines for Internal Audit of Securities Companies (《證券公司內部審計指引》) newly issued by the SAC, the Company systematically sorted out the current situation of internal audit work, formulated and implemented countermeasures one by one according to the requirements of the Guidelines, and established and revised a number of internal audit-related systems.

During the Reporting Period, the Company's internal audit adhered to strengthening the concept of system, and closely followed the requirements of the Company on integrating into the overall situation of reform and development with strategic thinking. It paid close attention to key areas and key processes, focused on the areas of power concentration, capital intensive and resource enrichment, and continuously expanded the breadth and depth of audit work, so as to strengthen the closed loop management of audit rectification and implement audit work within the Group in a unified and efficient manner. During the Reporting Period, the group audit center completed a total of 226 audit projects, including 45 headquarters and subsidiary projects and 181 branch projects. The audit covered various business departments and risk management departments in investment banking, institution, credit, wealth and other business lines, and management departments such as the financial college, as well as subsidiaries such as Guotai Junan Innovation Investment, Guotai Junan Asset Management and Guotai Junan International, covering anti-money laundering, financial management, compliance management, internal control management, information technology management, integrity management, practice management, compensation management and other fields.

Through the above-mentioned work, the Company's internal audit actively integrated into the overall development of the Company, inspected and evaluated the soundness and effectiveness of the internal control of the audited units, revealed the main risks and urged rectification and effectively played a role in supervision and guarantee to promote the steady and healthy development of the Company.

Section IV Corporate Governance

XVII. OTHERS

Applicable Not applicable

(I) Rights of Shareholders

The general meeting is the supreme authority of the Company. The Shareholders exercise their rights through the general meeting. The Company convenes and holds the general meetings in strict compliance with the Articles of Association and the Rules of Procedure of General Meetings and other relevant requirements to ensure that all Shareholders, especially minority Shareholders, can enjoy equal positions and fully exercise their rights. The Company maintains a healthy and steady development in an orderly way under the restraints of the Articles of Association, the interests of the Company and its Shareholders are effectively protected.

Pursuant to Article 81 of the Articles of Association and Article 12 of the Rules of Procedure of General Meetings, the Shareholders individually or jointly holding more than 10% of the Shares are entitled to request the Board in writing to convene an extraordinary general meeting. The Board shall give a written response on whether or not it agrees to call such an extraordinary general meeting within 10 days after receipt of such request according to laws, administrative rules, listing rules of the listing place of the Company's shares and the Articles of Association. If the Board agrees to hold an extraordinary general meeting, it shall issue a notice calling such meeting within 5 days after it has so resolved. The consent of the relevant Shareholders shall be obtained if any change is to be made in the notice to the original request. If the Board disagrees with the holding of an extraordinary general meeting or fails to give a response within 10 days after receipt of such request, Shareholders individually or jointly holding 10% or more of the shares of the Company are entitled to propose in writing for the Supervisory Committee to hold an extraordinary general meeting. If the Supervisory Committee agrees to the holding of an extraordinary general meeting, it shall issue a notice calling such meeting within 5 days after receipt of such request. The consent of the relevant Shareholders shall be obtained if any change is to be made in the notice to the original request. If the Supervisory Committee fails to issue a notice calling such meeting within the prescribed period, the Supervisory Committee shall be deemed not to convene and chair such meeting. Shareholders individually or jointly holding 10% or more of the shares of the Company for more than 90 consecutive days shall then be entitled to convene and chair such meeting on their own.

In addition, pursuant to Article 84 of the Articles of Association, when a general meeting is convened by the Company, the Board, the Supervisory Committee or Shareholders individually or jointly holding 3% or more of the shares of the Company shall be entitled to raise proposals to the Company. Shareholders individually or jointly holding 3% or more of the shares of the Company may submit ad hoc proposed resolutions in writing to the convener of the general meeting 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within 2 days upon receipt of the proposals and announce the contents thereof. Otherwise, the convener, after issuing the notice and announcement of the general meeting, shall neither revise the proposals stated in the notice of general meetings nor add new proposals.

Section IV Corporate Governance

(II) Amendments to the Articles of Association

The Company held the 2023 first extraordinary general meeting on 20 March 2023, at which the Resolution on Proposing to Consider the Amendments to the Articles of Association (《關於提請審議修訂公司章程的議案》) was reviewed and approved. The amendments to the Articles of Association have taken effect from 20 March 2023. Please refer to the information of the general meeting of the Company disclosed on 1 March 2023 for details of the amendments.

The Company held the 2023 second extraordinary general meeting on 30 November 2023, at which the Resolution on Proposing to Consider the Amendments to the Articles of Association (《關於提請審議修訂公司章程的議案》) was reviewed and approved. The amendments to the Articles of Association have taken effect from 30 November 2023. Please refer to the information of the general meeting of the Company disclosed on 11 November 2023 for details of the amendments.

(III) Investor relations

The Company has always attached great importance to the return of investors and has always been committed to enhancing the long-term investment value of the Company by developing the ability of creating the Company's inherent value, and rewarding the investors by means of a continuously high percentage of cash dividends. At the same time, the Company attaches great importance to the management of investor relations, and has formulated a series of thorough rules and regulations such as the Investor Relations Management System (《投資者關係管理制度》). The Company has set up an investor relations management platform with various communication channels such as on-site, telephone and Internet and various communication methods such as performance explanation sessions, road shows, an investor open day, reception of investors for survey and research, company website, investor hotline and e-mails, and through actively participating in e-interactive platform of the Shanghai Stock Exchange, participating in collective reception activities for investors, and attending investment strategies meetings or investment forums of seller institutions, and actively enhancing the interactive communication with investors, and thus increases the Company's transparency and ensures that investors could have timely, accurate and comprehensive understanding of the Company. Shareholders may make enquiries through emails, hotlines and directly sending their letters to the Company's office address. The Company will properly and timely handle all enquiries. During the Reporting Period, the Company reviewed the investor relations activities carried out and was satisfied with the implementation and results.

During the Reporting Period, the Company held two analyst conference calls and one investor open day event, involving a total of 205 analysts and investors from domestic and foreign institutions; received institutional research, conducted performance roadshows and participated in seller institutional strategy meetings for a total of 41 times, communicated with 174 analysts and institutional investors; conducted three online briefings on the results; answered 711 investor hotlines and replied on SSE e-interview 63 times.

The Company will continue to further implement the requirements of the CSRC on promoting the investment value of listed companies. On the basis of continuously improving the ability of creating inherent value and consolidating the core competitiveness, the Company will study and consider further measures on enriching value operation and value realization, as well as to take initiative to increase investors return through various measures, such as regular dividend distribution and strengthening of investor relationship management.

Section IV Corporate Governance

The communication between the Company and investors in 2023

Date of reception	Place of reception	Way of reception	Guests	Major topics discussed and information provided
11 January 2023		Online communication	Investors invited to the Greater China Seminar of UBS Securities	Operation and development of wealth management and institutional and trading
7 February 2023	Changsha	On-site communication	Investors invited to the 2023 Spring Strategy Conference of Guotai Junan Securities	Operation and development of the corporation strategies, wealth management, investment banking, institutional and trading, international business
8 February 2023	Wuxi	On-site communication	Investors invited to the Spring Strategy Conference of Guolian Securities	Operation and development of the corporation strategies, wealth management, investment banking, institutional and trading
16 February 2023	The Company	On-site communication	Analysts of TF Securities	Operation and development of the corporation strategies, wealth management, institutional and trading
30 March 2023		Telephone communication	Analysts and investors invited to the Company's 2022 Analyst Communication Conference	Operation and development of the regulatory policy, wealth management, institutional and trading
3 April 2023		Online communication	Investors attending the Company's 2022 Annual Results Presentation	Operation and development of the corporation strategies, wealth management, investment banking, institutional and trading
13-17 April 2023	Hong Kong	On-site communication	Investors invited to the 2022 Annual Results Roadshow of the Company	Operation and development of the corporation strategies, wealth management, institutional and trading, investment management, international business
19 May 2023		Online communication	Investors invited to the Mid-term Strategy Conference of TF Securities	Operation and development of wealth management and investment management
31 May 2023	Hefei	On-site communication	Investors invited to the Mid-term Strategy Conference of CITIC Securities	Operation and development of the corporation strategies, wealth management, institutional and trading
1 June 2023	Shanghai	On-site communication	Investors invited to the Mid-term Strategy Conference of Huatai Securities	Operation and development of the corporation strategies, wealth management, institutional and trading, investment management

Section IV Corporate Governance

Date of reception	Place of reception	Way of reception	Guests	Major topics discussed and information provided
2 June 2023	The Company	On-site communication	Analysts of JP Morgan	Operation and development of the corporation strategies, wealth management, institutional and trading, investment management
14 June 2023	The Company	On-site communication	Analysts and its invited investors of GF Securities	Operation and development of the regulatory policy, corporation strategies, wealth management, institutional and trading, investment management
15 June 2023	Shanghai	On-site communication	Investors invited to the Mid-term Strategy Conference of BOCI Securities	Operation and development of the corporation strategies, wealth management, institutional and trading
27 June 2023	Shanghai	On-site communication	Investors invited to the Mid-term Strategy Conference of Hua Chuang Securities	Operation and development of the regulatory policy, wealth management, institutional and trading
30 August 2023		Telephone communication	Analysts and investors invited to the Company's 2023 Semiannual Analyst Communication Conference	Operation and development of the regulatory policy, corporation strategies, wealth management, investment banking, institutional and trading, investment management and international business
1 September 2023		Online communication	Investors invited to the Mid-term Strategy Conference of GF Securities	Operation and development of the Company
5-7 September 2023	Hong Kong	On-site communication	Investors invited to the Company's 2023 interim results roadshow	Strategies and operation and development of the Company
14 September 2023		Online communication	Investors participated in the Company's 2023 Semi-annual Results Briefing	Operation and development of the Company
21 September 2023	The Company	On-site communication	Investors invited to the 2023 Investor Open Day	Operation and development of the corporation strategies, wealth management, investment banking, institutional and trading, investment management and international business
22 September 2023		Online communication	Investors invited to the Mid-term Strategy Conference of TF Securities	Operation and development of the corporation strategies, wealth management, investment banking, institutional and trading, investment management

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Date of reception	Place of reception	Way of reception	Guests	Major topics discussed and information provided
26 September 2023	The Company	On-site communication	Analysts of Fidelity HK	Operation and development of the corporation strategies and wealth management
1 November 2023		Online communication	Investors participated in the Company's 2023 Third Quarter Results Briefing	Operation and development of the investment banking and investment management
1 November 2023	Shanghai	On-site communication	Investors invited to the Strategy Conference of Huafu Securities	Operation and development of the wealth management, investment banking, institutional and trading, investment management
2 November 2023	Changsha	On-site communication	Investors invited to the 2024 Strategy Conference and Listed Companies Exchange Conference of Founder Securities	Operation and development of the regulatory policy, corporation strategies, wealth management, investment banking, institutional and trading, investment management and international business
17 November 2023	Shenzhen	On-site communication	Investors invited to the 2024 Capital Market Investment Annual Conference of Shenwan Hongyuan	Operation and development of the regulatory policy, corporation strategies, wealth management, investment banking, institutional and trading, investment management
23 November 2023	Guangzhou	On-site communication	Investors invited to the 2024 Capital Market Annual Conference of CITIC Securities	Operation and development of the regulatory policy, corporation strategies, institutional and trading
8 December 2023		Online communication	Investors invited to the 2024 Strategy Conference of TF Securities	Operation and development of the regulatory policy, wealth management, investment banking, institutional and trading
12 December 2023	Shanghai	On-site communication	Investors invited to the 2024 Strategy Conference of China Galaxy Securities	Operation and development of the corporation strategies, wealth management, investment banking, institutional and trading, investment management
14 December 2023	Shanghai	On-site communication	Investors invited to the 2024 Strategy Conference of Haitong Securities	Operation and development of the regulatory policy, corporation strategies, institutional and trading, international business

Section IV Corporate Governance

(IV) Compliance of securities transactions code by Directors, Supervisors and relevant employees

The Company has established the Measures for the Administration of the Holding and Changes in the Holding of the Shares by the Directors, Supervisors and Senior Management (《董事、監事和高級管理人員持有本公司股份及其變動管理辦法》) (the “Administration Measures”), and has been constantly amending it in accordance with the latest regulatory requirements to regulate the holding and dealing of the Shares by the Directors, Supervisors and senior management of the Company. Compared with the compulsory management requirements in the Model Code, the Administration Measures have adopted the standards in the Model Code as the standards of conduct for securities transactions by Directors, supervisors and relevant employees of the Company, and the requirements are stricter. After making enquiries, all Directors, Supervisors and senior management of the Company have confirmed that they had been in strict compliance with the Administration Measures and the Model Code throughout the Reporting Period.

(v) Directors’ and auditors’ responsibility for the accounts

The Board has acknowledged its responsibility for preparing the annual report of the Group for the year ended 31 December 2023.

The Board is responsible for presenting a clear and specific assessment of the annual and interim reports, price sensitive information and other disclosures required under the Hong Kong Listing Rules and other regulatory requirements. The management has provided relevant explanation and information to the Board as necessary to enable the Board to make an informed assessment and approval, as appropriate, of the financial information and status of the Group.

There are no material contingent events or conditions that may have a material impact on the Company’s ability to keep its operation continuously. In addition, the Company has arranged appropriate insurance cover in respect of potential legal actions and liabilities against the Directors, Supervisors and senior management.

(VI) Duty of the management

The management of the Company is engaged by the Board and is accountable to the Board. The management is mainly responsible for decision-making of the Board, daily operation management of the Company, the selection, hiring and management of internal staff and determination of staff remuneration. According to the Articles of Association, the duties of the Chief Executive Officer include directing the production and operation management of the Company, organizing to implement the resolution of the Board, and reporting to the Board; organizing and implementing the annual plan and investment plan; drafting the establishment plan of the internal management division; drafting the basic management system of the Company; formulating the specific rules of the Company; proposing the engagement or the dismissal of Vice President, Chief Financial Officer and other senior management personnel (other than secretary to the Board, Chief Risk Officer, Chief Compliance Officer, General Legal Counsel and Chief Auditor); determining the engagement or dismissal of responsible management personnel other than those who should be engaged or dismissed by the Board; implementing the requirements of the Board’s cultural construction work and carrying out the Company’s cultural construction work; other duties authorized by the Articles of Association or the Board.

Section IV Corporate Governance

(VII) Company secretary

Joint company secretaries of the Company are Mr. YU Jian and Ms. KWONG Yin Ping Yvonne. Mr. YU Jian also acts as an Executive Director, the secretary to the Board and primary internal contact person of the Company. Ms. KWONG Yin Ping Yvonne is the vice president of SWCS Corporate Services Group (Hong Kong) Limited. During the Reporting Period, Mr. YU Jian has accepted over 15 hours of professional trainings in total, please refer to “VI. Performance of Duties by the Board and Directors” in this section for contents of training.

(VIII) Compliance with relevant laws and regulations

As a public company listed both in Mainland China and Hong Kong, the Company abode, in strict accordance, by domestic and foreign laws, regulations and normative documents including the Company Law, the Securities Law, the Regulations on Supervision and Administration of Securities Companies, the Rules for Governance of Securities Companies, the Code of Corporate Governance for Listed Companies in China, the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules and the Articles of Association. The Company established and perfected its rules and regulations to standardize the operation and devoted itself to maintaining and improving its market image. Please see “X. Suspected Non-compliance with Laws and Regulations by and Penalties Imposed on the Company, its Directors, Supervisors, Senior Management, Controlling Shareholder and De facto Controller as well as Relevant Rectifications” in “Section VI Significant Events” of this report for punishment and public condemnation the Company has suffered during the Reporting Period.

(IX) Administration of insider registration

In strict compliance with the Securities Law, the Guidelines for the Supervision and Administration of Listed Companies No. 5 – Registration Management System for Insiders of Listed Companies’ Inside Information (《上市公司監管指引第 5 號 – 上市公司內幕信息知情人登記管理制度》) issued by the CSRC, the Guidelines of Shanghai Stock Exchange No. 2 for the Application of Self-Regulation Rules for Listed Companies – Information Disclosure Management (《上海證券交易所上市公司自律監管指引第 2 號 – 信息披露事務管理》) issued by the Shanghai Stock Exchange and the Articles of Association, the Registration Management System for Insiders of Inside Information (《內幕信息知情人登記管理制度》) and other relevant laws and regulations, the Company did a good job in the registration and filing of insiders. There was no abnormal fluctuation of the Company’s stock price due to the leakage of inside information. The Registration Management System for Insiders of Inside Information regulates the confidentiality and registration of inside information and strengthens the confidentiality of inside information and the management of insiders; the Management System for Information Disclosure (《信息披露事務管理制度》) and the Management System for Investor Relations (《投資者關係管理制度》) maintains the principle of fairness for information disclosure; this mechanism covers all key control processes such as the generation, collection, transmission, review, confidentiality and fair disclosure of inside information and ensures the implementation of various systems by strengthening system training, standardizing work requirements, improving accountability and strengthening awareness of information disclosure.

Section V Environment and Social Responsibility

I. ENVIRONMENTAL INFORMATION

Whether to establish an environmental protection related mechanism	Yes
Investment in environmental protection during the Reporting Period (unit: ten thousand yuan)	52.74

(I) Environmental protection information of the company and its major subsidiaries on the lists of critical pollutant dischargers published by environmental protection authorities

Applicable Not applicable

(II) Environmental protection information of companies not on the list of critical pollutant dischargers

Applicable Not applicable

1. Administrative penalties due to environmental protection issues

Applicable Not applicable

2. Disclosure of other environmental protection information with reference to the list of critical pollutant dischargers

Applicable Not applicable

The Company is a financial company, which is not on the lists of critical pollutant dischargers and their major subsidiaries published by environmental protection authorities. The Company entrusts qualified third-party organizations to conduct inspections for the wastewater, exhaust gases and noises of the headquarters office. All inspections are in line with the national standards.

3. Reasons for not disclosing other environmental protection information

Applicable Not applicable

Section V Environment and Social Responsibility

(III) Relevant information that is conducive to ecological protection, pollution prevention, and fulfilment of environmental responsibilities

Applicable Not applicable

As a large state-owned financial institution, the Company resolutely implements the strategic decision and deployment of the CPC Central Committee and the State Council, fully implements the concept of green development, vigorously develops green finance, promotes ecological protection and pollution prevention, and fulfills its environmental responsibilities with practical actions.

1. Strengthen the top-level design of the Company to vigorously develop green finance

In order to conscientiously implement the strategic decision and deployment of the report of the 20th National Congress of the Communist Party of China on “improving fiscal, taxation, finance, investment, pricing policies and standard systems to support green development”, the Company, on the basis of the industry’s first “Action Plan for Implementing Peak Carbon Dioxide Emissions and Carbon Neutrality (《踐行碳達峰與碳中和的行動方案》)” issued in 2021, further formulated and issued the “Action Plan for Comprehensively Improving the Level of Green Financial Services of Guotai Junan (2023-2025) (《國泰君安全面提升綠色金融服務能級的行動方案(2023-2025年)》)” in May 2023, which clarified the overall requirements and main objectives for the development of green finance, and proposed 14 action measures. In accordance with the basic principles of “overall deployment and systematic promotion, classified policies and key breakthroughs, perseverance and order, benchmarking towards international norms and highlighting characteristics”, the Company will proactively seize the opportunities for green transformation and development, and integrate environmental, social and governance (ESG) factors into all aspects of the Company’s operation and management, with the aim of significantly improving the Company’s green finance business scale, service level and brand image by 2025, and becoming a model benchmark for practicing green finance in the securities industry. To this end, the Company will focus on improving green investment and financing service capabilities, strengthen green asset trading and cross-border financial services capabilities, establish and improve ESG risk management system, strengthen investor education and rights protection, actively carry out green finance research, fully implement green operations, further promote public welfare undertakings, improve the green financial governance system, increase publicity and resources investment, and strengthen information disclosure and information technology support.

Section V Environment and Social Responsibility

2. Provide leading integrated carbon financial services

The Company has actively practiced the concept of green and low-carbon development. It took the lead in establishing an over-the-counter carbon finance business team in the securities industry in 2014, and was among the first batch of companies to obtain the carbon trading license by the CSRC in 2015 and the first domestic securities companies in China for the admission to the International Emission Trading Association (IETA) in 2016. The Company was awarded as an outstanding member and outstanding investment institution piloted by the carbon emissions exchanges in Beijing, Shanghai and Guangdong for many consecutive years. As an important participant in the domestic carbon trading market and an influential pricing trading institution, it has provided leading carbon financial services for many leading enterprise groups, and also made outstanding contributions to the liquidity of the domestic carbon market. The Company successively completed the first CCER (Chinese Certified Emission Reduction) transaction, the first carbon inclusive transaction, the first revenue certificate linked to carbon emission quotas, and the first over-the-counter option transaction linked to domestic carbon emission rights in the securities industry, which has provided high-quality carbon financial services to the market, covering risk management and financing and other aspects, so as to promote enterprises to effectively revitalize their carbon assets and support carbon price discovery. The Company has met the trading conditions of the domestic and international carbon markets, and can provide enterprises and traders in the industrial chain at home and abroad with multi-dimensional and diversified services including carbon asset spot trading, emission reduction purchase agreement (ERPA), carbon repurchase trading, carbon offset and neutralization and related carbon financial investment products. The Company's carbon finance transaction business serves customers from dozens of regions such as Beijing, Shanghai, Shandong, Henan, Hebei, Anhui, Jiangsu and Qinghai, covering power generation, heat supply, paper making, chemical, iron and steel, transportation, finance, public utilities and other industries. The types of service targets include emission control enterprises, voluntary carbon neutral enterprises, carbon service platforms, institutional investors, etc. As of the end of 2023, the Company's historical cumulative trading volume in the carbon trading market was approximately 75 million tons, of which the trading volume in the carbon trading market in 2023 was over 10 million tons.

3. Provide full-chain green investment and financing services

The Company has deeply cultivated the upstream and downstream enterprises in the green industry chain, intensified the innovation of green financing products, provided a fast review channel for green financing projects, and actively served the green financing needs of enterprises. In 2023, the Company underwrote 102 domestic and overseas green bonds (including green ABS) with a total issuance scale of RMB305.46 billion, of which 37 carbon neutrality bonds were underwritten with a total issuance scale of RMB22.108 billion; the Company, as a program manager, issued 13 green ABS products with a total scale of RMB17.07 billion; and a cumulative scale of RMB3.58 billion was completed for green pledge financing.

Section V Environment and Social Responsibility

The Company fully implemented the ESG investment philosophy, continued to improve the ESG investment and research system, and continuously strengthened its green investment services. The Company initiated and set up industrial funds such as green funds, transformation and development funds with key regional governments, leading industrial enterprises and long-term institutional investors, and focused on investing in projects in the fields of photovoltaic power generation, sewage treatment, waste gas treatment, clean energy, smart travel, etc. The Company actively provided the creation, agency sale, custody and outsourcing and derivatives services of ESG-related products. As of the end of 2023, the Company has created ten ESG mutual funds with a total scale of RMB3.85 billion; agency sale of ESG mutual funds totaled 590, accounting for approximately 70% of the total number of ESG mutual funds in the market; the custody and outsourcing scale of green asset was RMB3.641 billion; the nominal principal of non-public issuance of listed companies with ESG ratings above BB through OTC derivatives was RMB14.666 billion; the investment balance of green bonds (including carbon neutrality bonds) was RMB15.763 billion.

4. Carry out green and low-carbon operations

The Company actively promoted the policy of “intensification, cost reduction, quality improvement and efficiency enhancement”, deeply implemented measures such as green office, green procurement and green travel, and implemented high-standard energy-saving requirements consistently and reduced resource and energy consumption and greenhouse gas emissions to reduce operating costs and improve intensification capabilities and management efficiency.

(IV) Measures taken to reduce carbon emissions during the Reporting Period and the relevant effectiveness

Whether carbon reduction measures have been taken	Yes
Reduction of CO2e emission (unit: ton)	2,340.5
Types of carbon reduction measures (Such as using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that help reduce carbon emissions, etc.)	Promoting the construction of green data centers

Description

Applicable Not applicable

The Company actively implements the philosophy of “intensification, cost reduction, quality improvement and efficiency enhancement”, and actively saves energy and reduces emissions through measures such as the implementation of digital office, construction of green data centers and promotion of green office and concept of environmental protection, so as to reduce the impact of its own operations on the environment. In 2023, the Company’s total energy consumption target in Shanghai was 14,180 tons of standard coal, but the actual amount was 13,739.08 tons of standard coal, which was lower than the total energy consumption target.

Section V Environment and Social Responsibility

1. Reduce use of paper

The Company promotes the implementation of electronic seals, online approval and attendance procedures and electronic file management measures; implements corporate WeChat online meetings and digitizes meeting materials; uses double-sided printing, prints in a reduced format and reuses waste paper for page printing as much as possible.

2. Save electricity

The Company encourages employees to turn off unnecessary electrical equipment during non-working hours and turn off all non-essential electrical switches, and replaces energy-saving lamps in the office to reduce electricity usage in an all-round way.

3. Carry out the management of water resources

The Company conducts extensive water conservation education, regularly inspects water use equipment and facilities, prevents the phenomenon of “running, emitting, dripping and leaking”, continuously improves water use efficiency through technological transformation and awareness raising, and controls and reduces per capita water consumption as much as possible.

4. Carry out waste management

The Company advocates garbage classification, and unifies the recycling of and classifies the disposal of hazardous waste; establishes and improves the management system of kitchen waste and waste oil to reduce the amount of kitchen waste; sets up food saving slogans in the dining area of employees, and vigorously advocates the “Clean Plate Campaign (光盤行動)”; and encourages employees to bring their own bowls and chopsticks for meals and reduce the use of disposable lunch boxes.

5. Promote the construction of green data centers

Focusing on high efficiency and energy saving, the data center of the Company has carried out a number of designs and constructions, and adopted energy-saving technologies such as high-density cold aisle closures, dual-channel centralized water-cooling refrigeration technology, cross-board natural refrigeration and waste heat recovery. In 2023, the data center optimized and transformed the energy consumption and efficiency according to its actual operation. The main measures include: promoting the expansion of the data room and the upgrading and transformation of the dynamic environment system, completing the upgrading and launching of 16 wet film humidifier equipment, carrying out the cooling optimization of the computer room and implementing the offline of old equipment and migration to the cloud. In 2023, by promoting the offline and migration of 108 old equipment to the cloud as well as the update and replacement of 16 old equipment, a total of 4.104 million kWh of electricity was saved.

Section V Environment and Social Responsibility

II. FULFILLMENT OF SOCIAL RESPONSIBILITIES

(I) Fulfillment of social responsibilities

Applicable Not applicable

External donations, public welfare projects	Amounts/content	Description
Total investment (ten thousand yuan)	3,227.78	
Including: funds (ten thousand yuan)	3,227.78	
Cash converted from materials (ten thousand yuan)		
Beneficiaries (persons)	300,000	
Description		

Applicable Not applicable

III. CONSOLIDATING AND EXPANDING POVERTY ALLEVIATION ACHIEVEMENTS, RURAL REVITALIZATION AND OTHER SPECIFIC WORK

Applicable Not applicable

Poverty alleviation and rural revitalization project	Amounts/content	Description
Total investment (ten thousand yuan)	2,422.38	
Including: funds (ten thousand yuan)	2,422.38	
Cash converted from materials (ten thousand yuan)		
Beneficiaries (persons)	300,000	
Form of support (Such as industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.)	Industrial support, education support	

Description

Applicable Not applicable

In 2023, focusing on six major aspects, namely rural revitalization, education support, serving Shanghai, emergency response, financial empowerment and public welfare culture, the Company actively explored the service model of “inclusive + public(普惠+公益)” welfare, and carried out 92 public welfare projects, benefiting more than 300,000 people. The Company was also awarded Donation Enterprise Award of the 12th China Charity Award.

Section V Environment and Social Responsibility

(I) Proactively serving rural areas to revitalize national strategy

The Company has courageously assumed the social responsibility of a financial state-owned enterprise. Taking into account its own reality, it gave full play to its own expertise and resource advantages, consolidated and expanded the results of poverty alleviation, and comprehensively promoted rural revitalization. The Company assisted in 5 paired assistance projects to promote new progress in county and rural revitalization.

(1) Continue to deepen the paired assistance project

In order to actively respond to the call of the China Securities Regulatory Commission, the Securities Association of China and the Shanghai Municipal Government, the Company signed a new round of assistance agreement with Guangnan County of Yunnan Province on “100 Enterprises for 100 Villages (百企結百村)”, and signed an assistance agreement with Puge County, a key county for rural revitalization in Sichuan Province, to continue to support the development of local industries and the construction of people’s livelihood projects.

(2) Renovation of house facades project of Liulangcheng Group, Guangnan County, Yunnan Province

The Company participated in the renovation of house facades project of Liulangcheng Group, Guangnan County, Yunnan Province to promote the development of new rural communities and create a beautiful and livable village integrating health care, leisure and entertainment, cultural industry, and tourism economy.

(3) Innovate assistance method through consumption

The Company integrated the characteristic agricultural products of the five corresponding counties to be assisted, and customized the “Tea of Goodness” cultural and creative products with public welfare background, agricultural help quality, and cultural characteristics. Such products were welcomed both inside and outside the Company.

(4) Explore the “Party Building + Public Welfare(黨建+公益)” Model

The Company actively participated in the poverty alleviation activities launched by the China Securities Regulatory Commission, and entered into the Soviet Area in southern Jiangxi Province with eight securities and futures companies, and carried out public welfare projects for disabled people for the purpose of party building and cooperating with party organizations. The project covered 16 rehabilitation institutions for disabled children in 11 formerly national poverty-stricken counties in Ganzhou City, benefiting 2,196 disabled children and supporting them in rehabilitation training.

Section V Environment and Social Responsibility

(5) Promote the construction of rural talent team

In cooperation with Zhejiang University, the Company carried out a special seminar on “Leaders for Becoming Rich (致富帶頭人)” of rural revitalization for 50 village secretaries, village directors and entrepreneurs who can lead the rich to learn from Zhejiang’s experience and support the development of industries in the aided areas.

(6) Caring for cadre talents aiding Tibet and Qinghai

Our Company provided oxygen-generating equipment to cadres from Shanghai who were aiding Tibet and Qinghai to help them create a good working environment so that they can better participate in support and construction work.

(II) Create a “Dream and Hope (築夢希望)” educational support brand

The Group comprehensively summarized and sorted out the practical experience in educational assistance over the years, extended and expanded the chain of educational assistance, combined it with rural realities, deepened the connotation of education, and continuously creating the “Dream and Hope” educational support project.

(1) Continue to do a good job in the construction of 4 Hope Primary Schools

The Group has completed the relocation and merger of Guotai Junan’s Dandan Hope Primary School (丹丹希望小學) to continue Dandan’s love. The Group distributed Guotai Junan teaching grants and scholarships to 4 Hope Primary Schools, continued to implement the Caring and Nutritious Lunch Program (愛心營養午餐計劃), benefiting more than 1,500 students; In cooperation with Pacific Insurance, the Group invested in the “Worry-free Growth (成長無憂)” welfare medical supplementary insurance project (second phase) and purchased insurance covering 123,000 students and teachers in three counties in Anhui, Jiangxi and Sichuan; launched the “Neighborhood Protection (鄰里守護)” Jun Hong Wish House (君弘心願小屋), and invited the loving cattle farms and loving customers of Jun Hong APP to enter 4 Hope Primary Schools so as to explore the path for customers to participate in public welfare.

(2) Create a public welfare project of “Seeing the World with Big Eyes (大眼看世界)”

The Company signed a public welfare cooperation agreement with the Oriental Broadcasting Center of Shanghai Radio and Television Station (上海廣播電視台東方廣播中心) to jointly launch a series of public welfare projects called “Seeing the World with Big Eyes (大眼看世界)” for rural students, carry out public welfare activities such as Little Scientists, Little Musicians, Little Intangible Heritage Inheritors, and Little Broadcasters, and invite aerospace experts and intangible cultural heritage masters and other celebrities into the rural classrooms, opening windows to the world for the students.

Section V Environment and Social Responsibility

(3) Proper implementation of the “Lamp Program (燃燈計劃)”

The Group cooperated with Zhejiang University to carry out the “Lamp Program (燃燈計劃)” to improve the ability of rural teachers. Through the participation of 204 principals, head teachers and key teachers from the counterpart counties and Guotai Junan Hope Primary School, and the continuous two-year training through classified and hierarchical training, on-site teaching, online guidance, and the establishment of special teaching grants, the Group has cultivated the “Kindling (火種)” of a group of outstanding rural teachers.

(4) Set up the “Dream for a Strong Country (築夢強國)” Scholarship

The “Dream for a Strong Country (築夢強國)” Guotai Junan Scholarship was set up in 16 colleges and universities, to encourage outstanding college students to devote themselves to scientific research and innovation. At the same time, after General Secretary Xi Jinping replied to Anhui Qianshan Yezhai Middle School, the Group quickly set up the “Dream for a Strong Country (築夢強國)” Scholarship for national defense students at Qianshan City Education Bureau (潛山市教育局), expanding the award recipients from current college students to freshmen, and encouraging young students to keep in mind General Secretary Xi Jinping’s earnest instructions.

(5) “Spiritual Gardener (心靈園丁)” psychological training

The Group paid attention to the mental health of rural students, and continued to carry out project services in Guangnan County that integrate spiritual gardener training and mental health consultation services for teachers in primary and secondary schools. The Group has continued to provide offline training and coaching for 400 outstanding head teachers, and the number of online live broadcasts has exceeded 1 million. It has also established an online evaluation system and a psychological consultation hotline to continuously improve the mental health capabilities and quality of school teachers, and promote the mental health growth of adolescents.

(III) Facilitate the construction of Shanghai People’s City

The Group has increased its investment in public welfare in Shanghai, focusing on the “elderly, children and people with special needs (一老一小一特)” to help solve emergencies.

(1) Caring for the elderly

The Company carried out the Double Ninth Festival and New Year greetings, sending holiday blessings to all the elderly in Fenshuidun Village and Nansong Village, Fengcheng Town, Fengxian District. The Group also held a charity photography event for the elderly for the third consecutive year, taking family portraits for the elderly.

Section V Environment and Social Responsibility

(2) Caring for children

The Company donated and set up the “Special Fund for Child-Friendly City Construction of Guotai Junan” in Shanghai Children’s Health Foundation to help build a child-friendly city in Shanghai and create a Chinese-style modern Shanghai practice sample.

(3) Caring for the people with special needs

For community workers in various streets and towns in Shanghai, the Company carried out 32 sessions of psychological counseling on “enhance mental motivation and improve mental energy (增強心動力, 提升心能量)” to help frontline community workers who have been under tremendous work pressure in recent years to relieve pressure. The Company has tailored “Sound for Love(音為愛)” charity concert for more than 100 visually impaired people, let the voice of the visually impaired to be heard in the society.

(IV) Take the initiative to participate in emergency disaster relief

In January, the Company joined hands with Shanghai Women’s Federation and other institutions to donate consolation supplies to more than 3,000 front-line medical staff, so that they received care and support.

In August, there was a sudden flood in the Beijing-Tianjin-Hebei region. The Company immediately used the “Neighborhood Guardian (鄰里守護)” public welfare project mechanism to quickly donate more than RMB200,000 of disaster relief materials such as water pumps to emergency support for flood fighting and disaster relief in Zhuozhou, Hebei, which was the most severely affected.

In December, a 6.2-magnitude earthquake occurred in Jishishan County, Linxia Prefecture, Gansu Province. The Company quickly donated RMB1.2 million in two batches for earthquake relief and post-disaster reconstruction.

(V) Explore the financial empowerment public welfare model

The Company leveraged its professional financial capabilities, considered reasonable returns and safety, and explored new models for maintaining and increasing the value of assets of public welfare institutions. The Company searched for public welfare funds to participate in the “Insurance + Futures (保險+期貨)” project in Puge County, Sichuan, Guangnan County, Yunnan, Qianshan City, Anhui and other places. It invested RMB750,000 in public welfare funds, served 1,577 farmers, and settled claims exceeding RMB805,800, providing farmers with protection against market fluctuation risks.

(VI) Enhance the Company’s social value

The Company created the “Neighborhood Guardian (鄰里守護)” public welfare project to implement the requirements of “Headquarters Empowering Branches (總部賦能分支機構)”, advocated the public welfare culture of “Finance for Good(金融向善)”, and publicized Guotai Junan’s public welfare activities, and gathered forces for good.

Section V Environment and Social Responsibility

(1) Implement the “Neighborhood Guardian(鄰里守護)” public welfare project

During the year, the Company supported a total of 20 branches to carry out 28 local public welfare activities such as poverty alleviation, disaster relief and student aid, of which 23 projects have been completed and another 5 projects will continue to be carried out, thereby demonstrating the Guotai Junan’s new image of “Caring Neighbors(愛心鄰里)”.

(2) Advocate the culture of “Finance for Good (金融向善)”

The Company held activities such as “Finance for Good-Guotai Junan 818-Helping Hands of the First Public Welfare Cultural Festival(金融向善——國泰君安 818•幫一幫首屆公益文化節)”, to encourage more people to pay attention to and participate in public welfare activities, and further create an atmosphere of public welfare for everyone. In addition, the Company’s public welfare activities have been reported by mainstream media such as Xinhua Finance, China Securities Journal and Shangguan News.

(3) Gather forces of “Finance for Good”

The Company has set up the first 18 charity points in branches across the country. On the basis of the original youth volunteer service team and the volunteer service team of spiritual civilization creation units, the Company jointly initiated the establishment of Guotai Junan’s “Finance for Good “ Volunteer Alliance. Volunteer service teams have been set up, and now more than 1,600 employees of Guotai Junan have joined. The Company carried out the civilized practice themed activity of “Finance for Good, Volunteering Together (金融向善, 志願同行)”. With investor education as the theme, the Company carried out 9 volunteer service activities such as “entering the campuses, the communities, the venues, the colleges and the enterprises (進校園、進社區、進場館、進高校、進企業)” to promote financial knowledge and investor education.

(4) Explore new paths for sustainable development of public welfare

With the theme of “Creating Social Value by State-owned Financial Enterprises(國有金融企業創造社會價值)” and taking the public welfare actions of Guotai Junan as an example, the Company cooperated with universities to carry out research on the topic of “Building a Sustainable Social Value Chain and Helping State-owned Financial Enterprises Create Social Value(構建可持續社會價值鏈, 助力國有金融企業創造社會價值)”, aiming to promote research through practice and to lead practice through research. This research topic won the second prize for outstanding research achievements in ideological and political work and cultural construction of the national financial system.

Section VI Significant Events

I. PERFORMANCE OF UNDERTAKINGS

(I) Undertakings of the Company's de facto controller, Shareholders, related parties, acquirers and the Company and other related parties during the Reporting Period or that continued to be valid during the Reporting Period

√ Applicable □ Not applicable

Backgrounds of undertakings	Types of undertakings	Parties giving undertakings	Contents of undertakings	Time of undertaking	Whether there is a performance		Whether undertakings were performed timely and strictly	Detailed reasons for not performing timely, if applicable	Next steps if undertakings were not performed timely
					Whether there is a performance	Term of undertakings			
Undertakings related to initial public offering	Other	Shanghai State-owned Assets Management Co., Ltd.	Undertakings of avoiding the competition with Guotai Junan in the same industry	June 2015	Yes	From the date of the initial Public offering of the A Shares of Guotai Junan to the date on which it ceases to be the Company's controlling shareholder ^{Note1}	Yes	-	-
	Other		Undertakings of indemnifying investors' losses in the case of false disclosure	June 2015	Yes	Permanent	Yes	-	-
	Other	Shanghai International Group Co., Ltd.	Undertakings of avoiding the competition with Guotai Junan in the same industry	June 2015	Yes	From the date of the initial public offering of the A Shares of Guotai Junan to the date on which it ceases to be the Company's de facto controller ^{Note1}	Yes	-	-
	Other		Undertakings of avoiding the competition with Guotai Junan in the same industry (Non-Competition Arrangement)	April 2017	Yes	From the listing date of the H Shares of Guotai Junan to the date on which it ceases to be the Guotai Junan's controlling shareholder ^{Note2}	Yes	-	-
	Other		Undertakings of indemnifying investors' losses in the case of false disclosure	June 2015	Yes	Permanent	Yes	-	-
	Other	The Company	Undertakings of repurchasing shares and indemnifying investors' losses in the case of false disclosure	June 2015	Yes	Permanent	Yes	-	-
	Other	Directors, Supervisors and senior management of the Company	Undertakings of indemnifying investors' losses in the case of false disclosure	June 2015	Yes	Permanent	Yes	-	-

Note 1: The controlling shareholder and the de facto controller as referred to herein are as defined under the SSE Listing Rules.

Note 2: The controlling shareholder as referred to herein is as defined under the Hong Kong Listing Rules.

Section VI Significant Events

(II) The Company's explanation on whether the earnings estimate on assets or projects was met and its reasons in the situation that earnings in the Company's assets or projects is estimated when the Reporting Period is still within the earnings estimate period

Met Unmet Not applicable

(III) Completion of performance commitments and the effect on impairment testing of goodwill

Applicable Not applicable

II. APPROPRIATION OF FUNDS FOR NON-OPERATING PURPOSES BY CONTROLLING SHAREHOLDERS OR OTHER RELATED PARTIES DURING THE REPORTING PERIOD

Applicable Not applicable

III. NON-COMPLIANT GUARANTEES

Applicable Not applicable

IV. EXPLANATIONS OF THE BOARD OF THE COMPANY ON "NON-STANDARD OPINION AUDIT REPORT" OF ACCOUNTING FIRM

Applicable Not applicable

V. ANALYSIS AND EXPLANATION OF THE COMPANY ON CAUSES AND EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR CORRECTIONS OF SIGNIFICANT ACCOUNTING ERRORS

(I) Analysis and explanation of the Company on causes and effects of changes in accounting policies and accounting estimates

Applicable Not applicable

(II) Analysis and explanation of the Company on causes and effects of corrections of significant accounting errors

Applicable Not applicable

(III) Communications with former accounting firm

Applicable Not applicable

(IV) Approval procedures and other explanations

Applicable Not applicable

Section VI Significant Events

VI. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: ten thousand yuan Currency: RMB

	Current accounting firm
Name of the domestic accounting firm	KPMG Huazhen LLP
Remuneration of the domestic accounting firm	273
Term of audit services provided by the domestic accounting firm	4
Name of certified public accountant of the domestic accounting firm	WANG Guobei, WANG Xia
Accumulated term of audit services provided by certified public accountants of the domestic accounting firms	WANG Guobei (4 years), WANG Xia (1 year)
Name of the foreign accounting firm	KPMG
Remuneration of the foreign accounting firm	265
Term of audit services provided by the foreign accounting firm	4

	Name	Remuneration
Accounting firm engaged for internal control audit	KPMG Huazhen LLP	40

Explanations on appointment and dismissal of accounting firms

Applicable Not applicable

On 29 May 2023, as reviewed and approved at the 2022 annual general meeting of the Company, the Company reappointed KPMG Huazhen LLP as the Company's external auditor for 2023 to be responsible for the statutory audit and internal control audit for 2023 in accordance with China Accounting Standards for Business Enterprises audit and re-appointed KPMG as the external auditor of the Company for 2023 to be responsible for the relevant audit and review in accordance with IFRSs. The total amount of fees paid to the above accounting firms in respect of provision of audit, review and other assurance services to the Group (including subsidiaries) in 2023 is RMB12.84 million.

Explanation on change of accounting firm during the audit period

Applicable Not applicable

Explanation on a decrease of more than 20% (inclusive) in audit fees as compared with the previous year

Applicable Not applicable

Section VI Significant Events

Service and fee of exterior auditor

	2023
	RMB million
Audit service	12.8
Non-audit service	3.0
Taxation consultation and compliance	1.7
Others	1.3
	<hr/>
Total	15.8
	<hr/> <hr/>

VII. RISK OF DELISTING

(I) Reasons for delisting warning

Applicable Not applicable

(II) Corresponding measures to be taken by the Company

Applicable Not applicable

(III) Circumstances for delisting and reasons thereof

Applicable Not applicable

VIII. BANKRUPTCY AND RESTRUCTURING RELATED MATTERS

Applicable Not applicable

IX. MATERIAL LITIGATION AND ARBITRATION

The Company had material litigations and arbitrations during the year The Company had no material litigation and arbitration during the year

Section VI Significant Events

X. SUSPECTED NON-COMPLIANCE WITH LAWS AND REGULATIONS BY AND PENALTIES IMPOSED ON THE COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER ^{NOTE} AS WELL AS RELEVANT RECTIFICATIONS

Applicable Not applicable

1. Administrative regulatory measures were imposed on Shenzhen Dengliang Road Branch of the Company by Shenzhen Bureau of the CSRC issuing a warning letter to it

On 13 April 2023, administrative regulatory measures were imposed on Shenzhen Dengliang Road Securities Branch of the Company by Shenzhen Bureau of the CSRC issuing a warning letter to it due to certain employees being not qualified for participating in private fund sales during their employment, failing to act diligently and responsibly in the sales of products, providing risk assessment answers to customers, informing customers of their response standards during follow-up visits and providing convenience and services for financing activities between customers and others. The Company has adopted the following rectification measures in respect of the above issues: (i) claiming liabilities against the relevant subjects by holding personnel with direct and supervisory responsibilities fully accountable with accountability measures including both administrative and economic accountability measures; (ii) further improving the construction of relevant systems and mechanisms for personnel qualification management in Shenzhen Branch Office; (iii) emphasizing on employee compliance culture promotion and training, strengthening warning education, implementing relevant rules on the appropriateness of financial product sales and including special compliance assessment and evaluation in the employee regularization process of Shenzhen Branch Office; and (iv) strengthening compliance inspections, developing risk identification inspection drafts that match business processes and enhancing risk identification capabilities.

2. Administrative regulatory measures were imposed on the Company by Shanghai Bureau of the CSRC issuing a warning letter to it

On 11 May 2023, administrative regulatory measures were imposed on the Company by Shanghai Bureau of the CSRC issuing a warning letter to it due to incomplete rules and regulations on quality control and compliance review of its securities research report business, failure to establish an effective market impact assessment mechanism for securities research reports and failure to prudently evaluate the potential impact of sensitive information related to a certain securities research report on the market. The Company has adopted the following rectification measures in respect of the above issues: (i) claiming liabilities against the relevant subjects by holding personnel with direct responsibility, supervisory responsibility and leadership responsibility fully accountable with accountability measures including both administrative and economic accountability measures; (ii) deepening subject awareness, strengthening subject responsibility, and while focusing on improving the construction of research capabilities, further improving position awareness, strengthening overall situation awareness, comprehensively strengthening evaluation capabilities of impact of research reports on the market, strengthening public opinion analysis and management capabilities and improving the quality and compliance control efficiency of research reports; (iii) further improving the market impact assessment mechanism for securities research reports, strengthening public opinion evaluation and management and enhancing the review level for reports that may have significant market impact; (iv) strengthening the review of research reports, especially total amount reports and allocation reports, and focusing on strengthening the review of research in areas closely related to economy, politics and national security such as finance, securities, real estate, national defense, etc.; and (v) continuously strengthening the compliance education on the use of we-media such as researchers' Weixin groups and official account, and improve their self-administration awareness.

Section VI Significant Events

3. Administrative regulatory measures were imposed on Hebei Branch of the Company by Hebei Bureau of the CSRC issuing a warning letter to it

On 17 August 2023, administrative regulatory measures were imposed on Hebei Branch of the Company by Hebei Bureau of the CSRC issuing a warning letter to it on the grounds that the Hebei Branch did not distinguish the investment targets of different customers, and individual practitioners carried out the investor risk assessment as a mere formality and did not publicly disclose the sale qualification information and commission information of the marketing personnel and the monitoring, warning and analysis and handling mechanisms of unusual transactions are not well developed, and the effectiveness of compliance management was insufficient. The Company has adopted the following rectification measures in respect of the above issues: (i) claiming liabilities against the relevant subjects by holding personnel with direct and supervisory responsibilities fully accountable with accountability measures including both administrative and economic accountability measures; (ii) further strengthening the management of product sales, and clearly requiring the sales process of fund products to be compulsorily recorded; (iii) restating that the relevant regulatory requirements for investment advisors to provide investment advice, and carried out review and tracking before and after information release; (iv) further improving the investor suitability management, strengthening front-end control of investor suitability management when employees take the initiative in marketing, and requiring employees to fully disclose risks in the sales process; (v) furthering the stringent inspection function on employees for wealth management services and non-compliant activities performed on clients' behalf; and (vi) organizing all employees of Hebei Branch to participate in a series of compliance knowledge promotion and training activities, and taking various measures to continuously enhance their awareness of compliance.

4. Administrative regulatory measures were imposed on Anhui Branch of the Company by Anhui Bureau of the CSRC issuing a warning letter to it

On 17 November 2023, administrative regulatory measures were imposed on Anhui Branch of the Company by Anhui Bureau of the CSRC issuing a warning letter to it on the grounds that in the process of sponsoring Chuzhou Duoli Automobile Technology Co., Ltd. (滁州多利汽車科技股份有限公司) for its initial public offering and listing, the relevant employees of the Company failed to perform their duties, resulting in inadequate penetrating verification procedures on the issuer's directors, supervisors and senior management, and the inconsistency of the conclusion of the verification of funds and the actual situation. The Company has adopted the following rectification measures in respect of the above issues: (i) holding the responsible parties subject to accountability measures which include administrative accountability measures and economic accountability measures; (ii) further strictly requiring relevant personnel to strengthen the study of systems and rules, deepen the understanding and implementation of relevant rules such as the Measures for the Administration of Securities Issuance and Listing Sponsorship Business (《證券發行上市保薦業務管理辦法》) and the Guidelines for Due Diligence Work of Sponsors (《保薦人盡職調查工作準則》), so as to further enhance the quality of due diligence; (iii) improving the relevant internal control and management systems and strengthening the implementation of the systems; (iv) strengthening business learning and training, and continuously improving the professional level, comprehensive business quality, sense of responsibility and risk control awareness of the business personnel; and (v) enhancing the whole risk management process of project implementation, strictly implementing the timely reporting of major issues and the double review mechanism of sponsor representatives.

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5. Administrative regulatory measures were imposed on Inner Mongolia Bayannaer Jinchuan Avenue Securities Branch of the Company by Inner Mongolia Bureau of the CSRC issuing a warning letter to it

On 14 December 2023, administrative regulatory measures were imposed on Bayannaer Jinchuan Avenue Securities Branch of Inner Mongolia Securities Branch Office of the Company by Inner Mongolia of the CSRC issuing a warning letter to it on the grounds that it had established three WeChat groups for customer service since September 2021, but failed to report and record the information published in the WeChat groups without review of the compliance officer and the person in charge of the securities branch in accordance with the internal system and regulations. The Company has adopted the following rectification measures in respect of the above issues: (i) holding the responsible personnel subject to accountability measures which include administrative accountability measures and economic accountability measures; (ii) Inner Mongolia Branch further strengthens the management, and regularly inspects and rectifies the reporting and recording of social media such as WeChat groups and review of content release; and (iii) Inner Mongolia Branch carries out compliance training on the use of social media of all employees to further enhance their awareness of compliance.

6. The Company was issued a warning letter with the administrative supervision measures taken by the CSRC

In January 2024, administrative supervision measures were taken by the CSRC and issued warning letters to the Company as the Company failed to perform its duties in the entrusted management process as the trustee of the corporate bonds of Tahoe Group Co., Ltd., and failed to supervise the issuer to disclose the relevant information in a truthful, accurate, complete and timely manner.

In response to the above issue, the Company plans to take the following rectification measures: First, the Company will pursue accountability of relevant entities, and propose to provide relevant accountability measures to the employees involved. Second, we will further strengthen internal learning and training to improve risk response and disposal capabilities and perform entrusted management duties. Third, we will pay more attention to the issuer's litigation and arbitration.

7. The securities business department of Jinan Shengli Avenue was issued a warning letter for administrative supervision measures taken by the Shandong Securities Regulatory Bureau

On January 31, 2024, the Shandong Securities Regulatory Bureau issued a warning letter to the securities business department of the Company's Jinan Shengli Avenue due to the behavior of individual employees providing answers of key questions in risk assessment and knowledge test of margin financing and securities lending business to customers.

In response to the above issue, the Company plans to take the following rectification measures: Firstly, the Company will hold relevant parties accountable and propose accountability measures for the employees involved. Secondly, the Shandong branch has organized a special self-inspection of its margin financing and securities lending business compliance management. Thirdly, the Shandong branch plans to strengthen the training on margin financing business knowledge and compliance requirements. Lastly, the Shandong branch has instructed relevant business units and compliance personnel in its jurisdiction to enhance customer communication and service.

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- 8. Administrative regulatory measures were imposed on Zhou Zhaohui, the Supervisor of the Company and the secretary of the board of directors of Shenzhen Energy Group Co., Ltd., by the Shenzhen Securities Regulatory Bureau of the China Securities Regulatory Commission**

For details, please refer to “IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT” of “Corporate Governance” in the Report.

Note: The controlling shareholder and the de facto controller used here have the meanings ascribed to them under the SSE Listing Rules.

XI. THE CREDIT STATUS OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER ^{NOTE} DURING THE REPORTING PERIOD

Applicable Not applicable

During the Reporting Period, there was no failure to implement the effective judgment of a court or failure to meet the repayment schedules of a debt with a relatively large amount by the Company, Shanghai SA (controlling shareholder of the Company) or International Group (de facto controller of the Company).

Note: The controlling shareholder and the de facto controller used above have the meanings ascribed to them under the SSE Listing Rules.

XII. MATERIAL RELATED PARTY TRANSACTIONS

(I) Related party transactions relating to day-to-day operations

- 1. Matters disclosed in ad hoc announcements without subsequent progress or change**

Applicable Not applicable

- 2. Matters disclosed in ad hoc announcements with subsequent progress or change**

Applicable Not applicable

Section VI Significant Events

(1) Continuing connected transactions under the Hong Kong Listing Rules

The Group conducts connected transactions based on the principles of equity, openness and fairness in strict accordance with the Hong Kong Listing Rules, the Policy on Information Disclosure Management and the Policy on Management of Related Party Transactions. The connected transaction agreements are entered into at market prices based on the principles of equality, voluntariness, equivalence and compensation.

The Group conducts continuing connected transactions primarily with International Group and its associates, HuaAn Funds and its subsidiaries:

- a) International Group directly and indirectly holds a total of 33.36% of the equity interest of the Company. Therefore, International Group and its associates are connected persons of the Company under the Hong Kong Listing Rules.

According to the relevant requirements, the Company, in accordance with the nature of its transactions, categorizes them into two categories, namely securities and financial product transactions and financial services based on its analysis of the types and basic contents of its current and future possible continuing connected transactions with International Group and its associates. On 29 December 2022, as approved at the 14th extraordinary meeting of the Company's sixth session of the Board, the Company entered into the "Securities and Financial Products Transactions and Services Framework Agreement for 2023 to 2025" with International Group, agreeing on the contents of the continuing connected transactions for 2023 to 2025 and setting the cap for the annual transaction amount.

During the Reporting Period, the Company's continuing connected transactions were implemented according to relevant framework agreement signed by the Company and International Group and the pricing principles for relevant transactions were strictly followed. The transaction amounts and substance did not exceed the scope of such agreements. The annual caps and the actual transaction amounts for 2023 are set out below:

Unit: million yuan Currency: RMB

Subject matter	Annual cap for 2023	Actual transaction amount for 2023
Securities and financial products transactions		
Inflow	1,392.18	313.02
Outflow	1,310.93	715.71
Financial services		
Income	242.49	5.56
Expenses	36.19	–

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- b) HuaAn Funds completed the industrial and commercial registration and filing procedures in November 2022. The Company holds 51% equity interest in HuaAn Funds, which is a subsidiary of the Company. Since Guotai Junan Investment Management Co., Ltd. and Shanghai SITICO Assets Management Co., Ltd., associates of International Group (a de facto controller of the Company), jointly hold more than 10% equity interest in HuaAn Funds, HuaAn Funds and its subsidiaries are connected subsidiaries of the Company under the Hong Kong Listing Rules.

According to the relevant requirements, the Company, in accordance with the nature of its transactions, categorizes them into two categories, namely securities and financial product transactions and financial services based on its analysis of the types and basic contents of its current and future possible continuing connected transactions with HuaAn Funds and its subsidiaries. On 29 December 2022, as approved at the 14th extraordinary meeting of the Company's sixth session of the Board, the Company entered into the "Securities and Financial Products Transactions and Services Framework Agreement for 2023" with HuaAn Funds, agreeing on the contents of the continuing connected transactions for 2023 and setting the cap for the annual transaction amount. On 30 November 2023, as approved at the 2023 Second Extraordinary General Meeting of the Company, the Company entered into the "Securities and Financial Products Transactions and Services Framework Agreement for 2023-2025" with HuaAn Funds, making adjustments to the cap for the transaction amount of continuing connected transactions for 2023, and synchronously agreeing on the contents of the continuing connected transactions for 2024-2025 and setting the annual cap for the transaction amount.

During the Reporting Period, the Company's continuing connected transactions were implemented according to relevant framework agreement signed by the Company and HuaAn Funds and the pricing principles for relevant transactions were strictly followed. The transaction amounts and substance did not exceed the scope of such agreements. The annual caps and the actual transaction amounts for 2023 are set out below:

Unit: million yuan Currency: RMB

Subject matter	Annual cap for 2023	Actual transaction amount for 2023
Securities and financial products transactions		
Inflow	6,324.01	3,770.20
Outflow	12,733.26	8,151.17
Financial services		
Income	256.32	127.99
Expenses	43.94	6.48

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The auditor of the Company has performed audit procedures on the above-mentioned continuing connected transactions and issued a letter to the Board stating that:

- 1) nothing has come to their attention that may cause them to believe that the continuing connected transactions disclosed have not been approved by the Board of the Company;
- 2) in respect of the continuing connected transactions which involve the products and services by the Company, nothing has come to their attention that may cause them to believe that these transactions are not, in all material respects, in accordance with the pricing policy of the Group;
- 3) nothing has come to their attention that may cause them to believe that these transactions are not entered into, in all material respects, in accordance with the relevant agreements governing these transactions; and
- 4) with respect to the total amounts for such continuing connected transactions, nothing has come to their attention that may cause them to believe the continuing connected transactions disclosed have exceeded the annual transaction caps set by the Company.

Save as disclosed above, no other related party transactions set out in the notes to the financial statements constitute connected transactions or continuing connected transactions that are required to be disclosed under Chapter 14A of the Hong Kong Listing Rules. The Company confirms that, as a party to all connected transactions and continuing connected transactions in 2023, the Company has complied with the requirements of Chapter 14A of the Listing Rules.

The independent non-executive Directors of the Company have reviewed the abovementioned continuing connected transactions and confirmed that:

- 1) the above-mentioned continuing connected transactions are conducted in the ordinary course of business of the Company;
- 2) the above-mentioned continuing connected transactions are entered into on normal commercial terms or better terms; and
- 3) the above-mentioned continuing connected transactions are conducted according to the agreements on terms which were fair and reasonable and in the interests of the Shareholders of the Company as a whole.

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(2) Day-to-day related party transactions under the SSE Listing Rules

The Company conducts related party transactions in strict compliance with the SSE Listing Rules, the Policy on Information Disclosure Management and the Policy on Management of Related Party Transactions. The Group's related party transactions are conducted based on the principles of equity, openness and fairness, and the related party transactions agreements are entered into at market prices based on the principles of equality, voluntariness, equivalence and compensation.

During the Reporting Period, the Company's day-to-day related party transactions were implemented according to the Resolution Relating to the Estimation of Day-to-day Related Party Transactions of the Company in 2023, which was considered and approved at the 2022 Annual General Meeting of the Company.

The disclosure of related-party transactions set forth in this section is based on the SSE Listing Rules, and may differ from the amount of related party transactions in the notes to the financial statements (prepared according to the Accounting Standards for Business Enterprise).

1) Major related party transactions relating to day-to-day operations

① Fee and commission income from related parties

Unit: yuan Currency: RMB

Names of related parties	Contents of related party transactions	Amount for the current period	Amount for the last period
Shanghai Rural Commercial Bank	Income from securities underwriting and entrusted asset management business	108,340	11,634,653

② Interest received from related parties

Unit: yuan Currency: RMB

Names of related parties	Contents of related party transactions	Amount for the current period	Amount for the last period
SPD Bank	Interest income from deposits in financial institutions, reverse repo and bonds	219,435,705	109,014,300

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③ Interest paid to related parties

Unit: yuan Currency: RMB

Names of related parties	Contents of related party transactions	Amount for the current period	Amount for the last period
Shanghai Rural Commercial Bank	Interest expense of financial assets sold under repurchase agreements and placements from other financial institutions	13,477,233	-
SPD Bank	Interest expense of placements from other financial institutions, borrowings and financial assets sold under repurchase agreements	77,272,909	15,967,087

④ Operating expenses and costs paid to related parties

Unit: yuan Currency: RMB

Names of related parties	Contents of related party transactions	Amount for the current period	Amount for the last period
SPD Bank	Service fees for sales of financial products	31,672,885	2,969,241
Shanghai Rural Commercial Bank	Service fees for sales of financial products	16,266,339	-

2) Balances with related parties

① Balances of deposits with related parties

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	7,875,833,721	8,360,027,944

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② Balances of financial assets held under resale agreements

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	47,653,063	120,029,589

③ Balances of the bonds issued by related parties held by the Company

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	1,688,120,667	4,149,846,356
Shanghai Rural Commercial Bank	-	295,089,428
Shanghai Securities	105,923,178	221,680,953
Great Wall Securities Co., Ltd.	313,235,325	134,852,282

④ Balances of the bonds issued by the Company subscribed by related parties

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	-	1,133,553,005

⑤ Balances of financial assets sold under repurchase agreements

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
Shanghai Rural Commercial Bank	472,074,621	-

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- ⑥ Balances of placements from other financial institutions and borrowings

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	2,854,908,864	-

- ⑦ Balance of derivative transactions with related parties

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
Derivative financial assets		
SPD Bank	217,157,091	11,935,779
Derivative financial liabilities		
SPD Bank	20,590,143	244,851,411

3. Matters not disclosed in ad hoc announcements

Applicable Not applicable

(II) Related party transactions relating to asset or share acquisition or disposal

1. Matters disclosed in ad hoc announcements without subsequent progress or change

Applicable Not applicable

2. Matters disclosed in ad hoc announcements with subsequent progress or changes

Applicable Not applicable

3. Matters not disclosed in ad hoc announcements

Applicable Not applicable

4. If performance covenant is involved, the fulfilment of the business performance undertaking during the Reporting Period shall be disclosed

Applicable Not applicable

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(III) Significant related party transactions relating to joint external investments

1. Matters disclosed in ad hoc announcements without subsequent progress or change

Applicable Not applicable

2. Matters disclosed in ad hoc announcements with subsequent progress or changes

Applicable Not applicable

3. Matters not disclosed in ad hoc announcements

Applicable Not applicable

(IV) Debts due to/from related parties

1. Matters disclosed in ad hoc announcements without subsequent progress or change

Applicable Not applicable

2. Matters disclosed in ad hoc announcements with subsequent progress or change

Applicable Not applicable

3. Matters not disclosed in ad hoc announcements

Applicable Not applicable

(V) Financial transactions between the Company and its related financial company and between its holding financial company and its related parties

Applicable Not applicable

XIII. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

(I) Custody, contracting and leasing

1. Custody

Applicable Not applicable

2. Contracting

Applicable Not applicable

3. Leasing

Applicable Not applicable

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(II) Guarantees

√ Applicable □ Not applicable

Unit: yuan Currency: RMB

External guarantees by the Company (excluding guarantees for subsidiaries)

Total amount of the guarantees during the Reporting Period (excluding guarantees for subsidiaries)	-
Total balance of guarantees at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)	-

Guarantees of the Company and its subsidiaries for subsidiaries

Total amount of the guarantees for subsidiaries during the Reporting Period	4,089,548,750
Total balance of guarantees for subsidiaries at the end of the Reporting Period (B)	10,000,939,340

Total amount of guarantees of the Company (including guarantees for subsidiaries)

Total amount of guarantees (A+B)	10,000,939,340
Total amount of guarantees as a percentage of the net assets of the Company (%)	5.99

Including:

The amount of guarantees offered to the Shareholders, de facto controller and their related parties (C)	-
The amount of debt guarantees directly or indirectly offered to the guaranteed with a gearing ratio of over 70% (D)	10,000,939,340
The amount of guarantees in excess of 50% of net assets (E)	-
The sum of the three items above (C+D+E)	10,000,939,340

Remark on the joint settlement responsibilities in relation to premature guarantees The principal, interest and other related expenses of the bonds

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Remark on the guarantees

On 21 April 2021, Guotai Junan Holdings Limited, a subsidiary of the Company, issued the USD500 million medium-term bonds with a term of 5 years and an interest rate of 2%. The Company (as the guarantor) entered into a guarantee agreement with Bank of New York Mellon (as trustee), to provide unconditional and irrevocable guarantee for the payment obligation under the aforesaid bonds of Guotai Junan Holdings Limited.

On 24 November 2021, Guotai Junan Holdings Limited, a subsidiary of the Company, issued the USD300 million medium-term bonds with a term of 3 years and an interest rate of 1.60%. The Company (as the guarantor) entered into a guarantee agreement, to provide unconditional and irrevocable joint liability guarantee for the payment obligation under the aforesaid notes of Guotai Junan Holdings Limited.

On 10 March 2023, Guotai Junan Holdings Limited, a subsidiary of the Company, issued the RMB500 million medium-term bonds with a term of 3 years and an interest rate of 3.35%. The Company (as the guarantor) entered into a guarantee agreement with Bank of New York Mellon (as trustee), to provide unconditional and irrevocable guarantee for the payment obligation under the aforesaid bonds of Guotai Junan Holdings Limited.

On 23 March 2023, Guotai Junan Holdings Limited, a subsidiary of the Company, issued the RMB935 million medium-term bonds with a term of 3 years and an interest rate of 3.35%. The Company (as the guarantor) entered into a guarantee agreement with Bank of New York Mellon (as trustee), to provide unconditional and irrevocable guarantee for the payment obligation under the aforesaid bonds of Guotai Junan Holdings Limited.

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On 24 March 2023, Guotai Junan Holdings Limited, a subsidiary of the Company, issued the RMB500 million medium-term bonds with a term of 3 years and an interest rate of 3.35%. The Company (as the guarantor) entered into a guarantee agreement with Bank of New York Mellon (as trustee), to provide unconditional and irrevocable guarantee for the payment obligation under the aforesaid bonds of Guotai Junan Holdings Limited.

On 22 November 2023, Guotai Junan Holdings Limited, a subsidiary of the Company, issued the RMB520 million medium-term bonds with a term of 3 years and an interest rate of 3.35%. The Company (as the guarantor) entered into a guarantee agreement with Bank of New York Mellon (as trustee), to provide unconditional and irrevocable guarantee for the payment obligation under the aforesaid bonds of Guotai Junan Holdings Limited.

On 27 December 2023, Guotai Junan Holdings Limited, a subsidiary of the Company, issued the RMB500 million medium-term bonds with a term of 3 years and an interest rate of 3.35%. The Company (as the guarantor) entered into a guarantee agreement with Bank of New York Mellon (as trustee), to provide unconditional and irrevocable guarantee for the payment obligation under the aforesaid bonds of Guotai Junan Holdings Limited.

On 28 December 2023, Guotai Junan Holdings Limited, a subsidiary of the Company, issued the RMB700 million medium-term bonds with a term of 3 years and an interest rate of 3.35%. The Company (as the guarantor) entered into a guarantee agreement with Bank of New York Mellon (as trustee), to provide unconditional and irrevocable guarantee for the payment obligation under the aforesaid bonds of Guotai Junan Holdings Limited.

Note: During the Reporting Period, Guotai Junan Financial Holdings and Guotai Junan International, both being an overseas subsidiary of the Company, provided guarantees for their respective wholly-owned subsidiaries in accordance with the transaction practices in international markets, mainly including:

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- I. By virtue of normal business needs, Guotai Junan Financial Holdings and Guotai Junan International provided the structured notes and guarantees in respect of a number of agreements entered into between its wholly-owned subsidiaries and their respective counterparties, including the Framework Agreements for International Swaps and Derivatives Association (ISDA), the Global Master Repurchase Agreement (GMRA), the Gold Loan Agreement and the Global Master Securities Lending Agreement (GMSLA), some of which are unlimited guarantees. The abovementioned unlimited guarantees have been issued in accordance with normal practices in the international banking industry and capital market for business development. The risk is different from debt financing guarantee, and the company strictly controlled the exposure limit. Since both Guotai Junan Financial Holdings and Guotai Junan International are companies with limited liabilities, the absolute maximum exposure of these guarantees in aggregate would alternatively be limited to the respective net asset value of Guotai Junan Financial Holdings and Guotai Junan International.
- II. Guotai Junan International provided the debt financing guarantees in respect of the bank loans of its wholly-owned subsidiaries in accordance with the Listing Rules of the Hong Kong Stock Exchange. The guarantee limits are HK\$4.35 billion, USD35 million and RMB55 million, respectively. As at the end of the Reporting Period, the guarantee balance of the loans actually drawn was equivalent to RMB0 (unsecured bank loan balance).

(III) Other material contracts

Applicable Not applicable

1. According to the SSE Listing Rules, the Group did not enter into any material contract during the Reporting Period.
2. The updates of material contracts disclosed in the Prospectus in relation to the Initial Public Offering of A Shares during the Reporting Period are as follows:
 - (1) According to a resolution at the 10th extraordinary meeting of the 4th session of the board of Directors, the Company invests in the office building project of Huangpu Riverside (黃浦濱江), and the investment amount is expected to not exceed RMB1.18 billion. On 16 October 2013, the Company signed the Framework Agreement for Transfer of the Fuxing Land (《復興地塊項目轉讓框架協議》) with Shanghai Bund Riverside Development Company Ltd. (上海外灘濱江綜合開發有限公司) (“Bund Riverside”). Pursuant to this agreement, Bund Riverside intends to acquire the land through land auction. The land is located at the Huangpu District, Shanghai City and is used for commercial and office purposes, with a site area of 35,862 m². Bund Riverside will construct six office buildings on the site and transfer one of the buildings (with a gross floor area of approximately 14,000 m²) to the Company. The transfer price covered the land costs, construction costs, respective amortization charges and the project management fees paid to Bund Riverside. As of the end of 2023, the Company had paid the full amount of RMB1,096.67 million, obtained the real estate property certificate and the office building was put into use.

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- (2) On 18 November 2014, Guoxiang Properties signed the Main Contract on Construction of the Main Body of the New Project of the Office Building of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司辦公樓新建項目主體工程施工總承包合同》) with Shanghai Construction No.1, pursuant to which Shanghai Construction No.1 was responsible for constructing the main body of the new project of the office building of Guotai Junan. The project is located at Lot 49, Jing'an District, Shanghai City, with a total contract value of RMB335.88 million and the settlement amount of RMB368.90 million. As of the end of 2023, the Company has paid RMB364.85 million. The project obtained the completion acceptance record certificate, and the office building was officially put into use.

XIV. EXPLANATION ON PROGRESS OF USE OF THE PROCEEDS

Applicable Not applicable

XV. EXPLANATION OF OTHER SIGNIFICANT EVENTS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS

Applicable Not applicable

1. Changes in qualifications for each individual business during the Reporting Period

During the Reporting Period, the Company obtained qualification of SZSE Fund Liquidity Service Provider and qualification of "Northbound Swap Connect" Dealer. Please refer to "Business Qualifications for Each Individual Business of the Company" in "Company Profile" of this report for details.

2. Issuance and payment of bonds

(1) Payment of bonds by the Company

In January 2021, the Company issued the corporate bonds "2021 Subordinated Bonds (First Tranche)" of RMB3 billion, with a term of 3 years. In January 2024, the bonds matured and the Company repaid all the bonds.

In January 2022, the Company issued the corporate bonds "2022 Subordinated Bonds (First Tranche) (Type I)" of RMB2.5 billion, with a term of 2 years. In January 2024, the bonds matured and the Company repaid all the bonds.

(2) Issuance of MTN by Guotai Junan International

In 2023, Guotai Junan International issued MTN denominated in various currencies with a total amount of HK\$581 million, USD840 million and RMB590 million, with terms from six months to one year.

From 1 January 2024 to the date of this report, Guotai Junan International issued 14 MTN with a total amount of USD580.4 million and RMB1.849 billion.

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(3) Issuance of MTN by Guotai Junan Holdings Limited

In 2023, for replacement of debts due and general corporate purposes, Guotai Junan Holdings Limited, a wholly-owned subsidiary, issued 6 three-year fixed-rate RMB MTN with a total amount of RMB3.655 billion. The Company provided unconditional and irrevocable joint and several liability guarantee under the MTN.

From 1 January 2024 to the date of this report, Guotai Junan Holdings Limited issued 3 MTN with a total amount of USD35 million and RMB0.8 billion. The Company provided unconditional and irrevocable guarantee under the MTN.

3. Material contracts

During the Reporting Period, except for the related party transactions disclosed, the Company or its subsidiaries did not have any material contract with its controlling shareholder or its subsidiaries nor was there any material contract for the provision of services to the Company or any of its subsidiaries by its controlling shareholder or any of its subsidiaries (which would be required to be disclosed under Appendix D2 to the Hong Kong Listing Rules).

4. Management contracts

During the Reporting Period, no contracts were entered into and subsisted pursuant to which, the management and administration of the whole or substantial parts of the business of the Company were undertaken by individuals or entities (other than the service contracts with Directors, Supervisors or the full-time employees of the Company).

5. Permitted indemnity provision

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. The Company has arranged appropriate insurance coverage for potential legal actions and liabilities against the Directors, the Supervisors and the Senior Management.

6. Tax reduction and exemption

(1) Holders of A Shares

In accordance with the Notice on Issues Regarding the Implementation of Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (《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》) (Cai Shui [2012] No. 85) and the Notice on Issues Regarding the Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (《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》) (Cai Shui [2015] No. 101) issued jointly by the Ministry of Finance, the State Administration of Taxation and CSRC, for dividends obtained from a listed company by an individual investor, if the duration of the shareholding starting from the date when the individual investor obtained the company's share and ending on the record date is more

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than one year, the personal income tax on the dividends thus obtained shall be exempted for the time being. If the duration of the shareholding starts from the date when the individual investor obtained the company's share and ending on the record date is less than one year (inclusive), the listed company shall, in respect of the individual income tax thereof, refrain from withholding and paying such tax for the time being, subject to adjustments to be made in accordance with the Notice at the time when the individual investor transfers his/her respective shares.

Individual that are shareholders of resident companies shall pay income tax on their cash dividends by themselves.

For QFII, listed companies are required to withhold and pay enterprise income tax at the rate of 10% pursuant to the requirements of the Notice Concerning the Relevant Issues on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonuses and Interests by PRC Resident Enterprises to QFII (《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》) (Guo Shui Han [2009] No. 47) issued by the State Administration of Taxation. QFII shareholders expecting tax concessions should apply to the competent tax authority for tax rebates according to the relevant rules and regulations after receiving the dividends.

In accordance with the Notice on Tax Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (《財政部國家稅務總局證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2014] No. 81), for dividend and bonus incomes obtained by investors (including enterprises and individuals) in the Hong Kong market from investment in A shares listed on the SSE, the implementation of differentiated taxation based on the term of shareholding is suspended before Hong Kong Securities Clearing Company Limited meets the conditions of providing identification, term of shareholding and other specific data of investors to the CSDC. The income taxes thereof are withheld and paid by the listed company at the rate of 10%, which should be duly declared to the governing tax authority. For Hong Kong investors who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises or individuals may apply to the competent tax authorities for the entitlement of the rate under such tax treaty or entrust a withholding to do so. Upon approval by the tax authorities, the amount paid in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

(2) Holders of H Shares

In accordance with the Notice of the PRC State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (《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》) (Guo Shui Han [2011] No. 348), dividends received by overseas residents for their personal holding of shares issued by domestic non-foreign invested enterprises in Hong Kong shall be subject to the payment of individual income tax under the "interest, dividend and bonus income" item, which shall be withheld by the withholding agents according to relevant laws. Such overseas residents that are individual owners of

Section VI Significant Events

shares issued by domestic non-foreign invested enterprises in Hong Kong shall be entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties signed between the countries where they reside and China, or the tax arrangements between Mainland and Hong Kong (Macau) SAR. The tax rate for dividends under the relevant tax agreements and tax agreements is 10% in general. For the purpose of simplifying tax administration, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, upon payment of dividends, generally withhold individual income tax at the rate of 10%, without the need to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for residents of countries that have signed lower than 10% tax rate treaties, the withholding agents may file applications on their behalf for the relevant agreed preferential tax treatments, under which circumstances the over-withheld tax amounts will be refunded upon approval by the tax authorities; (2) for residents of countries that have signed higher than 10% but lower than 20% tax rate treaties, the withholding agents shall withhold individual income tax at the agreed tax rate effective at the time of dividends payment, without the need to file an application; and (3) for residents of countries without tax agreements or under other situations, the withholding agents shall withhold individual income tax at 20% upon payment of dividends.

In accordance with the Notice of the State Administration of Taxation on the Issues Concerning Withholding Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Shareholders that are Nonresident Overseas Enterprises (《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》) (Guo Shui Han [2008] No. 897), a PRC resident enterprise, when paying dividends to H shareholders that are non-resident overseas enterprises for 2008 and subsequent years, shall withhold enterprise income tax at a uniform rate of 10%.

In accordance with the Notice on Tax Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (《財政部國家稅務總局證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2014] No. 81) issued by the Ministry of Finance, the State Administration of Taxation and the SFC, for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the individual income tax shall be paid in accordance with the aforementioned regulations. For dividends received by domestic enterprise investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall not withhold and pay the income tax for such dividends and those domestic enterprise investors shall report and pay the relevant tax on their own. Meanwhile, for the dividends obtained by domestic resident enterprises from holding relevant H shares for a consecutive 12-month period, the corporate income tax shall be exempted according to laws.

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Shareholders are taxed and/or enjoy tax exemption in accordance with the aforementioned regulations.

Section VII Changes in Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in Shares

1. Table of changes in Shares

Unit: share

	Before change		Change (+/-)					After change	
	Number	Percentage (%)	Issue of new shares	Bonus issue	Capitalization of surplus reserve	Others	Sub-total	Number	Percentage (%)
I. Shares subject to selling restrictions	62,321,807	0.70	-	-	-	-2,156,747	-2,156,747	60,165,060	0.68
1. Other domestic shareholdings	62,321,807	0.70	-	-	-	-2,156,747	-2,156,747	60,165,060	0.68
domestic natural person	62,321,807	0.70	-	-	-	-2,156,747	-2,156,747	60,165,060	0.68
II. Tradable shares not subject to selling restrictions	8,844,350,829	99.30	-	-	-	94,927	94,927	8,844,445,756	99.32
1. RMB-denominated ordinary shares	7,452,523,649	83.67	-	-	-	94,927	94,927	7,452,618,576	83.69
2. Overseas listed foreign invested shares	1,391,827,180	15.63	-	-	-	-	-	1,391,827,180	15.63
III. Total number of ordinary shares	8,906,672,636	100.00	-	-	-	-2,061,820	-2,061,820	8,904,610,816	100.00

Note: Due to the expiration of the second lock-up period for the First Grant and the first lock-up period for the Reserved Grant under the Company's Restricted Share Incentive Scheme of A Shares, selling restrictions in respect of a total of 27,704,280 Shares subject to selling restrictions were unlocked and such Shares were listed on 5 February 2024. As of the date of this report, the number of Shares of the Company subject to selling restrictions changed to 32,460,780 Shares.

2. Changes in Shares

Applicable Not applicable

During the Reporting Period, the A-Share Convertible Bonds had been converted into a total of 94,927 Shares. In June 2023, 2,156,747 Restricted A Shares were repurchased and cancelled. The total share capital of the Company changed to 8,904,610,816 Shares, including 7,512,783,636 A Shares and 1,391,827,180 H Shares.

Section VII Changes in Shares and Particulars of Shareholders

3. Impact of changes in shares on earnings per share, net asset value per share or other financial indicators for the latest year and latest period

Applicable Not applicable

In 2023, the basic earnings per share of the Group was RMB0.98, and the diluted earnings per share was RMB0.97 after taking into account the impact of conversion of convertible bonds and the Restricted Share Incentive Scheme of A Shares; and the net asset per share attributable to equity holders of the Company at the end of 2023 (including the perpetual bonds issued by the Company) was RMB18.75 (31 December 2022:RMB17.71). After deducting the effect of such perpetual bonds, the net asset per share attributable to equity holders of the Company at the end of 2023 was RMB16.51 (31 December 2022:RMB16.03).

4. Other information considered necessary by the Company or required by securities regulators to be disclosed

Applicable Not applicable

(II) Changes in Shares subject to selling restrictions

Applicable Not applicable

Unit: share

Name of shareholders	Number of Shares subject to selling restrictions as at the beginning of the year	Number of Shares for unlocking the year	Increase in number of Shares subject to selling restrictions for the year	Number of Shares subject to selling restrictions at the end of the year ^{Note 1}	Reasons	Unlocking date
Incentive participants of restricted A Shares	62,321,807	0	0	60,165,060	Restricted Share Incentive Scheme of A Shares	See note 2 for details
Total	62,321,807			60,165,060	/	/

Note 1: In June 2023, the Company repurchased and cancelled a total of 2,156,747 restricted A Shares that had been granted but not yet unlocked as some incentive participants have terminated their labor contracts or not fully met the performance appraisals.

Note 2: The lock-up periods of the restricted A Shares held by the incentive participants are 24 months, 36 months and 48 months, respectively, from the date of completing registration for the grant of the corresponding portions of shares.

Section VII Changes in Shares and Particulars of Shareholders

II. ISSUE AND LISTING OF SECURITIES

(I) Issue of securities during the Reporting Period

Applicable Not applicable

Unit: share Currency: RMB

Types of Shares and other derivative instruments	Date of issue	Issue price (or interest rate)	Issue amount	Listing date	Transaction	Transaction
					amount approved to be listed	Termination Date
Bonds (including enterprise bonds, corporate bonds and debt financing instruments for non-financial businesses)						
2023 Corporate Bonds (First Tranche) (Type I)	January 2023	2.90%	3,000,000,000	January 2023	3,000,000,000	February 2025
2023 Corporate Bonds (First Tranche) (Type II)	January 2023	3.07%	3,000,000,000	January 2023	3,000,000,000	January 2026
2023 First Tranche Short-term Financing Bills	February 2023	2.65%	4,000,000,000	February 2023	4,000,000,000	October 2023
2023 Corporate Bonds (Second Tranche) (Type I)	February 2023	2.92%	1,500,000,000	February 2023	1,500,000,000	February 2025
2023 Corporate Bonds (Second Tranche) (Type II)	February 2023	3.16%	4,500,000,000	February 2023	4,500,000,000	February 2026
2023 Second Tranche Short-term Financing Bills	March 2023	2.80%	4,000,000,000	March 2023	4,000,000,000	March 2024
2023 Third Tranche Short-term Financing Bills	April 2023	2.57%	3,000,000,000	April 2023	3,000,000,000	November 2023
2023 Corporate Bonds (Third Tranche) (Type I)	May 2023	2.79%	1,600,000,000	May 2023	1,600,000,000	May 2025
2023 Corporate Bonds (Third Tranche) (Type II)	May 2023	2.92%	3,400,000,000	May 2023	3,400,000,000	April 2026
2023 Fourth Tranche Short-term Financing Bills	May 2023	2.44%	4,000,000,000	May 2023	4,000,000,000	February 2024
2023 Perpetual Subordinated Bonds (First Tranche) ^{Note 1}	June 2023	3.53%	5,000,000,000	June 2023	5,000,000,000	Not applicable
2023 Corporate Bonds (Fourth Tranche) (Type I)	August 2023	2.53%	3,000,000,000	August 2023	3,000,000,000	August 2025
2023 Corporate Bonds (Fourth Tranche) (Type II)	August 2023	2.70%	2,000,000,000	August 2023	2,000,000,000	August 2026
2023 Corporate Bonds (Fifth Tranche) (Type I)	September 2023	2.80%	1,500,000,000	September 2023	1,500,000,000	October 2025
2023 Corporate Bonds (Fifth Tranche) (Type II)	September 2023	2.89%	3,500,000,000	September 2023	3,500,000,000	September 2026
2023 Corporate Bonds (Sixth Tranche) (Type I)	October 2023	2.82%	900,000,000	October 2023	900,000,000	October 2025
2023 Corporate Bonds (Sixth Tranche) (Type II)	October 2023	3.12%	2,500,000,000	October 2023	2,500,000,000	October 2028
2023 Corporate Bonds (Seventh Tranche) (Type I)	November 2023	2.82%	3,500,000,000	November 2023	3,500,000,000	November 2025
2023 Corporate Bonds (Seventh Tranche) (Type III)	November 2023	3.08%	1,700,000,000	November 2023	1,700,000,000	November 2028
2023 Fifth Tranche Short-term Financing Bills	November 2023	2.68%	4,000,000,000	November 2023	4,000,000,000	November 2024
2023 Sixth Tranche Short-term Financing Bills	December 2023	2.75%	4,000,000,000	December 2023	4,000,000,000	August 2024

Issue of securities during the Reporting Period (Please specify separately, if the bonds have different interest rates during the duration):

Applicable Not applicable

Note 1: In June 2023, the Company issued the first tranche of its 2023 perpetual subordinated bonds with a total nominal amount of RMB5 billion and an interest rate of 3.53%. For the purpose of this tranche of bonds, renewal option is available for the issuer while no put-back option is available for the investors. That means, at the end of each repricing cycle of this tranche of bonds, the Company has the right to choose to extend the maturity of the bonds for one repricing cycle or pay the principal in full, while the investors have no right to require the Company to redeem the bonds.

Section VII Changes in Shares and Particulars of Shareholders

(II) Changes in the Company's total number of Shares and structure of Shareholder and changes in structure of asset and liability of the Company

Applicable Not applicable

For changes in the Company's total number of Shares and structure of Shareholder, please refer to "1. Table of changes in Shares" and "2. Changes in Shares" in "I. CHANGES IN SHARE CAPITAL" in this section.

For changes in structure of asset and liability of the Company, please refer to "VI. PRINCIPAL OPERATION CONDITION DURING THE REPORTING PERIOD (III) Analysis of assets and liabilities" in "Section III Discussion and Analysis of the Board of Directors" in this report.

(III) Existing internal employee shares

Applicable Not applicable

III. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLERS

(I) Total number of Shareholders

Total number of holders of ordinary shares at the end of the Reporting Period	154,042
Total number of holders of ordinary shares at the end of the month immediately before the date of disclosure of the annual report	152,099
Total number of holders of preferred shares with voting rights restored at the end of the Reporting Period	–
Total number of holders of preferred shares with voting rights restored at the end of the month immediately before the date of disclosure of the annual report	–

Note: The total number of Shareholders includes holders of ordinary A Shares and registered holders of H Shares. As at the end of the Reporting Period, there were 153,875 holders of A Shares and 167 registered holders of H Shares. The total number of Shareholders as at the end of the month immediately before the date of this annual report included 151,931 holders of A Shares and 168 registered holders of H Shares.

Section VII Changes in Shares and Particulars of Shareholders

(II) Shareholdings of the top ten Shareholders and the top ten holders of tradable Shares (or Shares without selling restrictions) as at the end of the Reporting Period

Unit: share

Shareholdings of the top ten Shareholders (excluding shares lent under margin financing business)							
Names of Shareholders (full name)	Increase or decrease during the Reporting Period	Number of shares held as at the end of the period	Percentage (%)	Number of shares subject to selling restrictions held	Pledged, marked or frozen		Nature of Shareholders
					Status	Number	
Shanghai State-owned Assets Management Co., Ltd. ^{Note 1}	-	1,900,963,748	21.35	-	Not	-	State-owned legal person
HKSCC Nominees Limited ^{Note 2}	-156,200	1,391,596,120	15.63	-	Unknown	-	Overseas legal person
Shanghai International Group Co., Ltd. ^{Note 3}	-	682,215,791	7.66	-	Not	-	State-owned legal person
Shenzhen Investment Holdings Co., Ltd.	-	609,428,357	6.84	-	Not	-	State-owned legal person
China Securities Finance Corporation Limited	-	260,547,316	2.93	-	Not	-	Domestic non-state-owned legal person
Shanghai Municipal Investment (Group) Corporation	-	246,566,512	2.77	-	Not	-	State-owned legal person
Hong Kong Securities Clearing Company Limited ^{Note 4}	+66,851,407	217,094,610	2.44	-	Not	-	Overseas legal person
Shenzhen Energy Group Co., Ltd.	-	154,455,909	1.73	-	Not	-	Domestic non-state-owned legal person
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	+5,264,399	97,185,703	1.09	-	Not	-	Others
Shanghai SITICO Assets Management Co., Ltd.	-	75,482,261	0.85	-	Not	-	State-owned legal person

Section VII Changes in Shares and Particulars of Shareholders

Details of the top ten shareholders without selling restrictions^{Note 5}

Names of Shareholders	Number of tradable shares without selling restrictions held	Class and number of shares	
		Class	Number
Shanghai State-owned Assets Management Co., Ltd	1,900,963,748	RMB – denominated ordinary shares	1,900,963,748
HKSCC Nominees Limited	1,391,596,120	Overseas Listed foreign-invested shares	1,391,596,120
Shanghai International Group Co., Ltd.	682,215,791	RMB – denominated ordinary shares	682,215,791
Shenzhen Investment Holdings Co., Ltd.	609,428,357	RMB – denominated ordinary shares	609,428,357
China Securities Finance Corporation Limited	260,547,316	RMB – denominated ordinary shares	260,547,316
Shanghai Municipal Investment (Group) Corporation	246,566,512	RMB – denominated ordinary shares	246,566,512
Hong Kong Securities Clearing Company Limited	217,094,610	RMB – denominated ordinary shares	217,094,610
Shenzhen Energy Group Co., Ltd.	154,455,909	RMB – denominated ordinary shares	154,455,909
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	97,185,703	RMB – denominated ordinary shares	97,185,703
Shanghai SITICO Assets Management Co., Ltd.	75,482,261	RMB – denominated ordinary shares	75,482,261
Description on the special repurchase accounts under the top ten shareholders	Not applicable		
Description on the voting rights entrusted by or to, or waived by the above shareholders	The Company is not aware of any such arrangements about shareholders		
Description on the relations or acting-in-concert arrangements among the shareholders above	Shanghai State-owned Assets Management Co., Ltd is a wholly owned subsidiary of Shanghai International Group Co., Ltd. Shanghai SITICO Assets Management Co., Ltd. is a subsidiary of Shanghai International Group Co., Ltd. HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are both wholly owned subsidiaries of The Stock Exchange of Hong Kong Limited, holding H Shares and A Shares of the Company for H shares investors and Shanghai Connect investors. Save as disclosed herein, the Company is not aware of any other relations or acting-in-concert arrangements		
Description on the holders of preferred shares with voting rights restored and their shareholdings	Not applicable		

Section VII Changes in Shares and Particulars of Shareholders

Note 1: In the above table of top ten shareholders, the number of Shares held by Shanghai SA as at the end of the period merely represents the number of A Shares held by it. Another 152,000,000 H Shares were held by Shanghai SA through HKSCC Nominees Limited as the nominee.

Note 2: HKSCC Nominees Limited is a nominee holder of the Shares owned by the non-registered holders of the H Shares.

Note 3: In the above table of top ten shareholders, the number of Shares held by International Group as at the end of the period merely represents the number of A Shares held by it. Another 124,000,000 H Shares were held by International Group through HKSCC Nominees Limited as the nominee.

Note 4: Hong Kong Securities Clearing Company Limited is the nominee holder of Shanghai Connect investors holding A Shares of the Company.

Note 5: The Shares subject to selling restrictions and the Shareholders subject to selling restrictions as referred to herein are those as defined under the SSE Listing Rules.

Shares lent by top ten shareholders under margin financing business

Applicable Not applicable

Unit: share

Names of Shareholders (full name)	Shares lent by top ten shareholders under margin financing business							
	Shareholders' shareholding through ordinary account or credit account at the beginning of the period		Shares lent and outstanding under margin financing business as at the beginning of the period		Shareholders' shareholding through ordinary account or credit account at the end of the period		Shares lent and outstanding under margin financing business as at the end of the period	
	Total amount	Percentage (%)	Total amount	Percentage (%)	Total amount	Percentage (%)	Total amount	Percentage (%)
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	91,921,304	1.03	370,000	0.00	97,185,703	1.09	712,500	0.01

Section VII Changes in Shares and Particulars of Shareholders

Period-to-period change of top ten shareholders

√ Applicable □ Not applicable

Unit: share

Change of top ten shareholder as compared with that as at the end of previous period

Shareholders' name (full name)	New/exit Shareholder during the Reporting Period	Shares lent and outstanding under margin financing business as at the end of the period		Shareholders' shareholding through ordinary account or credit account and shares lent and outstanding under margin financing business as at the end of the period	
		Total amount	Percentage (%)	Total amount	Percentage (%)
China National Nuclear Corporation	Exit	-	-	0	0
Shanghai SITICO Assets Management Co., Ltd.	New	-	-	75,482,261	0.85

Number of shares held by top ten shareholders with selling restrictions and their selling restrictions

√ Applicable □ Not applicable

Unit: share

No.	Names of shareholders holding shares subject to selling restrictions	Number of shares subject to selling restrictions held	Listing and trading of shares subject to selling restrictions		Selling restrictions
			The date on which shares becoming tradable	Increase in the number of tradable shares	
1	LI Junjie	599,686	See note for details	-	See note for details
2	WANG Song	483,740	See note for details	-	See note for details
3	JIANG Yiming	435,500	See note for details	-	See note for details
4	CHEN Yutao	435,500	See note for details	-	See note for details
5	XIE Lebin	398,650	See note for details	-	See note for details
6	LUO Dongyuan	398,650	See note for details	-	See note for details
7	JIANG Wei	398,650	See note for details	-	See note for details
8	YU Jian	398,650	See note for details	-	See note for details
9	ZHANG Zhihong	398,650	See note for details	-	See note for details
10	ZHANG Zhiming	398,650	See note for details	-	See note for details
11	ZHAO Hong	398,650	See note for details	-	See note for details
12	YU Feng	398,650	See note for details	-	See note for details

Description on the relations or acting-in-concert arrangements among the Shareholders above The Company is not aware of any other relations or acting-in-concert arrangements

Section VII Changes in Shares and Particulars of Shareholders

Note 1: The above Shares subject to selling restrictions represent the Shares granted by the Company to the Incentive Participants due to the implementation of the Restricted Share Incentive Scheme of A Shares. Details on the listing and trading of the shares subject to selling restrictions and such selling restrictions are available in the relevant announcements issued by the Company on 13 August 2020, 30 September 2021 and 30 November 2022.

Note 2: The number of shares subject to selling restrictions in the above table is the number as of 31 December 2023. On 5 February 2024, the second lock-up period for First Grant and the first lock-up period of the Reserved Grant under the Company's Restricted Share Incentive Scheme of A Shares expired, and the relevant shares with selling restrictions have been unlocked selling restrictions and traded, therefore, the data in the above table is subject to change.

(III) Strategic investors or general legal persons becoming the top ten Shareholders by placing of new Shares

Applicable Not applicable

IV. INFORMATION ON CONTROLLING SHAREHOLDERS

(I) Information on Controlling Shareholders

1 Legal persons

Applicable Not applicable

Name	Shanghai International Group Co., Ltd.
Person in charge or legal representative	Yu Beihua
Date of establishment	20 April 2000
Principal operations	Principally engaged in the activities of investment, capital operation and asset management in the financial sector and supplemented with non-financial sectors
Equity interests in other domestic and overseas listed controlling and invested companies during the Reporting Period	Holding 29.67% in aggregate as at the end of the Reporting Period of Shanghai Pudong Development Bank Co., Ltd. (600000.SH). Holding 10.57% in aggregate as at the end of the Reporting Period of China Pacific Insurance (Group) Co., Ltd. (601601. SH, 2601.HK). Holding 9.99% in aggregate as at the end of the Reporting Period of Shanghai Rural Commercial Bank Co., Ltd. (601825.SH).
Other matters	Nil

2 Natural persons

Applicable Not applicable

Section VII Changes in Shares and Particulars of Shareholders

3 Special explanation on the Company not having controlling shareholders

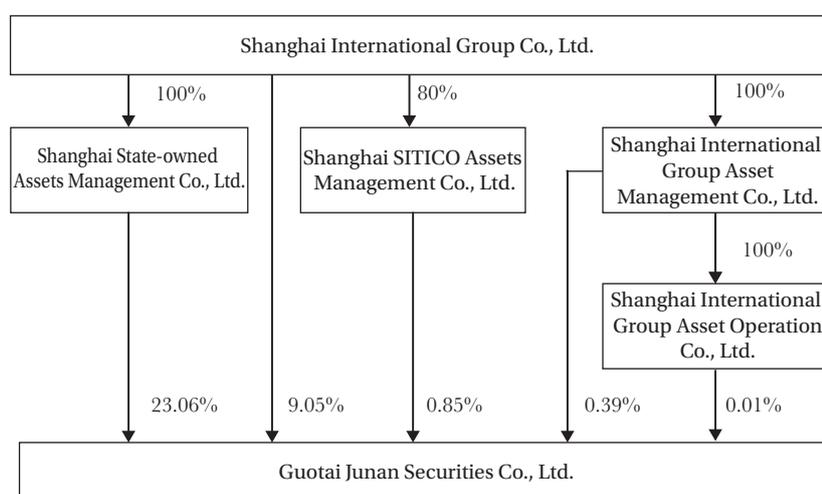
Applicable Not applicable

4 Explanation on changes in controlling shareholders during the Reporting Period

Applicable Not applicable

5 The chart of the relationship between the Company and the controlling shareholders on the ownership and controlling relationship

Applicable Not applicable



6 Control over the Company via trust or other assets management methods by the controlling shareholders

Applicable Not applicable

(II) Other Information on the Controlling Shareholders

Applicable Not applicable

V. THE NUMBER OF SHARES PLEDGED BY THE COMPANY'S CONTROLLING SHAREHOLDERS OR THE LARGEST SHAREHOLDER AND PERSONS ACTING IN CONCERT IN AGGREGATE ACCOUNTS FOR MORE THAN 80% OF THE SHARES HELD BY THEM IN THE COMPANY

Applicable Not applicable

Section VII Changes in Shares and Particulars of Shareholders

VI. OTHER CORPORATE SHAREHOLDERS HOLDING MORE THAN 10% OF SHARES

Applicable Not applicable

VII. MATTERS REGARDING THE RESTRICTION OF REDUCING SHARES

Applicable Not applicable

VIII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Applicable Not applicable

IX. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As of 31 December 2023, to the best knowledge of the Company, the following persons have interests or short positions in the shares or underlying shares of the Company which are required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or are required to be recorded, in the register that is required to be kept by the Company under Section 336 of the SFO or own directly or indirectly 5% or more of the nominal value of any class of the Shares:

Substantial Shareholders	Nature of Interest	Class	Number ^{Note 1} / Nature of Shares Directly or Indirectly Held	As an	As an
				Approximate Percentage of the Relevant Class of Shares (%)	Approximate Percentage of the Total Issued Share Capital (%)
Shanghai International Group Co., Ltd.	Beneficial owner	A Shares	682,215,791/ Long positions	9.08	7.66
	Beneficial owner	H Shares	124,000,000/ Long positions	8.91	1.39
	Interest held by controlled corporations	A Shares	2,012,109,666/ Long positions ^{Note 2}	26.78	22.60
	Interest held by controlled corporations	H Shares	152,000,000/ Long positions ^{Note 3}	10.92	1.71
Shanghai State-owned Assets Management Co., Ltd.	Beneficial owner	A Shares	1,900,963,748/ Long positions	25.30	21.35
	Beneficial owner	H Shares	152,000,000/ Long positions	10.92	1.71

Section VII Changes in Shares and Particulars of Shareholders

Substantial Shareholders	Nature of Interest	Class	Number ^{Note 1} /	As an	As an
			Nature of Shares Directly or Indirectly Held	Approximate Percentage of the Relevant Class of Shares (%)	Approximate Percentage of the Total Issued Share Capital (%)
Shenzhen Investment Holdings Co., Ltd.	Beneficial owner	A Shares	609,428,357/ Long positions	8.11	6.84
	Interest held by controlled corporations	H Shares	103,373,800/ Long positions ^{Note 4}	7.43	1.16
SIHC Hong Kong Investment Holdings Limited (深圳投控香港投資控股有限公司)	Beneficial owner	H Shares	103,373,800/ Long positions	7.43	1.16
New China Asset Management (Hong Kong) Limited	Beneficial owner	H Shares	258,388,000/ Long positions	18.56	2.90
New China Asset Management Company Limited	Interest held by controlled corporations	H Shares	258,388,000/ Long positions ^{Note 5}	18.56	2.90
New China Life Insurance Company Ltd.	Interest held by controlled corporations	H Shares	258,388,000/ Long positions ^{Note 5}	18.56	2.90
Diamond Acquisition Co SARL	Beneficial owner	H Shares	190,333,000/ Long positions ^{Note 6}	13.68	2.14
A9 USD (Feeder) L.P.	Interest held by controlled corporations	H Shares	190,333,000/ Long positions ^{Note 6}	13.68	2.14
Apax Guernsey (Holdco) PCC Limited	Interest held by controlled corporations	H Shares	190,333,000/ Long positions ^{Note 6}	13.68	2.14
Apax IX GP Co. Limited	Interest held by controlled corporations	H Shares	190,333,000/ Long positions ^{Note 6}	13.68	2.14
Apax IX USD GP L.P. Inc.	Interest held by controlled corporations	H Shares	190,333,000/ Long positions ^{Note 6}	13.68	2.14
Apax IX USD L.P.	Interest held by controlled corporations	H Shares	190,333,000/ Long positions ^{Note 6}	13.68	2.14
Diamond Holding SARL	Interest held by controlled corporations	H Shares	190,333,000/ Long positions ^{Note 6}	13.68	2.14
Jacqueline Mary Le Maitre-Ward	Trustee of a trust	H Shares	190,333,000/ Long positions ^{Note 6}	13.68	2.14
David Payne Staples	Trustee of a trust	H Shares	190,333,000/ Long positions ^{Note 6}	13.68	2.14

Section VII Changes in Shares and Particulars of Shareholders

Substantial Shareholders	Nature of Interest	Class	Number ^{Note 1/} Nature of Shares Directly or Indirectly Held	As an	As an
				Approximate Percentage of the Relevant Class of Shares (%)	Approximate Percentage of the Total Issued Share Capital (%)
Newton Industrial Limited	Beneficial owner	H Shares	100,000,000/ Long positions	7.18	1.12
Shenzhen Energy Group Co., Ltd.	Interest held by controlled corporations	H Shares	100,000,000/ Long positions ^{Note 7}	7.18	1.12
Shanghai Ningquan Asset Management Co., Ltd.	Beneficial owner	H Shares	97,702,600/ Long positions	7.02	1.10

Note 1: Pursuant to Section 336 of the SFO, Shareholders shall submit forms to disclose their interests when certain conditions are met. As Shareholders are not required to inform the Company and the Hong Kong Stock Exchange of any changes in their shareholdings in the Company unless certain conditions are met, the latest shareholdings of substantial Shareholders may be inconsistent with the shareholdings reported to the Hong Kong Stock Exchange.

Note 2: As at 31 December 2023, Shanghai SA, Shanghai International Group Asset Management Co., Ltd., Shanghai International Group Asset Operation Co., Ltd. and Shanghai SITICO Assets Management Co., Ltd. were interested in 1,900,963,748, 34,732,152, 931,505 and 75,482,261 A Shares respectively. Shanghai SA, Shanghai International Group Asset Management Co., Ltd. and Shanghai International Group Asset Operation Co., Ltd. are wholly-owned subsidiaries of International Group, and Shanghai SITICO Assets Management Co., Ltd. is a subsidiary in which International Group holds a 80% interest. Therefore, International Group is deemed to be interested in the 2,012,109,666 A Shares held by Shanghai SA, Shanghai International Group Asset Management Co., Ltd., Shanghai International Group Asset Operation Co., Ltd. and Shanghai SITICO Assets Management Co., Ltd. for the purpose of the SFO.

Note 3: Shanghai SA is a wholly-owned subsidiary of International Group. Therefore, International Group is deemed to be interested in the 152,000,000 H Shares held by Shanghai SA for the purpose of the SFO.

Note 4: SIHC Hong Kong Investment Holdings Limited (深圳投控香港投資控股有限公司) is a wholly-owned subsidiary of Shenzhen Investment Holdings Co., Ltd. Therefore, Shenzhen Investment Holdings Co., Ltd. is deemed to be interested in the 103,373,800 H Shares held by SIHC Hong Kong Investment Holdings Limited for the purpose of the SFO.

Note 5: New China Asset Management Company Limited holds 60% equity interest in New China Asset Management (Hong Kong) Limited, and New China Life Insurance Company Ltd. owns 99.4% equity interest in New China Asset Management Company Limited. Therefore, New China Life Insurance Company Ltd. and New China Asset Management Company Limited are deemed to be interested in the 258,388,000 H Shares held by New China Asset Management (Hong Kong) Limited for the purpose of the SFO.

Section VII Changes in Shares and Particulars of Shareholders

Note 6: Diamond Acquisition Co SARL is wholly owned by Diamond Holding SARL. Apax IX USD L.P. is the beneficial owner of 73.8% of the equity interest in Diamond Holding SARL. A9 USD (Feeder) L.P. contributed 44.9% of the capital of Apax IX USD L.P.. Apax IX USD GP L.P. Inc. is the general partner of Apax IX USD L.P. and A9 USD (Feeder) L.P.. Apax IX GP Co. Limited is the general partner of Apax IX USD GP L.P. Inc.. Apax IX GP Co. Limited is wholly owned by Apax Guernsey (Holdco) PCC Limited. The equity interest in Apax Guernsey (Holdco) PCC Limited is held by Jacqueline Mary Le Maitre-Ward and David Payne Staples as trustees of the Hirzel IV Purpose Trust. Accordingly, each of Diamond Holding SARL, Apax IX USD L.P., Apax IX USD GP L.P.Inc., Apax IX GP Co. Limited, Apax Guernsey (Holdco) PCC Limited, A9 USD (Feeder) L.P., Jacqueline Mary Le Maitre-Ward and David Payne Staples are deemed to be interested in the 190,333,000 H Shares held by Diamond Acquisition Co SARL for the purpose of the SFO.

Note 7: Newton Industrial Limited is wholly owned by Shenzhen Energy Group Co., Ltd.. Therefore, Shenzhen Energy Group Co., Ltd. is deemed to be interested in 100,000,000 H Shares held by Newton Industrial Limited for the purpose of the SFO.

Save as disclosed above, as at 31 December 2023, the Company was not aware of any other person (other than the directors, supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register under Section 336 of the SFO.

X. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As of the end of 2023, details on restricted shares granted to some Directors of the Company due to the Company's implementation of the Restricted Share Incentive Scheme of A Shares are as follows:

Name	Positions	Nature of Interest	Class	Number/ Nature of Shares Directly or Indirectly Held	As an Approximate Percentage of the Relevant Class of Shares (%)	As an Approximate Percentage of the Total Issued Share Capital (%)
WANG Song	Vice chairman of the Board, Executive Director, President	Beneficial owner	A Shares	722,000/ Long positions	0.0096	0.0081
YU Jian	Executive Director, Secretary of the Board	Beneficial owner	A Shares	595,000/ Long positions	0.0079	0.0067

Note: On 23 January 2024, Mr. WANG Song resigned as the vice chairman of the Board, executive director and president of the Company due to reaching the retirement age. As of the date of this report, the vice chairman of the Board, executive director and president of the Company is Mr. LI Junjie who holds 599,686 restricted A Shares in the Company, representing approximately 0.0067% of the total issued share capital.

Save as disclosed above, the Company was not aware of any Directors, Supervisors and the chief executive of the Company who had any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations which were 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 the interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

Section VII Changes in Shares and Particulars of Shareholders

XI. REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

1. Repurchase and Cancellation of Certain Restricted A Shares

Please see “XI. The Equity Incentive Scheme, Employee Share Scheme or Other Employee Incentives of the Company and the Impact Thereof” in “Section IV Corporate Governance”.

Save as disclosed in this report, neither the Company nor any of its subsidiaries repurchase, sale or redeem any listed securities of the Company and its subsidiaries.

XII. PUBLIC FLOAT

Upon the listing of the H Shares, the Hong Kong Stock Exchange granted a waiver to the Company, accepting the minimum public float for the H Shares:

1. Before the conversion of the Convertible Corporate Bonds: to be the higher of 11.45% of the total issued share capital of the Company or such percentage of H Shares of the enlarged issued share capital of the Company to be held by the public upon the exercise of the over-allotment option;
2. After the conversion of the Convertible Corporate Bonds: to be the higher of 10.78% of the total issued share capital of the Company or such percentage of H Shares to be held by the public immediately upon the full conversion of the Convertible Corporate Bonds.

As at the date of this report, based on the information available to the public and the knowledge of the Directors, the public float of the Company is in compliance with Rule 8.08 of the Hong Kong Listing Rules and the requirements for minimum public float as set out in the waiver granted by the Hong Kong Stock Exchange upon the H Share listing.

XIII. EQUITY-LINKED AGREEMENTS

Except for the A Share Convertible Corporate Bonds of the Company which had been repaid and delisted at maturity on 7 July 2023, no equity-linked agreements were entered into by the Group, or existed during the Reporting Period.

XIV. PRE-EMPTIVE RIGHT ARRANGEMENT

Pursuant to PRC laws, the Shareholders do not have any pre-emptive rights.

Section VIII Preferred Shares

Applicable Not applicable

Section IX Corporate Bonds

I. ENTERPRISE BONDS, CORPORATE BONDS, AND DEBT FINANCING INSTRUMENTS FOR NON FINANCIAL BUSINESSES

Applicable Not applicable

(I) Enterprise Bonds

Applicable Not applicable

(II) Corporate bonds

Applicable Not applicable

1. Basic information of corporate bonds

Unit: yuan Currency: RMB

Name of bond	Abbreviation	Bond code	Issue date	Interest commencement date	Maturity date	Outstanding amount	Interest Rate (%)	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
Non-public Issuance of 2019 Perpetual Subordinated Bonds (First Tranche) ^{Note 1}	19 GUOJUNY1	162167	2019/9/20	2019/9/23	-	5,000,000,000	4.20	Interest payable on annual basis provided that the issuer does not exercise the right to defer interest payment	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
Non-public Issuance of 2020 Perpetual Subordinated Bonds (First Tranche) ^{Note 1}	20 GUOJUNY1	166204	2020/3/9	2020/3/11	-	5,000,000,000	3.85	Interest payable on annual basis provided that the issuer does not exercise the right to defer interest payment	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2021 Corporate Bonds (First Tranche) (Type I)	21 GUOJUN G1	175987	2021/4/13	2021/4/15	2024/4/15	4,000,000,000	3.46	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N

Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest commencement date	Maturity date	Outstanding amount	Interest Rate (%)	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
2021 Corporate Bonds (First Tranche) (Type II)	21 GUOJUN G2	175988	2021/4/13	2021/4/15	2026/4/15	2,000,000,000	3.75	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2021 Corporate Bonds (Second Tranche) (Type I)	21 GUOJUN G3	188127	2021/5/19	2021/5/21	2024/5/21	3,000,000,000	3.31	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2021 Corporate Bonds (Second Tranche) (Type II)	21 GUOJUN G4	188128	2021/5/19	2021/5/21	2026/5/21	5,000,000,000	3.67	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2021 Corporate Bonds (Third Tranche) (Type I)	21 GUOJUN G5	188215	2021/6/7	2021/6/9	2024/6/9	2,900,000,000	3.40	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2021 Corporate Bonds (Fourth Tranche) (Type I)	21 GUOJUN G7	188431	2021/7/19	2021/7/21	2024/7/21	1,900,000,000	3.13	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N

Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest commencement date	Maturity date	Outstanding amount	Interest Rate (%)	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
2021 Corporate Bonds (Fourth Tranche) (Type II)	21 GUOJUN G8	188432	2021/7/19	2021/7/21	2026/7/21	6,100,000,000	3.48	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2021 Corporate Bonds (Fifth Tranche) (Type I)	21 GUOJUN G9	188496	2021/8/2	2021/8/4	2024/8/4	2,800,000,000	3.01	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2021 Corporate Bonds (Fifth Tranche) (Type II)	21 GUOJUN 10	188497	2021/8/2	2021/8/4	2026/8/4	4,200,000,000	3.35	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2021 Corporate Bonds (Sixth Tranche)	21 GUOJUN 11	188557	2021/8/10	2021/8/12	2031/8/12	3,000,000,000	3.77	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2021 Corporate Bonds (Seventh Tranche) (Type I)	21 GUOJUN 12	188736	2021/9/9	2021/9/13	2024/10/17	4,400,000,000	3.09	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N

Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest commencement date	Maturity date	Outstanding amount	Interest Rate (%)	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
2021 Corporate Bonds (Seventh Tranche) (Type II)	21 GUOJUN 13	188737	2021/9/9	2021/9/13	2031/9/13	3,400,000,000	3.80	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2021 Corporate Bonds (Eighth Tranche) (Type I)	21 GUOJUN 14	188859	2021/10/12	2021/10/14	2024/11/17	3,300,000,000	3.29	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2021 Corporate Bonds (Eighth Tranche) (Type II)	21 GUOJUN 15	188860	2021/10/12	2021/10/14	2031/10/14	3,400,000,000	3.99	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2021 Subordinated Bonds (Second Tranche) (Type II)	21 GUOJUN C3	185108	2021/12/7	2021/12/9	2024/12/9	2,000,000,000	3.20	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2022 Subordinated Bonds (First Tranche) (Type II)	22 GUOJUN C2	185222	2022/1/10	2022/1/12	2025/1/12	3,500,000,000	3.17	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N

Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest commencement date	Maturity date	Outstanding amount	Interest Rate (%)	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
2022 Corporate Bonds (First Tranche) (Type I)	22 GUOJUN G1	185550	2022/3/14	2022/3/16	2025/3/16	2,000,000,000	3.04	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2022 Corporate Bonds (First Tranche) (Type II)	22 GUOJUN G2	185554	2022/3/14	2022/3/16	2025/3/16	1,400,000,000	3.74	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2022 Corporate Bonds (Second Tranche) (Type I)	22 GUOJUN G3	185711	2022/4/20	2022/4/22	2025/4/22	2,800,000,000	2.96	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2022 Corporate Bonds (Second Tranche) (Type II)	22 GUOJUN G4	185712	2022/4/20	2022/4/22	2025/4/22	2,500,000,000	3.70	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2022 Corporate Bonds (Third Tranche) (Type I)	22 GUOJUN G5	185814	2022/5/23	2022/5/25	2025/5/25	3,100,000,000	2.78	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N

Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest commencement date	Maturity date	Outstanding amount	Interest Rate (%)	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
2022 Corporate Bonds (Third Tranche) (Type II)	22 GUOJUN G6	185815	2022/5/23	2022/5/25	2032/5/25	2,400,000,000	3.58	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2022 Corporate Bonds (Fourth Tranche) (Type I)	22 GUOJUN G7	185973	2022/7/4	2022/7/6	2025/7/6	2,500,000,000	2.92	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2022 Corporate Bonds (Fourth Tranche) (Type II)	22 GUOJUN G8	185974	2022/7/4	2022/7/6	2027/7/6	2,500,000,000	3.27	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2022 Perpetual Subordinated Bonds (First Tranche) ^{Note 1}	22 GUOJUN Y1	137521	2022/7/11	2022/7/13	-	5,000,000,000	3.59	Interest payable on annual basis provided that the issuer does not exercise the right to defer interest payment	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2022 Corporate Bonds (Fifth Tranche) (Type I)	22 GUOJUN G9	137855	2022/9/20	2022/9/22	2025/9/22	2,000,000,000	2.52	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N

Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest commencement date	Maturity date	Outstanding amount	Interest Rate (%)	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
2022 Corporate Bonds (Fifth Tranche) (Type II)	22 GUOJUN 10	137856	2022/9/20	2022/9/22	2027/9/22	3,000,000,000	2.90	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2023 Corporate Bonds (First Tranche) (Type I)	23 GUOJUN G1	138806	2023/1/5	2023/1/9	2025/2/17	3,000,000,000	2.90	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2023 Corporate Bonds (First Tranche) (Type II)	23 GUOJUN G2	138807	2023/1/5	2023/1/9	2026/1/9	3,000,000,000	3.07	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2023 Corporate Bonds (Second Tranche) (Type I)	23 GUOJUN G3	138889	2023/2/13	2023/2/15	2025/2/15	1,500,000,000	2.92	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2023 Corporate Bonds (Second Tranche) (Type II)	23 GUOJUN G4	138890	2023/2/13	2023/2/15	2026/2/15	4,500,000,000	3.16	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N

Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest commencement date	Maturity date	Outstanding amount	Interest Rate (%)	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
2023 Corporate Bonds (Third Tranche) (Type I)	23 GUOJUN G5	115344	2023/5/9	2023/5/11	2025/5/11	1,600,000,000	2.79	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2023 Corporate Bonds (Third Tranche) (Type II)	23 GUOJUN G6	115345	2023/5/9	2023/5/11	2026/4/29	3,400,000,000	2.92	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2023 Perpetual Subordinated Bonds (First Tranche) ^{Note 1}	23 GUOJUN Y1	115483	2023/6/8	2023/6/12	-	5,000,000,000	3.53	Interest payable on annual basis provided that the issuer does not exercise the right to defer interest payment	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2023 Corporate Bonds (Fourth Tranche) (Type I)	23 GUOJUN G7	115803	2023/8/14	2023/8/16	2025/8/16	3,000,000,000	2.53	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2023 Corporate Bonds (Fourth Tranche) (Type II)	23 GUOJUN G8	115804	2023/8/14	2023/8/16	2026/8/16	2,000,000,000	2.70	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N

Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest commencement date	Maturity date	Outstanding amount	Interest Rate (%)	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
2023 Corporate Bonds (Fifth Tranche) (Type I)	23 GUOJUN G9	240006	2023/9/19	2023/9/21	2025/10/24	1,500,000,000	2.80	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2023 Corporate Bonds (Fifth Tranche) (Type II)	23 GUOJUN 10	240007	2023/9/19	2023/9/21	2026/9/21	3,500,000,000	2.89	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2023 Corporate Bonds (Sixth Tranche) (Type I)	23 GUOJUN 11	240095	2023/10/17	2023/10/19	2025/10/19	900,000,000	2.82	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2023 Corporate Bonds (Sixth Tranche) (Type II)	23 GUOJUN 12	240096	2023/10/17	2023/10/19	2028/10/19	2,500,000,000	3.12	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N

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Name of bond	Abbreviation	Bond code	Issue date	Interest commencement date	Maturity date	Outstanding amount	Interest Rate (%)	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
2023 Corporate Bonds (Seventh Tranche) (Type I)	23 GUOJUN 13	240259	2023/11/14	2023/11/16	2025/11/16	3,500,000,000	2.82	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
2023 Corporate Bonds (Seventh Tranche) (Type III)	23 GUOJUN 15	240261	2023/11/14	2023/11/16	2028/11/16	1,700,000,000	3.08	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction	N
Guotai Junan Futures Co., Ltd.'s non-public issuance of Subordinated Bonds for professional investor in 2024 (First Tranche)	24 JUNQI C1	253899	2024/03/01	2024/03/01	2027/03/01	1,000,000,000.00	2.77	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional institutional investors	click transaction, Inquiry transaction, bidding transaction and negotiation transaction	N

Note 1: Please see “The triggering and implementation of the issuer or investor option terms and the investor protection terms”.

Measures adopted by the Company for the risk of the listing and trading of bonds being terminated

Applicable Not applicable

Overdue and outstanding bonds

Applicable Not applicable

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Interest payment of corporate bonds during the Reporting Period

√ Applicable □ Not applicable

Name of bond	Interest payment
2020 Corporate Bonds (First Tranche)	the principal and interest were paid on time in January 2023
2022 Subordinated Bonds (First Tranche) (Type I)	the interest was paid on time in January 2023
2022 Subordinated Bonds (First Tranche) (Type II)	the interest was paid on time in January 2023
2021 Subordinated Bonds (First Tranche)	the interest was paid on time in January 2023
Non-public Issuance of 2020 Perpetual Subordinated Bonds (First Tranche)	the interest was paid on time in March 2023
2022 Corporate Bonds (First Tranche) (Type I)	the interest was paid on time in March 2023
2022 Corporate Bonds (First Tranche) (Type II)	the interest was paid on time in March 2023
2020 Corporate Bonds (Second Tranche) (Type I)	the principal and interest were paid on time in March 2023
2021 Corporate Bonds (First Tranche) (Type I)	the interest was paid on time in April 2023
2021 Corporate Bonds (First Tranche) (Type II)	the interest was paid on time in April 2023
2022 Corporate Bonds (Second Tranche) (Type I)	the interest was paid on time in April 2023
2022 Corporate Bonds (Second Tranche) (Type II)	the interest was paid on time in April 2023
2021 Corporate Bonds (Second Tranche) (Type I)	the interest was paid on time in May 2023
2021 Corporate Bonds (Second Tranche) (Type II)	the interest was paid on time in May 2023
2022 Short-term Corporate Bonds (First Tranche) (Type I)	the principal and interest were paid on time in May 2023
2022 Corporate Bonds (Third Tranche) (Type I)	the interest was paid on time in May 2023
2022 Corporate Bonds (Third Tranche) (Type II)	the interest was paid on time in May 2023
2021 Corporate Bonds (Third Tranche) (Type I)	the interest was paid on time in June 2023
2022 Corporate Bonds (Fourth Tranche) (Type I)	the interest was paid on time in July 2023
2022 Corporate Bonds (Fourth Tranche) (Type II)	the interest was paid on time in July 2023
2022 Perpetual Subordinated Bonds (First Tranche)	the interest was paid on time in July 2023
2018 Corporate Bonds (Third Tranche) (Type II)	the principal and interest were paid on time in July 2023
2021 Corporate Bonds (Fourth Tranche) (Type I)	the interest was paid on time in July 2023
2021 Corporate Bonds (Fourth Tranche) (Type II)	the interest was paid on time in July 2023
2020 Corporate Bonds (Third Tranche)	the principal and interest were paid on time in July 2023
2021 Corporate Bonds (Fifth Tranche) (Type I)	the interest was paid on time in August 2023
2021 Corporate Bonds (Fifth Tranche) (Type II)	the interest was paid on time in August 2023
2021 Corporate Bonds (Sixth Tranche)	the interest was paid on time in August 2023
2020 Corporate Bonds (Fourth Tranche)	the principal and interest were paid on time in September 2023
2021 Corporate Bonds (Seventh Tranche) (Type I)	the interest was paid on time in September 2023
2021 Corporate Bonds (Seventh Tranche) (Type II)	the interest was paid on time in September 2023

Section IX Corporate Bonds

Name of bond	Interest payment
2022 Corporate Bonds (Fifth Tranche) (Type I)	the interest was paid on time in September 2023
2022 Corporate Bonds (Fifth Tranche) (Type II)	the interest was paid on time in September 2023
Non-public Issuance of 2019 Perpetual Subordinated Bonds (First Tranche)	the interest was paid on time in September 2023
2021 Corporate Bonds (Eighth Tranche) (Type I)	the interest was paid on time in October 2023
2021 Corporate Bonds (Eighth Tranche) (Type II)	the interest was paid on time in October 2023
2020 Corporate Bonds (Fifth Tranche) (Type II)	the principal and interest were paid on time in November 2023
2020 Corporate Bonds (Sixth Tranche) (Type II)	the principal and interest were paid on time in December 2023
2021 Subordinated Bonds (Second Tranche) (Type I)	the principal and interest were paid on time in December 2023
2021 Subordinated Bonds (Second Tranche) (Type II)	the interest was paid on time in December 2023

2. The triggering and implementation of the issuer or investor option terms and the investor protection terms

Applicable Not applicable

Issuer’s right of redemption (i.e. on the fifth and every subsequent interest payment date of the bonds, the issuer shall have the right to redeem the bonds at the face value plus the interest payable) and (when specific conditions are met) issuer’s option of redemption and right of deferring payment of interest are available for “19 GUOJUN Y1” and “20 GUOJUN Y1”.

Issuer’s option of renewal (i.e. at the end of each repricing cycle of the bonds, the issuer has the right to choose to extend the maturity of the bonds for one repricing cycle, or to pay the principal in full) and (when specific conditions are met) issuer’s option of redemption and right of deferring payment of interest are available for “22 GUOJUN Y1” and “23 GUOJUN Y1”.

As of the date of this report, “19 GUOJUN Y1”, “20 GUOJUN Y1”, “22 GUOJUN Y1” and “23 GUOJUN Y1” have neither become due to exercise nor have triggered the issuer options such as renewal options and jumps in interest rates. During the Reporting Period, the Company did not exercise the right of deferring interest payment due to the occurrence of compulsory interest payment event as a result of dividend distribution to ordinary shareholders. During the Reporting Period, the respective current bond interests were paid timely and fully under “19 GUOJUN Y1”, “20 GUOJUN Y1” and “22 GUOJUN Y1”.

Section IX Corporate Bonds

On 20 March 2023, the Company held the 2023 first extraordinary general meeting, the 2023 first A share class meeting and the 2023 first H share class meeting, at which the “Resolution on Proposing to Consider Repurchase and Cancellation of Part of Restricted A Shares” 《關於提請審議回購註銷部分A股限制性股票的議案》) was considered and approved, pursuant to which the Company repurchased and cancelled a total of 2,156,747 restricted A Shares that have been granted but have not been unlocked held by certain participants, and disclosed on the same day the “Announcement by Guotai Junan Securities Co., Ltd. on Notice to Creditors Regarding the Repurchase and Cancellation of Part of the Restricted A Shares to Reduce Registered Capital (《國泰君安證券股份有限公司關於回購註銷部分A股限制性股票減少註冊資本通知債權人的公告》)”, which notified creditors of the above matters.

3. Intermediaries providing services for bond issuance and duration business

Name of intermediary	Office address	Name of signing accountants	Contact persons	Telephone
SDIC Securities Co., Ltd.	No. 119, Fuhua Yi Road, Futian Street, Futian District, Shenzhen	-	ZHUANG Guochun, LI Zeyan, XIE Fengjie	0755-82825447
CSC Financial Co., Ltd.	Suite 2203, North Tower, Shanghai Stock Exchange Building, 528 Pudong South Road, Shanghai	-	ZHOU Wei, LI Huayun, DONG Yan	021-68801581
China Merchants Securities Co., Ltd.	27/F, China Merchants Securities Building, No. 111, Fuhua Yi Road, Futian District, Shenzhen	-	HUANG Jian	0755-82943666
Shenwan Hongyuan Securities Co., Ltd.	39/F, The Center, 989 Changle Road, Xuhui District, Shanghai	-	WANG Hongzhi, DING Tianshuo, LIU Qiuyan	021-33389888
Guosen Securities Co., Ltd.	16/F to 26/F, Guosen Securities Mansion, No. 1012 Hongling Middle Road, Luohu District, Shenzhen	-	YANG Yang, LI Bo, ZHAN Peng	0755-82131518、0755-81982136
Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.	14/F, Huasheng Building, No. 398 Hankou Road, Shanghai	-	LIU Tingting	021-63229686
Haiwen & Partners	Unit 2605, Kerry Center Tower 1, 1515 Nanjing West Road, Jingan District, Shanghai	-	MOU Jian, XIAO Junyan	021-60435123
Jia Yuan Law Offices, Beijing	F408, Ocean Plaza, 158 Fuxing Men Nei Avenue, Xicheng District, Beijing	-	LIU Jing	010-66413377
KPMG Huazhen LLP	8/F, Tower E2, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing	ZOU Jun, WANG Guobei, YU Jingjing	WANG Guobei, JINGJING	021-22122428 021-22122276

Section IX Corporate Bonds

Changes in the above intermediaries

Applicable Not applicable

4. Use of proceeds as at the end of the Reporting Period

Applicable Not applicable

Unit: yuan Currency: RMB

Name of bond	Total amount of proceeds	Amount used	Amount unused	Agreed use of proceeds	Operation of the special account for proceeds	Whether it is consistent with the purpose, use plan and other agreements set out in the prospectus	
						Rectification of illegal use of proceeds	
2019 Perpetual Subordinated Bonds (First Tranche)	5,000,000,000	5,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay matured debts, to replenish capital and liquidity of the Company and to fulfil other purposes.	Normal	Nil	Yes
2020 Perpetual Subordinated Bonds (First Tranche)	5,000,000,000	5,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay matured debts, to replenish capital and liquidity of the Company and to fulfil other purposes.	Normal	Nil	Yes
2021 Subordinated Bonds (First Tranche)	3,000,000,000	3,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay matured debts, to replenish capital and liquidity of the Company and to fulfil other purposes.	Normal	Nil	Yes
2021 Corporate Bonds (First Tranche) (Type I)	4,000,000,000	4,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay matured debts, to replenish liquidity of the Company and to fulfil other purposes.	Normal	Nil	Yes
2021 Corporate Bonds (First Tranche) (Type II)	2,000,000,000	2,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay matured debts, to replenish liquidity of the Company and to fulfil other purposes.	Normal	Nil	Yes

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Name of bond	Total amount of proceeds	Amount used	Amount unused	Agreed use of proceeds	Operation of the special account for proceeds	Whether it is consistent with the purpose, use plan and other agreements set out in the prospectus	
						Rectification of illegal use of proceeds	
2021 Corporate Bonds (Second Tranche) (Type I)	3,000,000,000	3,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay matured debts, to replenish liquidity of the Company and to fulfil other purposes.	Normal	Nil	Yes
2021 Corporate Bonds (Second Tranche) (Type II)	5,000,000,000	5,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay matured debts, to replenish liquidity of the Company and to fulfil other purposes.	Normal	Nil	Yes
2021 Corporate Bonds (Third Tranche) (Type I)	2,900,000,000	2,900,000,000	-	to finance the requirement of the business operations and to replenish liquidity of the Company.	Normal	Nil	Yes
2021 Corporate Bonds (Fourth Tranche) (Type I)	1,900,000,000	1,900,000,000	-	to finance the requirement of the business operations and to replenish liquidity of the Company.	Normal	Nil	Yes
2021 Corporate Bonds (Fourth Tranche) (Type II)	6,100,000,000	6,100,000,000	-	to finance the requirement of the business operations and to replenish liquidity of the Company.	Normal	Nil	Yes
2021 Corporate Bonds (Fifth Tranche) (Type I)	2,800,000,000	2,800,000,000	-	to finance the requirement of the business operations and to replenish liquidity of the Company.	Normal	Nil	Yes
2021 Corporate Bonds (Fifth Tranche) (Type II)	4,200,000,000	4,200,000,000	-	to finance the requirement of the business operations and to replenish liquidity of the Company.	Normal	Nil	Yes
2021 Corporate Bonds (Sixth Tranche)	3,000,000,000	3,000,000,000	-	to finance the requirement of the business operations and to replenish liquidity of the Company.	Normal	Nil	Yes
2021 Corporate Bonds (Seventh Tranche) (Type I)	4,400,000,000	4,400,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay matured debts, to replenish liquidity of the Company and to fulfil other purposes.	Normal	Nil	Yes

Section IX Corporate Bonds

Name of bond	Total amount of proceeds	Amount used	Amount unused	Agreed use of proceeds	Operation of the special account for proceeds	Whether it is consistent with the purpose, use plan and other agreements set out in the prospectus	
						Rectification of illegal use of proceeds	
2021 Corporate Bonds (Seventh Tranche) (Type II)	3,400,000,000	3,400,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay matured debts, to replenish liquidity of the Company and to fulfil other purposes.	Normal	Nil	Yes
2021 Corporate Bonds (Eighth Tranche) (Type I)	3,300,000,000	3,300,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay matured debts, to replenish liquidity of the Company and to fulfil other purposes.	Normal	Nil	Yes
2021 Corporate Bonds (Eighth Tranche) (Type II)	3,400,000,000	3,400,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay matured debts, to replenish liquidity of the Company and to fulfil other purposes.	Normal	Nil	Yes
2021 Subordinated Bonds (Second Tranche) (Type II)	2,000,000,000	2,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay matured debts, to replenish capital and liquidity of the Company and to fulfil other purposes.	Normal	Nil	Yes
2022 Subordinated Bonds (First Tranche) (Type I)	2,500,000,000	2,500,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay matured debts, to replenish capital and liquidity of the Company and to fulfil other purposes.	Normal	Nil	Yes
2022 Subordinated Bonds (First Tranche) (Type II)	3,500,000,000	3,500,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay matured debts, to replenish capital and liquidity of the Company and to fulfil other purposes.	Normal	Nil	Yes

Section IX Corporate Bonds

Name of bond	Total amount of proceeds	Amount used	Amount unused	Agreed use of proceeds	Operation of the special account for proceeds	Whether it is consistent with the purpose, use plan and other agreements set out in the prospectus	
						Rectification of illegal use of proceeds	
2022 Corporate Bonds (First Tranche) (Type I)	2,000,000,000	2,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2022 Corporate Bonds (First Tranche) (Type II)	1,400,000,000	1,400,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2022 Corporate Bonds (Second Tranche) (Type I)	2,800,000,000	2,800,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2022 Corporate Bonds (Second Tranche) (Type II)	2,500,000,000	2,500,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2022 Corporate Bonds (Third Tranche) (Type I)	3,100,000,000	3,100,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2022 Corporate Bonds (Third Tranche) (Type II)	2,400,000,000	2,400,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2022 Corporate Bonds (Fourth Tranche) (Type I)	2,500,000,000	2,500,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes

Section IX Corporate Bonds

Name of bond	Total amount of proceeds	Amount used	Amount unused	Agreed use of proceeds	Operation of the special account for proceeds	Whether it is consistent with the purpose, use plan and other agreements set out in the prospectus	
						Rectification of illegal use of proceeds	
2022 Corporate Bonds (Fourth Tranche) (Type II)	2,500,000,000	2,500,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2022 Perpetual Subordinated Bonds (First Tranche)	5,000,000,000	5,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure and to repay bonds of the Company.	Normal	Nil	Yes
2022 Corporate Bonds (Fifth Tranche) (Type I)	2,000,000,000	2,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2022 Corporate Bonds (Fifth Tranche) (Type II)	3,000,000,000	3,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2023 Corporate Bonds (First Tranche) (Type I)	3,000,000,000	3,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2023 Corporate Bonds (First Tranche) (Type II)	3,000,000,000	3,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2023 Corporate Bonds (Second Tranche) (Type I)	1,500,000,000	1,500,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2023 Corporate Bonds (Second Tranche) (Type II)	4,500,000,000	4,500,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes

Section IX Corporate Bonds

Name of bond	Total amount of proceeds	Amount used	Amount unused	Agreed use of proceeds	Operation of the special account for proceeds	Whether it is consistent with the purpose, use plan and other agreements set out in the prospectus	
						Rectification of illegal use of proceeds	
2023 Corporate Bonds (Third Tranche) (Type I)	1,600,000,000	1,600,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2023 Corporate Bonds (Third Tranche) (Type II)	3,400,000,000	3,400,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2023 Perpetual Subordinated Bonds (First Tranche)	5,000,000,000	5,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure and to repay bonds of the Company.	Normal	Nil	Yes
2023 Corporate Bonds (Fourth Tranche) (Type I)	3,000,000,000	3,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2023 Corporate Bonds (Fourth Tranche) (Type II)	2,000,000,000	2,000,000,000	-	to finance the requirement of the business operations, to adjust the debt structure, to repay bonds of the Company and to fulfil other purposes.	Normal	Nil	Yes
2023 Corporate Bonds (Fifth Tranche) (Type I)	1,500,000,000	1,500,000,000	-	to repay bonds of the Company.	Normal	Nil	Yes
2023 Corporate Bonds (Fifth Tranche) (Type II)	3,500,000,000	3,500,000,000	-	to repay bonds of the Company.	Normal	Nil	Yes
2023 Corporate Bonds (Sixth Tranche) (Type I)	900,000,000	900,000,000	-	to repay bonds of the Company.	Normal	Nil	Yes
2023 Corporate Bonds (Sixth Tranche) (Type II)	2,500,000,000	1,200,000,000	1,300,000,000	to repay bonds of the Company.	Normal	Nil	Yes
2023 Corporate Bonds (Seventh Tranche) (Type I)	3,500,000,000	-	3,500,000,000	to repay bonds of the Company.	Normal	Nil	Yes
2023 Corporate Bonds (Seventh Tranche) (Type III)	1,700,000,000	-	1,700,000,000	to repay bonds of the Company.	Normal	Nil	Yes

Section IX Corporate Bonds

The progress and operational benefits of proceeds used for construction projects

Applicable Not applicable

Explanation on changes in the purpose of the above proceeds during the Reporting Period

Applicable Not applicable

Other explanations

Applicable Not applicable

5. Adjustment of credit ratings

Applicable Not applicable

Other Information

Applicable Not applicable

6. The implementation of guarantees, debt repayment plan and other debt repayment guarantee measures, as well as such changes and effect thereof during the Reporting Period

Applicable Not applicable

Current status	Implementation	Change
The Company's existing corporate bonds are unsecured bonds.	The Company strictly implemented the provisions of the debt repayment plan and repayment guarantee measures, paid interest and/or principal of the bonds in full and on time, disclosed information related to the bonds in a timely manner, and protected the legitimate interests of investors. Relevant plans and measures are consistent with the corresponding commitments in the prospectus.	No
The Company's debt repayment guarantee measures are implemented pursuant to the requirements stated in the prospectus, including formulation of "Rules of Meeting for Bond Holders", establishment of special working group for repayment, giving full play to the role of the trustee of the bonds and strict performance of information disclosure obligation, forming a set of guarantee measures that secured safe payment of interest and redemption of bonds.		

Section IX Corporate Bonds

7. Other information of the corporate bonds

Applicable Not applicable

(III) DEBT FINANCING INSTRUMENTS FOR NON-FINANCIAL BUSINESSES IN THE INTERBANK BONDS MARKET

Applicable Not applicable

(IV) LOSSES RECORDED IN THE CONSOLIDATED STATEMENTS OF THE COMPANY FOR THE REPORTING PERIOD HAVE EXCEEDED MORE THAN 10% OF THE NET ASSETS AT THE END OF THE PREVIOUS YEAR

Applicable Not applicable

(V) INTEREST-BEARING DEBTS OTHER THAN BONDS OVERDUE AS AT THE END OF THE REPORTING PERIOD

Applicable Not applicable

(VI) IMPACT ON THE RIGHTS AND INTERESTS OF BOND INVESTORS DUE TO VIOLATIONS OF LAWS AND REGULATIONS, THE ARTICLES OF ASSOCIATION, THE POLICY ON INFORMATION DISCLOSURE MANAGEMENT AND THE AGREEMENTS OR COMMITMENTS SET OUT IN THE BOND PROSPECTUS DURING THE REPORTING PERIOD

Applicable Not applicable

Section IX Corporate Bonds

(VII) ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY FOR THE PAST TWO YEARS AS AT THE END OF THE REPORTING PERIOD

√ Applicable □ Not applicable

Unit: yuan Currency: RMB

Major indicators	2023	2022	Increase/decrease for the Reporting Period as compared with the corresponding period of last year (%)	Reasons for change
Net profit after deducting non-recurring gains and losses attributable to shareholders of the listed company	8,717,649,895	9,508,192,200	-8.31	/
Current ratio (%)	129	139	Decrease by 10 percentage points	/
Quick ratio (%)	129	139	Decrease by 10 percentage points	/
Gearing ratio (%)	76.77	75.36	Increase by 1.41 percentage points	/
Debt-to-EBITDA ratio	0.04	0.05	-20.00	/
Interest coverage ratio	1.95	2.31	-15.58	/
Cash interest coverage ratio	1.84	6.06	-69.64	Mainly due to the decrease in net cash flow generated from operating activities
EBITDA interest coverage ratio	2.06	2.43	-15.23	/
Loan repayment ratio (%)	100	100	-	/
Interest repayment ratio (%)	100	100	-	/

Section IX Corporate Bonds

II. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

(I) Issuance of Convertible Bonds

Applicable Not applicable

(II) Convertible Bond holders and guarantors during the Reporting Period

Applicable Not applicable

(III) Change of Convertible Bonds during the Reporting Period

Applicable Not applicable

Unit: yuan Currency: RMB

Name of convertible corporate bonds	Before change	Increase/decrease		Sold back	After change
		Converted	Redeemed		
GTJA Bond	6,990,161,000	1,646,000	6,988,515,000	-	0

Aggregated conversion of convertible bonds during the Reporting Period

Applicable Not applicable

Name of convertible corporate bonds	GTJA Bond
Conversion amount during the Reporting Period (RMB)	1,646,000
Number of converted shares during the Reporting Period (shares)	94,927
Aggregated number of converted shares (shares)	611,763
Aggregated number of converted shares as a percentage of the total number of issued shares of the Company before conversion (%)	0.007021
Amount of convertible bonds not yet converted (RMB)	0
Number of convertible bonds not yet converted as a percentage of the total number of issued convertible bonds (%)	0

Note: The Company's A-share convertible bonds have been redeemed upon maturity and delisted on 7 July 2023. As at the end of the Reporting Period, the balance of the Company's A-share convertible bonds was 0.

Section IX Corporate Bonds

(IV) Adjustments of the conversion prices

√ Applicable □ Not applicable

Unit: yuan Currency: RMB

Name of convertible corporate bonds		GTJA Bond			
Effective date of adjusted conversion price	Adjusted conversion price	Disclosure date	Media of disclosure	Reasons for adjustments	
2018/6/29	RMB19.80 per share	2018/6/22	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.4 per share for the year of 2017	
2019/4/19	RMB19.67 per share	2019/4/18	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company placed 194,000,000 new H Shares in April 2019	
2019/8/12	RMB19.40 per share	2019/8/5	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.275 per share for the year of 2018	
2020/8/12	RMB19.01 per share	2020/8/5	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.39 per share for the year of 2019	
2021/8/20	RMB18.45 per share	2021/8/12	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.56 per share for the year of 2020	
2022/7/15	RMB17.77 per share	2022/7/7	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.68 per share for the year of 2021	
2023/6/29	RMB17.24 per share	2023/6/20	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.53 per share for the year of 2022	
Conversion price as of the end of the Reporting Period				-	

Note: The Company's A-share convertible bonds have been redeemed upon maturity and delisted on 7 July 2023. As at the end of the Reporting Period, the balance of the Company's A-share convertible bonds was 0.

Section IX Corporate Bonds

(V) Information on the Company's liability, credit changes and cash arrangement for debt repayment next year

Applicable Not applicable

Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. issued the Report on the Updated Rating of the Public Issuance of A Share Convertible Corporate Bonds of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司公開發行A股可轉換公司債券跟蹤評級報告》) in respect of the Company's issuance of the A Share Convertible Bonds on 22 May 2023, and maintained the credit rating of the Company as AAA and the credit rating of the A Share Convertible Bonds as AAA with a stable outlook.

The Company's A-share convertible bonds have been redeemed upon maturity and delisted on 7 July 2023.

(VI) Other information on Convertible Bonds

Applicable Not applicable

Section X Independent Auditor's Report and Notes to Financial Statements

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Guotai Junan Securities Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of Guotai Junan Securities Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 238 to 391, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policies and other explanatory 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"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA 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.

Section X Independent Auditor's Report and Notes to Financial Statements

Consolidation of structured entities

Refer to Note 28 to the consolidated financial statements and the material accounting policies in Note 2.2.

The Key Audit Matter

Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor of, a structured entity through issuing or acquiring a wealth management product, an investment fund, an asset management scheme, a trust scheme or an asset-backed security.

In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and its exposure to and ability to influence its own returns from the entity.

In certain circumstances, the Group may be required to consolidate a structured entity even though it has no equity interest therein.

The factors which management needs to consider when determining whether a structured entity should be consolidated or not are not purely quantitative and need to be considered collectively.

How the matter was addressed in our audit

Our audit procedures to assess the consolidation of structured entities includes the following:

- making enquiries of management and inspecting relevant documents used by management relating to the judgement process over whether a structured entity is consolidated or not to assess whether the Group has an appropriate process in this regard;
- selecting a sample of structured entities for each key product type and performing the following procedures for each item selected:
 - inspecting the related contracts and internal documents to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity;

Section X Independent Auditor's Report and Notes to Financial Statements

Consolidation of structured entities

Refer to Note 28 to the consolidated financial statements and the material accounting policies in Note 2.2.

The Key Audit Matter

We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement in determining whether a structured entity is required to be consolidated by the Group or not and because the impact of consolidating a structured entity on the consolidated statement of financial position could be significant.

How the matter was addressed in our audit

- evaluating the risk and reward structure of the structured entity including any capital or return guarantee, commission paid and distribution of the returns to assess management's judgement as to exposure, or rights, to variable returns from the Group's involvement in such an entity;
- evaluating management's analysis of the structured entity including qualitative analysis and calculations of the magnitude and variability associated with its economic interests in the structured entity to assess management's judgement over the Group's ability to influence its own returns from the structured entity;
- evaluating management's judgement over whether the structured entity should be consolidated or not;
- assessing the disclosures in the consolidated financial statements in relation to structured entities with reference to the requirements of the prevailing accounting standards.

Section X Independent Auditor's Report and Notes to Financial Statements

Measurement of loss allowances for margin accounts receivable and stock-pledged financing

Refer to Note 33, 40 to the consolidated financial statements and the material accounting policies in Note 3.12.

The Key Audit Matter

The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default, economic indicators for forward-looking adjustment and other adjustment factors. Management judgment is involved in the selection of those parameters and the application of the assumptions.

In particular, the determination of the loss allowances is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The expected credit losses for margin accounts receivable and stock-pledged financing are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience and other adjustment factors.

How the matter was addressed in our audit

Our audit procedures to assess loss allowances of margin accounts receivable and stock-pledged financing includes the following:

- understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of margin accounts receivable and stock-pledged financing, the credit grading process and the measurement of loss allowance;
- assessing the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other management adjustments;

Section X Independent Auditor's Report and Notes to Financial Statements

Measurement of loss allowances for margin accounts receivable and stock-pledged financing

Refer to Note 33, 40 to the consolidated financial statements and the material accounting policies in Note 3.12.

The Key Audit Matter

Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. When listed stocks are involved as collateral, price volatility of the stock, the liquidity, the stock holding concentration of the borrower, the loan balances to collateral ratio and the operation of the issuer will also be taken into account in the judgement.

We identified loss allowances of margin accounts receivable and stock-pledged financing as a key audit matter because of the inherent uncertainty and management judgment involved and because of its significance to the financial results and capital of the Group.

How the matter was addressed in our audit

- assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model. For key parameters derived from internal data relating to original agreements, we compared the total balance of the financial asset list used by management to assess the allowances for impairment with the general ledger; selecting financial assets and comparing investment information with the underlying agreements and other related documentation to assess the accuracy of compilation of the asset list. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with external sources;
- for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the Group's internal records. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development;

Section X Independent Auditor's Report and Notes to Financial Statements

Measurement of loss allowances for margin accounts receivable and stock-pledged financing

Refer to Note 33, 40 to the consolidated financial statements and the material accounting policies in Note 3.12.

The Key Audit Matter

How the matter was addressed in our audit

- evaluating the validity of management's assessment on whether the credit risk of the financial assets has, or has not, increased significantly since initial recognition and whether the financial assets is credit-impaired by selecting risk-based samples. On a sample basis, we checked the financial assets overdue information, understanding the credit situation and the collateral to loan ratio of the borrowers;
- for selected samples of the financial assets that are credit-impaired, evaluating the reasonableness of loss given default. We also evaluated the forecast cash flows, challenged the viability of the Group's recovery plans and evaluated other credit enhancements that are integral to the contract terms;
- recalculating the amount of credit loss allowance for 12 months and life time credit losses using the expected credit loss model based on the above parameters and assumptions for a sample of financial assets where the credit risk has not, or has, increased significantly since initial recognition, respectively; and
- evaluating whether the disclosures on impairment of margin accounts receivable and stock-pledged financing meet the disclosure requirements of prevailing accounting standards.

Section X Independent Auditor's Report and Notes to Financial Statements

Assessing the fair value of financial instruments

Refer to Note 66 to the consolidated financial statements and the material accounting policies in Note 3.3.

The Key Audit Matter

The valuation of the Group's financial instruments is based on a combination of market data and valuation models which often require a considerable number of inputs.

Many of these inputs are obtained from readily available data for liquid markets. Where such observable data is not readily available, as in the case of certain level 3 financial instruments, estimates need to be developed which can involve significant management judgement.

We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the significant degree of judgement exercised by management in determining the inputs used in the valuation models.

How the matter was addressed in our audit

Our audit procedures to assess the fair value of financial instruments includes the following:

- assessing the design, implementation and operating effectiveness of key internal controls over the valuation, independent price verification and valuation model approval for financial instruments;
- assessing the fair values of, for a sample of financial instruments traded in active markets by comparing the fair values applied by the Group with publicly available market data;
- reading investment agreements entered into during the current year, for a sample of level 2 and level 3 financial instruments to understand the relevant investment terms and identify any conditions that were relevant to the valuation of financial instruments;
- engaging KPMG valuation specialists to assist us in evaluating the valuation models used by the Group to value certain level 2 and level 3 financial instruments and to perform, on a sample basis, independent valuations of level 2 and level 3 financial instruments and compare these valuations with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current market practice, testing inputs to the fair value calculations and establishing our own valuation models to perform revaluations; and
- evaluating the reasonableness of the disclosures on fair values of financial instruments with reference to the requirements of the prevailing accounting standards.

Section X Independent Auditor's Report and Notes to Financial Statements

Goodwill impairment assessment relating to HuaAn Funds

Refer to Note 25 to the consolidated financial statements and the material accounting policies in Note 3.2.

The Key Audit Matter

As at 31 December 2023, the carrying amount of goodwill was RMB4,071 million, primarily resulting from the acquisition of HuaAn Fund Management Co., Ltd. ("HuaAn Funds") (RMB4,050 million).

Management performs goodwill impairment assessment annually. In performing an impairment assessment, management calculates the recoverable amount for each of the Group's cash generating units ("CGUs").

Management considers HuaAn Funds as a separate CGU and assessed the recoverable amount of HuaAn Funds by applying a discounted cash flow ("DCF") model to determine the value in use, and involves the use of key assumptions and inputs, including revenue growth rate, terminal growth rate and discount rate, which requires significant management judgement.

We identified goodwill impairment assessment relating to HuaAn Funds as a key audit matter because of its significance to the financial statements, the significant management judgements and estimates involved, and the fact that these judgements are inherently uncertain and might be affected by management's bias.

How the matter was addressed in our audit

Our audit procedures to assess goodwill impairment relating to HuaAn Funds included the following:

- assessing the design, implementation and operating effectiveness of key internal controls over the goodwill impairment assessment relating to HuaAn Funds;
- based on our understanding on the Group's business and prevailing accounting standards, assessing management's identification of CGU and how management allocates goodwill to each CGU;
- involving KPMG valuation specialist to evaluate the appropriateness the method with reference to the requirements of the prevailing accounting standards and the reasonableness of the assumptions, including discount rate the management used when estimating the cash flows of HuaAn Funds;
- assessing the appropriateness of the key assumptions and judgments applied, including estimated revenue, growth rate and terminal growth rate adopted in the discounted cash flow forecast of HuaAn Funds by comparing with approved budgets and industry's statistics;
- performing sensitivity analyses on the discount rate and other key assumptions adopted by management to assess the impact of the impairment test result arising from the change in key assumption and whether there is any indication of management bias; and
- assessing the reasonableness of the disclosures in the consolidated financial statements in relation to goodwill impairment with reference to the requirements of the prevailing accounting standards.

Section X Independent Auditor's Report and Notes to Financial Statements

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors 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. This 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.

Section X Independent Auditor's Report and Notes to Financial Statements

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.
- 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.

Section X Independent Auditor's Report and Notes to Financial Statements

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 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 Chan Siu Tung.

KPMG

Certified Public Accountants

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

28 March 2024

Section X Independent Auditor's Report and Notes to Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

	Note	Year ended 31 December	
		2023	2022 (Restated)
Revenue			
Fee and commission income	6	18,748,922	17,731,799
Interest income	7	15,635,577	15,586,674
Net investment gains	8	9,120,378	5,538,527
Total revenue		43,504,877	38,857,000
Gain on business combination	9	-	1,478,368
Other income and gains	10	8,798,954	8,751,553
Total revenue and other income		52,303,831	49,086,921
Fee and commission expenses	11	(3,681,163)	(3,532,038)
Interest expenses	12	(12,832,969)	(10,822,099)
Staff costs	13	(9,910,878)	(9,537,139)
Depreciation and amortization expenses	14	(1,514,452)	(1,305,198)
Tax and surcharges		(185,331)	(214,789)
Other operating expenses and costs	15	(12,115,669)	(10,728,581)
Provision for impairment losses		(32,399)	(24,261)
(Accrual)/reversal of credit loss expenses	16	(262,518)	464,575
Total expenses		(40,535,379)	(35,699,530)
Operating profit		11,768,452	13,387,391
Share of profits of associates and joint ventures		379,446	752,580
Profit before income tax		12,147,898	14,139,971
Income tax expense	17	(2,262,481)	(2,517,168)
Profit for the year		9,885,417	11,622,803
Attributable to:			
Equity holders of the Company		9,374,143	11,508,784
Non-controlling interests		511,274	114,019
Total		9,885,417	11,622,803
Earnings per share attributable to ordinary equity holders of the Company (expressed in Renminbi yuan per share)	21		
- Basic		0.98	1.25
- Diluted		0.97	1.23

The accompanying notes form part of the consolidated financial statements.

Section X Independent Auditor's Report and Notes to Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

	Year ended 31 December	
	2023	2022 <i>(Restated)</i>
Profit for the year	9,885,417	11,622,803
Other comprehensive income for the year		
Other comprehensive income that may be reclassified to profit or loss:		
Debt instruments at fair value through other comprehensive income		
– Net changes in fair value	880,640	126,730
– Changes in allowance for expected credit losses	127,659	18,121
– Reclassified to profit or loss	(560,728)	(461,695)
– Income tax impact	(90,068)	65,390
Share of other comprehensive income of associates and joint ventures		
– Share of other comprehensive income	4,040	(48,448)
Exchange differences on translation of financial statements in foreign currencies	194,568	1,166,835
Total items that may be reclassified to profit or loss	556,111	866,933
Other comprehensive income that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income		
– Net changes in fair value	(86,294)	(684,603)
– Income tax impact	(171,202)	158,948
Share of other comprehensive income of associates and joint ventures		
– Share of other comprehensive income	16,353	(181)
– Income tax impact	(58,290)	994
Total items that will not be reclassified to profit or loss	(299,433)	(524,842)
Other comprehensive income for the year, net of tax	256,678	342,091
Total comprehensive income for the year	10,142,095	11,964,894
Attributable to:		
Equity holders of the Company	9,580,863	11,550,479
Non-controlling interests	561,232	414,415
Total	10,142,095	11,964,894

The accompanying notes form part of the consolidated financial statements.

Section X Independent Auditor's Report and Notes to Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

		As at 31 December	
	Note	2023	2022 (Restated)
Non-current assets			
Property and equipment	22	4,345,379	3,176,858
Investment property	23	1,067,254	1,094,163
Right-of-use assets	24	2,311,388	2,388,079
Goodwill	25	4,070,761	4,070,761
Other intangible assets	26	840,235	733,799
Investments in associates	29	7,556,250	6,362,391
Investments in joint ventures	29	5,234,512	5,081,873
Debt investments at amortised cost	30	3,010,433	2,787,707
Debt instruments at fair value through other comprehensive income	31	76,450,493	56,359,547
Equity instruments at fair value through other comprehensive income	32	1,806,371	2,331,288
Financial assets held under resale agreements	33	1,783,561	298,860
Financial assets at fair value through profit or loss	34	22,550,093	21,126,943
Refundable deposits	35	56,787,627	58,922,817
Deferred tax assets	36	2,457,519	2,457,184
Other non-current assets	37	199,939	154,482
Total non-current assets		190,471,815	167,346,752
Current assets			
Accounts receivable	38	16,823,117	11,759,050
Other current assets	39	2,409,925	2,913,113
Margin accounts receivable	40	89,753,965	87,115,509
Debt investments at amortised cost	30	604,110	368,442
Debt instruments at fair value through other comprehensive income	31	17,696,292	4,829,768
Equity instruments at fair value through other comprehensive income	32	69,309	–
Financial assets held under resale agreements	33	67,882,530	70,837,360
Financial assets at fair value through profit or loss	34	350,024,147	310,274,301
Derivative financial assets	41	9,672,698	8,232,823
Clearing settlement funds	42	7,315,428	7,414,914
Cash held on behalf of brokerage customers	43	141,939,238	158,867,961
Cash and bank balances	44	30,739,910	30,747,924
Total current assets		734,930,669	693,361,165
Total assets		925,402,484	860,707,917

The accompanying notes form part of the consolidated financial statements.

Section X Independent Auditor's Report and Notes to Financial Statements

		As at 31 December	
	<i>Note</i>	2023	2022 <i>(Restated)</i>
Current liabilities			
Loans and borrowings	45	11,661,690	9,847,547
Short-term debt instruments	46	19,372,094	13,649,479
Placements from other financial institutions	47	11,744,902	12,967,205
Accounts payable to brokerage customers	48	178,055,072	195,718,783
Employee benefits payable	49	7,728,844	9,057,704
Income tax payable		1,078,951	1,698,975
Financial assets sold under repurchase agreements	50	216,829,590	173,236,682
Financial liabilities at fair value through profit or loss	51	57,623,628	48,327,552
Derivative financial liabilities	41	11,488,606	9,790,659
Bonds payable	52	32,443,108	33,724,583
Contract liabilities	53	80,141	96,601
Lease liabilities	24	615,271	571,474
Other current liabilities	54	82,087,047	64,786,119
Total current liabilities		630,808,944	573,473,363
Net current assets		104,121,725	119,887,802
Total assets less current liabilities		294,593,540	287,234,554
Non-current liabilities			
Loans and borrowings	45	549,552	559,151
Bonds payable	52	101,582,435	94,159,011
Lease liabilities	24	1,214,080	1,313,701
Deferred tax liabilities	36	155,141	128,523
Financial liabilities at fair value through profit or loss	51	17,200,633	26,721,315
Other non-current liabilities	55	513,689	507,394
Total non-current liabilities		121,215,530	123,389,095
Net assets		173,378,010	163,845,459

The accompanying notes form part of the consolidated financial statements.

Section X Independent Auditor's Report and Notes to Financial Statements

		As at 31 December	
	<i>Note</i>	2023	2022 <i>(Restated)</i>
Equity			
Share capital	56	8,904,611	8,906,673
Other equity instruments	57	19,918,679	16,046,936
Treasury shares		(361,484)	(393,371)
Reserves	58	80,001,204	76,474,974
Retained profits	58	58,506,243	56,683,126
		<hr/>	<hr/>
Equity attributable to equity holders of the Company		166,969,253	157,718,338
Non-controlling interests		6,408,757	6,127,121
		<hr/>	<hr/>
Total equity		<u>173,378,010</u>	<u>163,845,459</u>

Approved and authorized for issue by the Board of Directors on 28 March 2024.

Zhu Jian

Chairman

Li Junjie

Executive Director

The accompanying notes form part of the consolidated financial statements.

Section X Independent Auditor's Report and Notes to Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Translation reserve	Surplus reserve	General reserve	Treasury shares	Retained profits	Total		
At 31 December 2022 (restated)	8,906,673	16,046,936	46,069,062	(711,715)	347,433	7,172,530	23,597,664	(393,371)	56,683,126	157,718,338	6,127,121	163,845,459
Profit for the year	-	-	-	-	-	-	-	-	9,374,143	9,374,143	511,274	9,885,417
Other comprehensive income for the year	-	-	-	59,185	147,535	-	-	-	-	206,720	49,958	256,678
Total comprehensive income for the year	-	-	-	59,185	147,535	-	-	-	9,374,143	9,580,863	561,232	10,142,095
Issue of perpetual bonds	-	5,000,000	(19,623)	-	-	-	-	-	-	4,980,377	-	4,980,377
Appropriation to general reserve	-	-	-	-	-	-	1,759,099	-	(1,759,099)	-	-	-
Dividends (Note 20)	-	-	-	-	-	-	-	-	(4,719,402)	(4,719,402)	-	(4,719,402)
Distribution to other equity instrument holders (Note 20)	-	-	-	-	-	-	-	-	(758,500)	(758,500)	-	(758,500)
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(273,727)	(273,727)
Other comprehensive income that has been reclassified to retained profits	-	-	-	314,025	-	-	-	-	(314,025)	-	-	-
Conversion of convertible bonds	95	(1,128,257)	1,130,011	-	-	-	-	-	-	1,849	-	1,849
Shares repurchased	-	-	-	-	-	-	-	(14,188)	-	(14,188)	-	(14,188)
Deregistration of treasury shares	(2,157)	-	(12,031)	-	-	-	-	14,188	-	-	-	-
Equity-settled share-based payments	-	-	141,996	-	-	-	-	31,887	-	173,883	-	173,883
Others	-	-	6,033	-	-	-	-	-	-	6,033	(5,869)	164
At 31 December 2023	8,904,611	19,918,679	47,315,448	(338,505)	494,968	7,172,530	25,356,763	(361,484)	58,506,243	166,969,253	6,408,757	173,378,010

The accompanying notes form part of the consolidated financial statements.

Section X Independent Auditor's Report and Notes to Financial Statements

	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Translation reserve	Surplus reserve	General reserve	Treasury shares	Retained profits	Total		
At 31 December 2021	8,908,450	11,071,656	45,802,519	(344,632)	(515,131)	7,172,530	21,534,879	(638,820)	54,132,214	147,123,665	3,512,927	150,636,592
Adjustment on initial application of Amendments to IAS12	-	-	-	-	-	-	3,547	-	14,189	17,736	-	17,736
As at 1 January 2022	<u>8,908,450</u>	<u>11,071,656</u>	<u>45,802,519</u>	<u>(344,632)</u>	<u>(515,131)</u>	<u>7,172,530</u>	<u>21,538,426</u>	<u>(638,820)</u>	<u>54,146,403</u>	<u>147,141,401</u>	<u>3,512,927</u>	<u>150,654,328</u>
Profit for the year	-	-	-	-	-	-	-	-	11,508,784	11,508,784	114,019	11,622,803
Other comprehensive income for the year	-	-	-	(820,869)	862,564	-	-	-	-	41,695	300,396	342,091
Total comprehensive income for the year	-	-	-	(820,869)	862,564	-	-	-	11,508,784	11,550,479	414,415	11,964,894
Issue of perpetual bonds	-	4,975,283	-	-	-	-	-	-	4,975,283	-	-	4,975,283
Appropriation to general reserve	-	-	-	-	-	-	2,059,238	-	(2,059,238)	-	-	-
Dividends (Note 20)	-	-	-	-	-	-	-	-	(6,056,537)	(6,056,537)	-	(6,056,537)
Distribution to other equity instrument holders (Note 20)	-	-	-	-	-	-	-	-	(402,500)	(402,500)	-	(402,500)
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(110,448)	(110,448)
Other comprehensive income that has been reclassified to retained profits	-	-	-	453,786	-	-	-	-	(453,786)	-	-	-
Conversion of convertible bonds	1	(3)	21	-	-	-	-	-	-	19	-	19
Shares repurchased	-	-	-	-	-	-	-	-	-	-	(48,954)	(48,954)
Deregistration of treasury shares	(1,778)	-	(10,810)	-	-	-	-	12,588	-	-	-	-
Equity-settled share-based payments	-	-	275,858	-	-	-	-	232,861	-	508,719	-	508,719
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	2,360,296	2,360,296
Others	-	-	1,474	-	-	-	-	-	-	1,474	(1,115)	359
At 31 December 2022 (restated)	<u>8,906,673</u>	<u>16,046,936</u>	<u>46,069,062</u>	<u>(711,715)</u>	<u>347,433</u>	<u>7,172,530</u>	<u>23,597,664</u>	<u>(393,371)</u>	<u>56,683,126</u>	<u>157,718,338</u>	<u>6,127,121</u>	<u>163,845,459</u>

The accompanying notes form part of the consolidated financial statements.

Section X Independent Auditor's Report and Notes to Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

(Amounts expressed in thousands of RMB unless otherwise stated)

	Note	Year ended 31 December	
		2023	2022
Cash flows from operating activities:			
Profit before income tax		12,147,898	14,139,971
Adjustments for:			
Interest expenses		12,832,969	10,822,099
Unrealized fair value changes in financial instruments at fair value through profit or loss		1,623,572	1,605,756
Depreciation and amortization expenses		1,514,452	1,305,198
Accrual/(reversal) of credit loss expenses		262,518	(464,575)
Equity-settled share-based payment expenses		142,160	276,216
Foreign exchange losses/(gains)		51,240	(118,031)
Provision for impairment losses		32,399	24,261
Net losses on disposal of property and equipment		2,920	1,850
Interest income and other income from financial assets at fair value through other comprehensive income		(2,009,404)	(2,087,761)
Interest income from time deposits		(1,521,631)	(1,334,573)
Share of profits of associates and joint ventures		(379,446)	(752,580)
Net realized gains from financial instruments at fair value through other comprehensive income		(317,097)	(465,658)
Unrealized fair value changes in derivatives		(273,509)	(2,118,404)
Interest income from debt investments at amortised cost		(102,458)	(18,707)
Interest income from general risk reserve deposits		(10,183)	-
Gain on business combination		-	(1,478,368)
Gain from the acquisition of associate's equity		-	(95,501)
		<u>23,996,400</u>	<u>19,241,193</u>

The accompanying notes form part of the consolidated financial statements.

Section X Independent Auditor's Report and Notes to Financial Statements

	Year ended 31 December	
Note	2023	2022
Cash flows from operating activities:		
Increase in financial assets sold under repurchase agreements	43,308,020	8,166,971
Increase in other liabilities	17,273,547	20,888,410
Decrease/(increase) in cash held on behalf of brokerage customers	17,259,295	(6,443,175)
Decrease/(increase) in refundable deposits	2,114,191	(18,086,528)
Decrease in financial assets held under resale agreements	588,687	305,131
Increase in financial instruments at fair value through profit or loss and derivative financial instruments	(41,033,067)	(15,282,797)
(Decrease)/increase in accounts payable to brokerage customers	(17,850,359)	21,965,622
Increase in accounts receivable, other current assets and other non-current assets	(5,765,022)	(1,089,727)
(Increase)/decrease in margin accounts receivable	(2,716,085)	22,442,654
Decrease in employee benefits payable	(1,328,860)	(461,610)
(Decrease)/increase in placements from other financial institutions	(1,222,327)	829,206
Increase in general risk reserve	(333,327)	-
Cash generated from operations	<u>34,291,093</u>	<u>52,475,350</u>
Income taxes paid	(3,175,783)	(3,184,687)
Interest paid	(6,676,248)	(4,969,451)
Net cash generated from operating activities	<u>24,439,062</u>	<u>44,321,212</u>

The accompanying notes form part of the consolidated financial statements.

Section X Independent Auditor's Report and Notes to Financial Statements

	Year ended 31 December	
<i>Note</i>	2023	2022
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income and other investments	56,213,314	39,043,883
Dividends and interest received from financial assets at fair value through other comprehensive income and other investments	3,401,400	3,745,701
Proceeds from disposal of property and equipment, other intangible assets and other non-current assets	10,154	11,239
Proceeds from disposal of subsidiaries, associates and joint ventures	5,041	–
Purchases of financial assets at fair value through other comprehensive income and other investments	(92,564,272)	(38,378,364)
Purchases of property and equipment, other intangible assets and other non-current assets	(1,165,432)	(1,784,313)
Acquisition of subsidiary, net of cash paid	59 (d) <u>–</u>	<u>(963,606)</u>
Net cash (used in)/generated from investing activities	<u>(34,099,795)</u>	<u>1,674,540</u>

The accompanying notes form part of the consolidated financial statements.

Section X Independent Auditor's Report and Notes to Financial Statements

	Year ended 31 December	
Note	2023	2022
Cash flows from financing activities:		
Proceeds from loans and borrowings	109,900,558	54,621,235
Proceeds from issuance of bonds payable	39,255,000	30,205,500
Proceeds from issuance of short-term debt instruments	31,238,209	28,823,913
Proceeds from issuance of a perpetual bond	5,000,000	4,995,000
Repayment of loans and borrowings	(108,249,276)	(48,556,578)
Repayment of debt securities issued	(58,968,357)	(91,868,658)
Dividends paid	(5,579,622)	(6,564,280)
Interest paid	(5,908,323)	(5,437,460)
Capital element of lease rentals paid	(666,252)	(564,860)
Interest element of lease rentals paid	(64,843)	(69,217)
Purchase of treasury shares	(14,188)	(48,954)
Cash used in other financing activities	-	(170,709)
	<u>5,942,906</u>	<u>(34,635,068)</u>
Net cash generated from/(used in) financing activities	5,942,906	(34,635,068)
Net (decrease)/increase in cash and cash equivalents	(3,717,827)	11,360,684
Cash and cash equivalents at the beginning of the year	80,540,349	68,644,484
Effect of foreign exchange rate changes	97,054	535,181
	<u>76,919,576</u>	<u>80,540,349</u>
Cash and cash equivalents at the end of the year	59(a) 76,919,576	80,540,349

The accompanying notes form part of the consolidated financial statements.

Section X Independent Auditor's Report and Notes to Financial Statements

1. GENERAL INFORMATION

On 25 September 1992, with the approval of the People's Bank of China (the "PBOC"), Guotai Securities Co., Ltd. (國泰證券有限公司) was established in Shanghai, the People's Republic of China (the "PRC"). On 12 October 1992, with the approval of the PBOC, Junan Securities Co., Ltd. (君安證券有限責任公司) was established in Shenzhen, the PRC. On 20 May 1999, as approved by the China Securities Regulatory Commission (the "CSRC"), Guotai Securities Co., Ltd. merged with Junan Securities Co., Ltd. to set up a new company, Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) (the "Company") in Shanghai, the PRC. On 13 August 2001, the Company spun off its non-security business and related assets and liabilities to a newly established company, and continued to use the name of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司).

The Company publicly issued A shares and was listed on the Shanghai Stock Exchange on 26 June 2015, with the stock code 601211. On 11 April 2017, the Company issued H shares which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), with the stock code 02611.

The registered office of the Company is located at No. 618 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone, Shanghai, PRC.

The Company and its subsidiaries (collectively referred to as the "Group") is principally engaged in securities brokerage, securities proprietary trading, securities underwriting and sponsorship, securities investment consultation, the financial advisory business relating to securities trading and securities investment, margin financing and securities lending, the agency sale of securities investment funds, the agency sale of financial products, introducing brokerage for futures companies, asset management, fund management, commodity futures brokerage, financial futures brokerage, futures investment consulting, equity investment, venture capital, investment management, investment consultation and other business activities approved by the CSRC.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value, as explained in the accounting policies set out below. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Section X Independent Auditor's Report and Notes to Financial Statements

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 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 (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, 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; and
- (c) the Group's voting rights and potential voting rights.

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 other comprehensive income are attributed to the owners 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. 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.

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 described above. 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 derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Section X Independent Auditor's Report and Notes to Financial Statements

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.3 Other amendments to the standards effective in 2023 relevant to and adopted by the Group

(a) Overview

The Group has applied the following new and amended IFRSs issued by the IASB that are first effective for the financial year ended 31 December 2023.

- IFRS 17, *Insurance Contracts*
- Amendments to IAS 8, *Definition of accounting estimates*
- Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of accounting policies*
- Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IAS 12, *International Tax Reform – Pillar Two model rules*

Except for amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, none of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Details of the changes in accounting policies are discussed below.

(b) Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Group has adopted *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transaction that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur after the beginning of the earliest period presented.

Following the amendments, the Group no longer applies the initial recognition exemption, and has recognized a separate deferred tax assets in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets.

Section X Independent Auditor's Report and Notes to Financial Statements

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.3 Other amendments to the standards effective in 2023 relevant to and adopted by the Group *(continued)*

- (b) Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(continued)*

The following table summarises the amounts that would have been in the Group's consolidated statement of profit or loss for the year ended 31 December 2023 and the consolidated statement of financial position as at that date, if the group had not changed its accounting policy as noted above.

Consolidated statement of profit or loss for the year ended 31 December 2023	As reported	Backing out effect of adoption of the Amendments to IAS 12	If accounting policy had not been changed
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Income tax expense	(2,262,481)	660	(2,263,141)
Profit for the year	9,885,417	660	9,884,757
Profit attributable to equity holders of the Company	9,374,143	660	9,373,483

Consolidated statement of comprehensive income for the year ended 31 December 2023	As reported	Backing out effect of adoption of the Amendments to IAS 12	If accounting policy had not been changed
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total comprehensive income for the year	10,142,095	660	10,141,435
Total comprehensive income for the year attributable to equity holders of the Company	9,580,863	660	9,580,203

Section X Independent Auditor's Report and Notes to Financial Statements

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.3 Other amendments to the standards effective in 2023 relevant to and adopted by the Group *(continued)*

- (b) Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(continued)*

Consolidated statement of financial position as at 31 December 2023	As reported	Backing out effect of adoption of the Amendments to IAS 12	If accounting policy had not been changed
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	2,457,519	20,031	2,437,488
Total non-current assets	190,471,815	20,031	190,451,784
Total assets	925,402,484	20,031	925,382,453
Net assets	173,378,010	20,031	173,357,979
Reserves	80,001,204	4,006	79,997,198
Retained profits	58,506,243	16,025	58,490,218
Equity attributable to equity holders of the Company	166,969,253	20,031	166,949,222
Total equity	173,378,010	20,031	173,357,979

The following table summarises the impacts of the above accounting policy change on the comparatives presented in the Group's consolidated statement of profit or loss and statement of financial position.

Consolidated statement of profit or loss for the year ended 31 December 2022	As previously reported	Effect of the adoption of the Amendments to IAS 12	As restated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Income tax expense	2,518,802	(1,634)	2,517,168
Profit for the year	11,621,169	1,634	11,622,803
Profit attributable to equity holders of the Company	11,507,150	1,634	11,508,784
Earnings per share attributable to ordinary equity holders of the Company (expressed in Renminbi yuan per share)			
Basic	1.24	0.01	1.25

Section X Independent Auditor's Report and Notes to Financial Statements

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.3 Other amendments to the standards effective in 2023 relevant to and adopted by the Group *(continued)*

- (b) Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(continued)*

Consolidated statement of comprehensive income for the year ended 31 December 2022	As previously reported	Effect of the adoption of the Amendments to IAS 12	As restated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total comprehensive income for the year	11,963,260	1,634	11,964,894
Total comprehensive income for the year attributable to equity holders of the Company	11,548,845	1,634	11,550,479

Consolidated statement of financial position as at 31 December 2022	As previously reported	Effect of the adoption of the Amendments to IAS 12	As restated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	2,437,814	19,370	2,457,184
Total non-current assets	167,327,382	19,370	167,346,752
Total assets	860,688,547	19,370	860,707,917
Net assets	163,826,089	19,370	163,845,459
Reserves	76,471,100	3,874	76,474,974
Retained profits	56,667,630	15,496	56,683,126
Equity attributable to equity holders of the Company	157,698,968	19,370	157,718,338
Total equity	163,826,089	19,370	163,845,459

Section X Independent Auditor's Report and Notes to Financial Statements

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.3 Other amendments to the standards effective in 2023 relevant to and adopted by the Group *(continued)*

- (b) Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(continued)*

After retrospective adjustment of the above accounting policy change, the Group's consolidated statement of financial position as at 1 January 2022 are as follows:

	1 January 2022 <i>RMB'000</i>
Non-current assets	
Property and equipment	2,940,786
Investment property	973,275
Right-of-use assets	2,486,964
Goodwill	20,896
Other intangible assets	662,890
Investments in associates	7,434,717
Investments in joint ventures	5,492,824
Debt instruments at fair value through other comprehensive income	55,034,775
Equity instruments at fair value through other comprehensive income	2,480,358
Financial assets held under resale agreements	1,893,344
Financial assets at fair value through profit or loss	19,946,824
Refundable deposits	40,795,692
Deferred tax assets	1,863,201
Other non-current assets	103,751
	142,130,297
Current assets	
Accounts receivable	9,312,022
Other current assets	2,911,292
Margin accounts receivable	109,287,307
Debt instruments at fair value through other comprehensive income	11,803,641
Financial assets held under resale agreements	57,689,409
Financial assets at fair value through profit or loss	264,438,237
Derivative financial assets	4,157,399
Clearing settlement funds	6,726,022
Cash held on behalf of brokerage customers	151,178,698
Cash and bank balances	31,656,227
	649,160,254
Total assets	791,290,551

Section X Independent Auditor's Report and Notes to Financial Statements

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Other amendments to the standards effective in 2023 relevant to and adopted by the Group (continued)

- (b) Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)

	1 January 2022
	<i>RMB'000</i>
Current liabilities	
Loans and borrowings	4,340,789
Short-term debt instruments	46,021,302
Placements from other financial institutions	12,108,833
Accounts payable to brokerage customers	172,483,608
Employee benefits payable	8,424,175
Income tax payable	2,015,777
Financial assets sold under repurchase agreements	164,884,092
Financial liabilities at fair value through profit or loss	33,950,820
Derivative financial liabilities	9,752,873
Bonds payable	32,246,542
Lease liabilities	510,987
Other current liabilities	43,915,745
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Total current liabilities	530,655,543
	<hr/>
Net current assets	118,504,711
	<hr/>
Total assets less current liabilities	260,635,008
	<hr/>
Non-current liabilities	
Bonds payable	94,520,556
Lease liabilities	1,429,121
Deferred tax liabilities	111,309
Financial liabilities at fair value through profit or loss	13,538,712
Other non-current liabilities	380,982
	<hr/>
Total non-current liabilities	109,980,680
	<hr/>
Net assets	150,654,328
	<hr/>
Equity	
Share capital	8,908,450
Other equity instruments	11,071,656
Treasury shares	(638,820)
Reserves	73,653,712
Retained profits	54,146,403
	<hr/>
Equity attributable to equity holders of the Company	147,141,401
Non-controlling interests	3,512,927
	<hr/>
Total equity	150,654,328
	<hr/>

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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 the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes 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 recognized in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Business combinations and goodwill

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

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. This includes the separation of embedded derivatives in host contracts that are financial liabilities of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 Business combinations and goodwill *(continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. 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, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) 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 the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

3.3 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.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 Fair value measurement *(continued)*

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:

- Level 1 based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; and
- Level 3 based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized 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.

3.4 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.5 Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.6 Property and equipment and depreciation

Property and equipment, other than construction in progress ("CIP"), are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.26% – 3.20%
Leasehold improvements	Over the shorter of the remaining lease terms and 5 years
Machinery	8.64% – 19.20%
Electronic equipment	19.00% – 50.00%
Communication equipment	10.56% – 32.00%
Motor vehicles	9.50% – 32.00%
Others	9.50% – 32.00%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.7 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is accounted for using the cost model and stated in the financial statements at cost less accumulated depreciation, and impairment losses (see Note 3.4). The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale.

	Estimated useful lives	Estimated residual values	Depreciation rates
Buildings	30 – 42 years	4.0% – 5.0%	2.26% – 3.20%

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

3.8 Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.8 Intangible assets (other than goodwill) *(continued)*

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level, whether there is any indicator of impairment or not. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Useful lives of each category of intangible assets are as follows:

	Useful lives
Trading seats rights	Indefinite
Software	5 years

3.9 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a 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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. 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 X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.9 Leases *(continued)*

Group as a lessee *(continued)*

(a) Right-of-use assets (continued)

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease 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 termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense 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 lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is 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 recognition exemption for leases of low-value assets to leases of assets that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.10 Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.10 Investments and other financial assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

Financial assets designated at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognized as net investment gains in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.10 Investments and other financial assets *(continued)*

Subsequent measurement *(continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognized as net investment gains in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.11 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes 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.

3.12 Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.12 Impairment of financial assets *(continued)*

General approach *(continued)*

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group assesses the internal and external credit ratings of the debt investments.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full after taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs;
- Stage 2 Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs;
- Stage 3 Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.12 Impairment of financial assets *(continued)*

General approach *(continued)*

Purchased or originated credit-impaired ("POCI") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted effective interest rate. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies a simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For trade receivables and contract assets that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

3.13 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities measured at amortized cost.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Group's financial liabilities include loans and borrowings, short-term debt instruments, placements from other financial institutions, accounts payable to brokerage customers, financial liabilities at fair value through profit or loss, financial assets sold under repurchase agreements, derivative financial liabilities, bonds payable, other current liabilities and other non-current liabilities.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.13 Financial liabilities *(continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.13 Financial liabilities *(continued)*

Subsequent measurement *(continued)*

Financial liabilities at amortized cost

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognized as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortized cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognized.

3.14 Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

3.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.16 Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

3.17 Financial assets held under resale agreements and financial assets sold under repurchase 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 recognized 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.

The bid-ask spread of the financial assets under agreements to resell and financial assets sold under agreements to repurchase are recognized as interest income or interest expense using the effective interest rate method in the reselling or repurchasing period.

3.18 Accounts payable to brokerage customers

Accounts payable to brokerage customers are all deposited in the bank accounts designated by the Group. The Group recognizes the funds as liabilities for settlement to the customers.

The Group executes trade orders through stock exchanges on behalf of the customers. If the total amount of purchased securities exceeds that of sold securities, accounts payable to brokerage customers decrease by the difference in addition to the withholding stamp duty and commission. If the total amount of sold securities exceeds that of purchased securities, accounts payable to brokerage customers increase by the difference after deducting the withholding stamp duty and commission.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.19 Margin financing and securities lending services

Margin financing and securities lending services refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for short-selling of securities, for which the customers provide the Group with collateral.

Margin financing services

The Group recognizes margin financing services to customers as margin accounts receivable, and recognizes the commission as interest income accordingly.

The policy of provision for impairment of margin accounts receivables is determined with reference to the policy of provision for impairment of financial assets measured at amortized cost.

Securities lending services

The Group lends securities to their customers with agreed expiry dates and interest rates, and the same amount of similar securities received on the expiry date. Commission is recognized as interest revenue according to the securities lending agreement. The securities transferred under the securities lending services are not derecognized.

3.20 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using specific identification of their individual costs. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

3.21 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.22 Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in interest expense in the statement of profit or loss.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognized in accordance with the general policy for provisions above; and (ii) the amount initially recognized less, when appropriate, the amount of income recognized in accordance with the policy for revenue recognition.

3.23 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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.

Deferred tax liabilities are recognized 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 X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.23 Income tax *(continued)*

Deferred tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized, 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 recognized 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 utilized.

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 profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred taxes assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.24 Government grants

Government grants are recognized 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 recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where 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.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.25 Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized 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 recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liabilities under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Securities brokerage and investment consulting business

Income from the securities brokerage is recognized on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from the brokerage business is recognized when the related services are rendered.

Income from the investment consulting business is recognized when the relevant transactions have been arranged or the relevant services have been rendered.

(b) Underwriting and sponsorship business

Income from the underwriting and sponsorship business is recognized when the obligation of underwriting or sponsoring is completed.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.25 Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

(c) Asset management business

Income from asset management business is recognized when contingent criteria associated are met.

(d) Other business

Income from other business is recognized when control of goods or services is transferred to the customers.

3.26 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

3.27 Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.28 Contract costs

Other than the costs which are capitalized as property and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalized as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalized contract costs are amortized and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognized. Other contract costs are expensed as incurred.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.29 Expenses recognition

Commission expenses

Commission expenses relate mainly to transactions, which are recognized as expenses when the services are received.

Interest expenses

Interest expenses are recognized based on the amortized cost and at the effective interest rate applicable.

Other expenses

Other expenses are recognized on an accrual basis.

3.30 Fiduciary wealth management

The Group's fiduciary wealth management business includes fund management, single asset management, collective asset management and specified asset management. The Group keeps separate accounting records for each of these investment schemes, and periodically reconciles the accounting and valuation results of each scheme with the custodians.

3.31 Employee benefits

Employee benefits refer to all forms of consideration and other related expenses except share-based payments given by the Group in exchange for services rendered by employees. The employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits (Defined contribution plan)

The Group participates in a defined contribution plan in which the employees benefit from pensions and unemployment insurance managed by the government, and annuity plans managed by the Group. Such expenditure is charged to the statement of profit or loss in the period when it is incurred.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.31 Employee benefits *(continued)*

Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

Other long-term employee benefits

Other long-term employee benefits are applicable to the rules on post-employment benefits, to recognize their net liabilities or net assets, while the changes are recorded in current profit or loss or related asset cost.

Share-based payments

(i) Accounting treatment of cash-settled share-based payments

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If a cash-settled share-based payment do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognizes costs or expenses as services are received, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting. Until the liability is settled, the Group will remeasure the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognized in profit or loss for the current period.

When the Group receives services and has the obligation to settle the transaction, but the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group classifies the transaction as cash-settled.

(ii) Accounting treatment of equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognizes an amount at each balance sheet date during the vesting period based on the best estimate of the number of equity instruments expected to vest according to the newly obtained subsequent information of the changes of the number of the employees expected to vest the equity instruments. The Group measures the services received at the grant-date fair value of the equity instruments and recognizes the costs or expenses as the services are received, with a corresponding increase in capital reserve.

When the Group receives services, but has no obligation to settle the transaction because the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group also classifies the transaction as equity-settled.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.32 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.33 Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

3.34 Foreign currencies

The consolidated financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

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 was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes 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 the advance consideration.

Section X Independent Auditor's Report and Notes to Financial Statements

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

3.34 Foreign currencies *(continued)*

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the year.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is transferred to the statement of profit or loss.

Cash flows denominated in foreign currencies and cash flows of overseas subsidiaries are translated using the average exchange rates for the year. The impact on cash caused by the fluctuation of exchange rates is presented as a separate line item in the statement of cash flows.

4. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in these consolidated financial statements is included in the following note:

Note 2.2 – consolidation: whether the Group has control over a structured entity.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 3.2 – the impairment of goodwill

Note 3.3 – measurement of fair value;

Section X Independent Auditor's Report and Notes to Financial Statements

4. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

B. Assumptions and estimation uncertainties *(continued)*

Note 3.4 – the impairment of non-financial assets;

Notes 3.6 to 3.8 – depreciation rates and amortisation rates for property and equipment, investment property and other intangible assets;

Note 3.12 – measurement of 'expected credit loss' (ECL) allowance for financial assets;

Note 3.23 – recognition of deferred tax assets; and

Note 3.31 – share-based payments.

5. TAXATION

The Group's main applicable taxes and tax rates are as follows:

Tax type	Tax basis	Tax rate
Corporate income tax	Taxable profits	16.5% – 25%
Value added tax ("VAT")	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period.	3% – 13%
City maintenance and construction tax	Value added tax paid	1% – 7%
Education surcharge	Value added tax paid	3%
Local Education surcharge	Value added tax paid	2%

Corporate Income tax

The income tax rate applicable to the Company and its subsidiaries in Mainland China is 25%. The income tax rate applicable to subsidiaries in Hong Kong is 16.5%.

Value added tax

According to the Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products (《關於資管產品增值稅有關問題的通知》) promulgated by the Ministry of Finance (the "MOF") and the State Administration of Taxation (the "SAT") of the PRC on 30 June 2017, starting from 1 January 2018, with respect to any VAT-able activities in the course of managing asset management products, managers of the asset management products could be temporarily subject to the simplified VAT calculation method and thus liable to VAT at 3%. With respect to VAT-able income arising from asset management products prior to 1 January 2018, if VAT had not been paid previously, no VAT will be payable; if VAT had been paid previously, the previously paid VAT can be used to offset against the VAT payable of the managers.

Section X Independent Auditor's Report and Notes to Financial Statements

6. FEE AND COMMISSION INCOME

(a) Revenue streams

	Year ended 31 December	
	2023	2022
Securities brokerage and investment consulting business	7,743,749	8,898,520
Asset management and fund management business	4,101,603	1,650,646
Underwriting and sponsorship business	3,617,512	4,227,805
Futures brokerage business	2,801,038	2,429,572
Financial advisory business	222,560	228,434
Custodian and outsourcing service	194,334	180,076
Others	68,126	116,746
	<u>18,748,922</u>	<u>17,731,799</u>
Total	<u>18,748,922</u>	<u>17,731,799</u>

Fee and commission income represented the Group's revenue from contracts with customers.

(b) Disaggregation of revenue

In the following table, fee and commission income are disaggregated by timing of revenue recognition:

	Year ended 31 December			
	2023		2022	
	At a point in time	Over time	At a point in time	Over time
Securities brokerage and investment consulting business	7,743,749	-	8,898,520	-
Asset management and fund management business	-	4,101,603	-	1,650,646
Underwriting and sponsorship business	3,617,512	-	4,227,805	-
Futures brokerage business	2,801,038	-	2,429,572	-
Financial advisory business	222,560	-	228,434	-
Custodian and outsourcing service	-	194,334	-	180,076
Others	68,126	-	116,746	-
	<u>14,452,985</u>	<u>4,295,937</u>	<u>15,901,077</u>	<u>1,830,722</u>
Total	<u>14,452,985</u>	<u>4,295,937</u>	<u>15,901,077</u>	<u>1,830,722</u>

Section X Independent Auditor's Report and Notes to Financial Statements

7. INTEREST INCOME

	Year ended 31 December	
	2023	2022
Margin financing and securities lending	6,083,010	6,386,614
Deposits in financial institutions	5,198,461	4,740,207
Debt instruments at fair value through other comprehensive income	1,961,564	2,026,532
Stock-pledged financing and securities repurchase	1,388,858	1,860,172
Other financial assets held under resale agreements	843,325	497,132
Debt investments at amortised cost	102,458	18,707
Others	57,901	57,310
Total	<u>15,635,577</u>	<u>15,586,674</u>

8. NET INVESTMENT GAINS

	Year ended 31 December	
	2023	2022
Dividend and other income		
Financial instruments at fair value through profit or loss	9,890,971	6,740,026
Equity instruments at fair value through other comprehensive income	47,840	61,229
Net realized gains/(losses)		
Financial instruments at fair value through profit or loss	(3,442,746)	(3,907,906)
Debt instruments at fair value through other comprehensive income	317,097	465,658
Derivative financial instruments	3,657,279	1,664,944
Unrealized gains/(losses)		
Financial assets at fair value through profit or loss	(1,477,776)	(4,188,346)
Financial liabilities at fair value through profit or loss	(145,796)	2,582,590
Derivative financial instruments	273,509	2,118,404
Others	-	1,928
Total	<u>9,120,378</u>	<u>5,538,527</u>

Section X Independent Auditor's Report and Notes to Financial Statements

9. GAIN ON BUSINESS COMBINATION

On 4 November 2022, the Company acquired 8% interest in HuaAn Fund Management Co., Ltd. ("HuaAn Funds") from Shanghai Industrial Investment (Holdings) Co., Ltd. by paying a cash consideration of RMB1.063 billion. After the acquisition, the Company's shareholding percentage in HuaAn Funds is 51%.

Gain on business combination is calculated as:

	As at 4 November 2022
Fair value of the Company's previous interests in HuaAn Funds	5,443,800
Less: carrying amount of the Company's previous interests in HuaAn Funds	<u>(3,972,515)</u>
Gain on fair value revaluation	1,471,285
Add: other comprehensive income relating to the Company's previous interest in HuaAn Funds	<u>7,083</u>
Gain on business combination	<u><u>1,478,368</u></u>

10. OTHER INCOME AND GAINS

	Year ended 31 December	
	2023	2022
Income from bulk commodity trading	7,642,208	7,724,816
Government grants ⁽¹⁾	963,357	699,376
Commission from tax withholding and remitting	51,628	45,446
Foreign exchange gains or losses	(51,240)	118,031
Losses on disposal of property and equipment	(1,163)	(977)
Others	194,164	<u>164,861</u>
Total	<u>8,798,954</u>	<u>8,751,553</u>

(1) The government grants were received unconditionally by the Company and its subsidiaries from the local government where they reside.

11. FEE AND COMMISSION EXPENSES

	Year ended 31 December	
	2023	2022
Securities brokerage and investment consulting business	1,612,067	1,928,925
Futures brokerage business	1,810,409	1,385,336
Underwriting and sponsorship business	152,272	145,164
Others	106,415	<u>72,613</u>
Total	<u>3,681,163</u>	<u>3,532,038</u>

Section X Independent Auditor's Report and Notes to Financial Statements

12. INTEREST EXPENSES

	Year ended 31 December	
	2023	2022
Bonds payable	4,466,022	4,679,796
Financial assets sold under repurchase agreements	4,426,305	3,215,708
Accounts payable to brokerage customers	1,100,604	1,089,252
Placements from other financial institutions	968,664	558,487
Loans and borrowings	857,144	166,783
Short-term debt instruments	694,533	718,959
Securities lending	168,045	193,923
Lease liabilities	64,843	69,217
Gold leasing	63,849	67,859
Others	22,960	62,115
Total	<u>12,832,969</u>	<u>10,822,099</u>

13. STAFF COSTS

	Year ended 31 December	
	2023	2022
Salaries, bonuses and allowances	7,775,372	7,541,913
Contributions to defined contribution schemes	1,113,910	1,004,161
Other social welfare	879,436	714,849
Equity-settled share-based payment expenses	142,160	276,216
Total	<u>9,910,878</u>	<u>9,537,139</u>

The amount for 2022 includes 2-month of HuaAn Funds staff cost since it became a subsidiary of the Group in November 2022. The amount for 2023 includes the full year amount of HuaAn Funds.

The employees of the Group in Mainland China participate in state-managed retirement benefit schemes operated by the respective local governments in Mainland China.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance for all of its qualified employees in Hong Kong.

Apart from participating in various defined contribution retirement benefit schemes organized by municipal and provincial governments in Mainland China, the Group is also required to make monthly contributions to annuity plans for the period.

The Group currently has no additional significant cost for the payment of retirement and other post-retirement benefits of employees other than the monthly contributions described above. The Group's contributions to these pension plans are charged to profit or loss in the period to which they relate.

Section X Independent Auditor's Report and Notes to Financial Statements

14. DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended 31 December	
	2023	2022
Depreciation of right-of-use assets	682,941	609,290
Depreciation of property and equipment	539,890	449,456
Amortization of other intangible assets	247,738	206,156
Depreciation of investment property	26,909	21,783
Amortization of long-term deferred expenses	16,974	18,513
	<u>1,514,452</u>	<u>1,305,198</u>
Total	<u>1,514,452</u>	<u>1,305,198</u>

15. OTHER OPERATING EXPENSES AND COSTS

	Year ended 31 December	
	2023	2022
Cost of bulk commodity trading	7,716,609	7,752,348
Products distribution expenses	956,697	121,213
Consulting fees	380,188	289,184
Software-related expenses	380,158	279,282
Marketing and advertising expenses	327,771	170,412
Electronic device operating expenditure	308,492	228,503
Business travel expenses	299,844	129,012
Stock exchange management fees	293,742	296,217
Administrative operating expenses	250,994	264,605
Auditors' remuneration	14,322	14,084
Others	1,186,852	1,183,721
	<u>12,115,669</u>	<u>10,728,581</u>
Total	<u>12,115,669</u>	<u>10,728,581</u>

16. ACCRUAL/(REVERSAL) OF CREDIT LOSS EXPENSES

	Year ended 31 December	
	2023	2022
Debt instruments at fair value through other comprehensive income	127,660	18,121
Accounts receivable	70,706	6,507
Margin accounts receivable	53,582	(408,660)
Financial assets held under resale agreements	20,590	(227,732)
Other non-current assets	(7,069)	51,179
Others	(3,510)	(3,941)
Other current assets	559	99,951
	<u>262,518</u>	<u>(464,575)</u>
Total	<u>262,518</u>	<u>(464,575)</u>

Section X Independent Auditor's Report and Notes to Financial Statements

17. INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022 (Restated)
Current tax		
Mainland China	2,559,647	2,662,930
Hong Kong	61,633	50,703
Adjustments in respect of prior years		
Mainland China	(55,164)	2,660
Hong Kong	(6,571)	3,781
Deferred tax	<u>(297,064)</u>	<u>(202,906)</u>
Total tax charges for the year	<u>2,262,481</u>	<u>2,517,168</u>

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

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

A reconciliation of the tax expense applicable to profit before income tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries is domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December	
	2023	2022 (Restated)
Profit before income tax	<u>12,147,898</u>	<u>14,139,971</u>
Tax at the PRC statutory tax rate of 25%	3,036,975	3,534,993
Effect of different tax rates of subsidiaries	(56,052)	(21,586)
Adjustments in respect of current tax and deferred tax of prior years	(61,735)	6,441
Non-taxable income	(789,418)	(980,038)
Profits and losses attributable to joint ventures and associates	(23,402)	(107,466)
Non-deductible expenses	265,517	174,764
Utilization of tax losses and deductible temporary differences previously not recognized	(5,271)	(925)
Tax losses and deductible temporary differences not recognized	41,367	11,610
Deductible distribution of other equity instrument	<u>(145,500)</u>	<u>(100,625)</u>
Total tax charges for the year	<u>2,262,481</u>	<u>2,517,168</u>

Section X Independent Auditor's Report and Notes to Financial Statements

18. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of directors and supervisors paid by the Group who held office for the years ended 31 December 2023 and 2022 is as follows:

Name	Year ended 31 December 2023					Total remuneration
	Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses ⁽¹³⁾	Restricted share incentive scheme	
Executive Directors						
Zhu Jian ⁽¹⁾	-	-	-	-	-	-
Li Junjie ⁽²⁾	-	846	366	668	1,470	3,350
Yu Jian	-	1,640	501	1,650	994	4,785
He Qing ⁽³⁾	-	785	335	74	-	1,194
Wang Song ⁽⁴⁾	-	958	368	680	1,207	3,213
Non-Executive Directors						
Liu Xinyi ⁽¹²⁾	-	-	-	-	-	-
Guan Wei ⁽¹²⁾	-	-	-	-	-	-
Zhong Maojun ⁽¹²⁾	-	-	-	-	-	-
Chen Hua ⁽¹²⁾	-	-	-	-	-	-
Sun Minghui ⁽¹⁾⁽¹²⁾	-	-	-	-	-	-
Zhang Manhua ⁽⁵⁾⁽¹²⁾	-	-	-	-	-	-
Zhang Yipeng ⁽¹²⁾	-	-	-	-	-	-
An Hongjun ⁽¹²⁾	-	-	-	-	-	-
Wang Wenjie ⁽⁶⁾⁽¹²⁾	-	-	-	-	-	-
Zhang Zhan ⁽⁷⁾	138	-	-	-	-	138
Independent Non-executive Directors						
Ding Wei	250	-	-	-	-	250
Li Renjie	250	-	-	-	-	250
Bai Wei	250	-	-	-	-	250
Wang Guogang ⁽¹⁰⁾	146	-	-	-	-	146
Yim, Chi Hung Henry ⁽¹⁰⁾	146	-	-	-	-	146
Pu Yonghao ⁽¹¹⁾	21	-	-	-	-	21
Xia Dawei ⁽⁸⁾	104	-	-	-	-	104
Lee Conway Kong Wai ⁽⁹⁾	229	-	-	-	-	229
Chai Hongfeng ⁽⁸⁾⁽¹²⁾	-	-	-	-	-	-
Supervisors						
Wu Hongwei	-	771	365	64	-	1,200
Zhou Zhaohui	150	-	-	-	-	150
Shen Yun	150	-	-	-	-	150
Zuo Zhipeng	150	-	-	-	-	150
Shao Liangming	-	909	432	1,456	-	2,797
Xie Min	-	322	266	300	-	888
	1,984	6,231	2,633	4,892	3,671	19,411

Section X Independent Auditor's Report and Notes to Financial Statements

18. DIRECTORS' AND SUPERVISORS' REMUNERATION *(continued)*

- (1) Appointed on 29 December 2023.
- (2) Appointed on 23 January 2024 as the President; appointed on 20 March 2024 as the Director.
- (3) Resigned on 28 November 2023.
- (4) Resigned on 23 January 2024.
- (5) Appointed on 20 March 2024.
- (6) Resigned on 4 January 2024.
- (7) Resigned on 6 December 2023.
- (8) Resigned on 29 May 2023.
- (9) Resigned on 30 November 2023.
- (10) Appointed on 29 May 2023.
- (11) Appointed on 30 November 2023.
- (12) Except for these directors or supervisors, none of the directors or supervisors waived any remuneration during the year.
- (13) The deferred pre-tax amount of directors and supervisors for previous year in 2023: RMB348,100 for Li Junjie, RMB1,494,200 for Yu Jian, RMB102,200 for He Qing, RMB192,800 for Wang Song, RMB468,300 for Wu Hongwei, RMB75,400 for Shao Liangming.

Section X Independent Auditor's Report and Notes to Financial Statements

18. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

Name	Year ended 31 December 2022					
	Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses ⁽⁴⁾	Restricted share incentive scheme	Total remuneration
Executive Directors						
He Qing	–	913	393	1,004	–	2,310
Wang Song	–	1,000	395	297	2,379	4,071
Yu Jian	–	1,604	555	1,922	1,960	6,041
Non-Executive Directors						
Liu Xinyi ⁽¹⁾	–	–	–	–	–	–
Guan Wei ⁽¹⁾	–	–	–	–	–	–
Zhong Maojun ⁽¹⁾	–	–	–	–	–	–
Chen Hua ⁽¹⁾	–	–	–	–	–	–
Wang Wenjie ⁽¹⁾	–	–	–	–	–	–
Zhang Zhan	150	–	–	–	–	150
Zhang Yipeng ⁽¹⁾	–	–	–	–	–	–
An Hongjun ⁽¹⁾	–	–	–	–	–	–
Independent						
Non-executive Directors						
Xia Dawei ⁽²⁾	250	–	–	–	–	250
Ding Wei	250	–	–	–	–	250
Li Renjie	250	–	–	–	–	250
Bai Wei	250	–	–	–	–	250
LEE Conway Kong Wai	250	–	–	–	–	250
Chai Hongfeng ⁽¹⁾	–	–	–	–	–	–
Supervisors						
Wu Hongwei	–	800	393	–	–	1,193
Zhou Zhaohui	150	–	–	–	–	150
Shen Yun	150	–	–	–	–	150
Zuo Zhipeng	150	–	–	–	–	150
Shao Liangming	–	843	445	2,195	–	3,483
Xie Min	–	325	274	455	–	1,054
Li Zhongning ⁽³⁾	–	652	262	679	–	1,593
	<u>1,850</u>	<u>6,137</u>	<u>2,717</u>	<u>6,552</u>	<u>4,339</u>	<u>21,595</u>

Section X Independent Auditor's Report and Notes to Financial Statements

18. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

- (1) Except for these directors, none of the directors or supervisors waived any remuneration during the year.
- (2) Ceased to serve as an independent Director of the Company due to the expiration of the term of office for six consecutive years. To be compliant with the relevant requirements, Mr. Xia Dawei continues to perform his duties as an independent Director until a new independent Director is appointed.
- (3) Resigned on 25 July 2022.
- (4) The deferred pre-tax amount of directors and supervisors for previous year in 2022: RMB188,200 for Wang Song, RMB1,424,200 for Yu Jian.

19. FIVE HIGHEST PAID EMPLOYEES

Among the five highest paid employees, there were neither directors nor supervisors for the years ended 31 December 2023 and 2022. Details of the remuneration of the five highest paid employees are as follows:

	Year ended 31 December	
	2023	2022
Salaries, allowances and benefits	12,803	11,372
Pension scheme contributions and other social welfare	4,606	1,660
Discretionary bonuses	64,814	47,576
Share-based payments	-	74
Total	<u>82,223</u>	<u>60,682</u>

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December	
	2023	2022
HKD10,000,001 to HKD13,000,000	-	3
HKD13,000,001 to HKD16,000,000	-	1
HKD16,000,001 to HKD19,000,000	3	1
HKD19,000,001 to HKD22,000,000	2	-
Total	<u>5</u>	<u>5</u>

Section X Independent Auditor's Report and Notes to Financial Statements

20. DIVIDENDS

	Year ended 31 December	
	2023	2022
Proposed and paid dividends	4,719,402	6,056,537
Distribution to other equity instrument holders	758,500	402,500

Pursuant to the resolution of the meeting of shareholders held on 29 May 2023, the Company distributed cash dividends of RMB5.30 for every 10 shares (tax included) amounting to RMB4,719 million in total for the year ended 31 December 2022.

Pursuant to the resolution of the meeting of shareholders held on 31 May 2022, the Company distributed cash dividends of RMB6.80 for every 10 shares (tax included) amounting to RMB6,057 million in total for the year ended 31 December 2021.

The dividend distributions by the Company triggered the mandatory interest payment event for perpetual subordinated bonds. The Company recognized dividend payable to other equity instrument holders of RMB759 million and RMB403 million during the year ended 31 December 2023 and 2022 respectively.

Pursuant to the resolution of the 12th meeting of the 6th term of the Board held on 28 March 2024, the Board has proposed the annual profit distribution plan for the year ended 31 December 2023 as follows: after appropriating 10% of profit after tax each for general risk reserve and transaction risk reserve, respectively, based on the total share capital of the Company on the record date of dividend distribution, the Company shall distribute cash dividends of RMB4.00 for every 10 shares (tax included). Based on the total share capital of the Company, being 8,904,610,816 shares on 31 December 2023, RMB3,562 million of dividends would be distributed. The profit distribution plan for the year ended 31 December 2023 is subject to shareholders' approval in the upcoming shareholders' meeting.

Section X Independent Auditor's Report and Notes to Financial Statements

21. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The newly issued shares are calculated in accordance with the conditions stated in the issuance agreement, starting from the consideration receivable date (usually the issuance date).

The numerator of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect (a) the interest of dilutive potential ordinary shares recognized in profit or loss, where applicable, (b) the income or expenses from the conversion of dilutive potential ordinary shares into ordinary shares, (c) dividend paid to shareholders under the restricted share incentive scheme of A shares, and (d) the tax impact of the above adjustments.

The denominator of the diluted earnings per share amount is the total number of (a) the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, (b) the weighted average number of ordinary shares assumed to have been issued at consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, and (c) dilutive effect arising from the implementation of the restricted share incentive scheme.

When calculating the weighted average number of ordinary shares assumed to have been issued at consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, dilutive potential ordinary shares issued in prior years are assumed to be converted at the beginning of the year and those shares under the restricted share incentive scheme issued in the year are assumed to be converted at the issuance date.

When calculating the dilutive effect of the restricted share incentive scheme, the Company assumes that the balance sheet date is the unlocking date and determines whether the actual performance on the balance sheet date meets the performance conditions of unlocking requirements, and calculates the dilutive effect based on the judgment results.

Section X Independent Auditor's Report and Notes to Financial Statements

21. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(continued)*

The calculations of basic and diluted earnings per share attributable to ordinary equity holders of the Company are as follows:

	Year ended 31 December	
	2023	2022 <i>(Restated)</i>
Earnings		
Profit attributable to equity holders of the Company	9,374,143	11,508,784
Less: Profit attributable to other equity holders of the Company ⁽¹⁾	680,163	487,086
Less: Cash dividend paid to shareholders under the restricted share incentive scheme of A shares	31,887	40,912
	<hr/>	<hr/>
Profit attributable to ordinary equity holders of the Company	8,662,093	10,980,786
Add: Interest expense on convertible bonds, net of tax	130,006	306,785
Add: Cash dividend paid to shareholders under the restricted share incentive scheme of A shares	-	40,912
	<hr/>	<hr/>
Adjusted profit attributable to ordinary equity holders of the Company	8,792,099	11,328,483
	<hr/>	<hr/>
Shares (in thousand)		
Weighted average number of ordinary shares in issue during the year	8,844,395	8,819,450
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares	202,913	378,872
Add: Dilutive effect of the restricted share incentive scheme	-	27,710
	<hr/>	<hr/>
Adjusted weighted average number of ordinary shares in issue during the year	9,047,308	9,226,032
	<hr/>	<hr/>
Earnings per share attributable to ordinary equity holders of the Company (RMB per share)		
– Basic	0.98	1.25
– Diluted	0.97	1.23
	<hr/>	<hr/>

(1) For the purpose of calculating basic earnings per ordinary share in respect of the year ended 31 December 2023, RMB680 million (2022: RMB487 million) attributable to perpetual subordinated bonds were deducted from profits attributable to equity holders of the Company.

Section X Independent Auditor's Report and Notes to Financial Statements

22. PROPERTY AND EQUIPMENT

	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
Cost									
As at 1 January 2023	3,175,071	679,181	49,405	2,061,116	20,505	142,924	189,909	165,967	6,484,078
Additions	-	122,463	430	319,110	716	11,012	318,886	9,937	782,554
Transfers during the year	1,122,432	58,972	-	70,019	-	-	(317,259)	409	934,573
Disposals	(106)	(73,034)	(3,039)	(133,299)	(1,927)	(9,747)	-	(6,802)	(227,954)
Exchange adjustments	6,937	-	-	2,610	-	563	-	587	10,697
As at 31 December 2023	<u>4,304,334</u>	<u>787,582</u>	<u>46,796</u>	<u>2,319,556</u>	<u>19,294</u>	<u>144,752</u>	<u>191,536</u>	<u>170,098</u>	<u>7,983,948</u>
Accumulated depreciation									
As at 1 January 2023	(1,076,033)	(523,783)	(8,124)	(1,367,468)	(15,066)	(113,441)	-	(111,052)	(3,214,967)
Depreciation charge	(118,400)	(95,063)	(7,622)	(296,570)	(1,746)	(9,037)	-	(11,452)	(539,890)
Disposals	89	67,386	2,622	127,308	1,845	9,152	-	5,519	213,921
Exchange adjustments	(2,864)	-	-	(2,288)	-	(113)	-	(115)	(5,380)
As at 31 December 2023	<u>(1,197,208)</u>	<u>(551,460)</u>	<u>(13,124)</u>	<u>(1,539,018)</u>	<u>(14,967)</u>	<u>(113,439)</u>	<u>-</u>	<u>(117,100)</u>	<u>(3,546,316)</u>
Impairment									
As at 1 January 2023 and 31 December 2023	<u>(92,253)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,253)</u>
Net carrying amount									
As at 31 December 2023	<u>3,014,873</u>	<u>236,122</u>	<u>33,672</u>	<u>780,538</u>	<u>4,327</u>	<u>31,313</u>	<u>191,536</u>	<u>52,998</u>	<u>4,345,379</u>

Section X Independent Auditor's Report and Notes to Financial Statements

22. PROPERTY AND EQUIPMENT (continued)

	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
Cost									
As at 1 January 2022	2,781,776	686,724	50,323	1,801,551	19,546	139,321	219,683	167,980	5,866,904
Additions	3,079	33,203	734	243,990	1,176	8,606	182,084	3,499	476,371
Transfers during the year	-	7,078	195	20,952	-	-	(221,376)	107	(193,044)
Business combination	343,224	-	-	17,783	-	1,405	9,518	1,284	373,214
Disposals	-	(47,824)	(1,847)	(36,115)	(217)	(6,752)	-	(7,385)	(100,140)
Exchange adjustments	46,992	-	-	12,955	-	344	-	482	60,773
As at 31 December 2022	<u>3,175,071</u>	<u>679,181</u>	<u>49,405</u>	<u>2,061,116</u>	<u>20,505</u>	<u>142,924</u>	<u>189,909</u>	<u>165,967</u>	<u>6,484,078</u>
Accumulated depreciation									
As at 1 January 2022	(980,316)	(491,114)	(2,026)	(1,133,018)	(13,230)	(110,506)	-	(103,655)	(2,833,865)
Depreciation charge	(74,458)	(79,138)	(7,741)	(262,706)	(2,044)	(9,262)	-	(14,107)	(449,456)
Disposals	-	46,469	1,643	34,106	208	6,483	-	6,962	95,871
Exchange adjustments	(21,259)	-	-	(5,850)	-	(156)	-	(252)	(27,517)
As at 31 December 2022	<u>(1,076,033)</u>	<u>(523,783)</u>	<u>(8,124)</u>	<u>(1,367,468)</u>	<u>(15,066)</u>	<u>(113,441)</u>	<u>-</u>	<u>(111,052)</u>	<u>(3,214,967)</u>
Impairment									
As at 1 January 2022 and 31 December 2022	<u>(92,253)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,253)</u>
Net carrying amount									
As at 31 December 2022	<u>2,006,785</u>	<u>155,398</u>	<u>41,281</u>	<u>693,648</u>	<u>5,439</u>	<u>29,483</u>	<u>189,909</u>	<u>54,915</u>	<u>3,176,858</u>

As at 31 December 2023, the Group has not yet obtained the relevant building certificates for buildings with costs of RMB78,415 thousand.

Section X Independent Auditor's Report and Notes to Financial Statements

23. INVESTMENT PROPERTY

	Properties and Buildings
Cost	
As at 31 December 2022 and 31 December 2023	1,152,129
Accumulated depreciation	
As at 31 December 2022	(57,966)
Charge for the year	(26,909)
As at 31 December 2023	(84,875)
Impairment	
As at 31 December 2022 and 31 December 2023	-
Net carrying amount	
As at 31 December 2023	1,067,254
As at 31 December 2022	1,094,163

Section X Independent Auditor's Report and Notes to Financial Statements

24. LEASES

(a) Right-of-use assets

	Buildings	Prepaid land lease payments	Total
Cost			
As at 1 January 2022	2,661,301	875,925	3,537,226
Increases	465,485	-	465,485
Business combination	43,248	-	43,248
Decreases	(315,730)	-	(315,730)
Exchange adjustments	7,551	-	7,551
As at 31 December 2022	2,861,855	875,925	3,737,780
Increases	630,322	-	630,322
Decreases	(387,778)	-	(387,778)
Exchange adjustments	(237)	-	(237)
As at 31 December 2023	3,104,162	875,925	3,980,087
Accumulated depreciation			
As at 1 January 2022	(902,420)	(147,842)	(1,050,262)
Depreciation charge	(590,214)	(19,076)	(609,290)
Decreases	312,279	-	312,279
Exchange adjustments	(2,428)	-	(2,428)
As at 31 December 2022	(1,182,783)	(166,918)	(1,349,701)
Depreciation charge	(663,865)	(19,076)	(682,941)
Decreases	357,298	-	357,298
Exchange adjustments	6,645	-	6,645
As at 31 December 2023	(1,482,705)	(185,994)	(1,668,699)
Impairment			
As at 1 January 2022, 31 December 2022 and 31 December 2023	-	-	-
Net carrying amount			
As at 31 December 2023	1,621,457	689,931	2,311,388
As at 31 December 2022	1,679,072	709,007	2,388,079

Section X Independent Auditor's Report and Notes to Financial Statements

24. LEASES (continued)

(b) Lease liabilities

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

	Year ended 31 December	
	2023	2022
Carrying amount at 1 January	1,885,175	1,940,108
New leases	619,266	460,221
Accretion of interest recognized during the year	64,843	69,217
Business combination	-	44,997
Modification of leases	(8,838)	4,709
Payments	<u>(731,095)</u>	<u>(634,077)</u>
Carrying amount at 31 December	<u>1,829,351</u>	<u>1,885,175</u>
Analyzed into:		
Current portion	<u>615,271</u>	<u>571,474</u>
Non-current portion	<u>1,214,080</u>	<u>1,313,701</u>

As at 31 December 2023, the maturity analysis of lease liabilities is as follows:

	As at 31 December	
	2023	2022
Within 1 year (inclusive)	615,271	571,474
1 to 5 years (inclusive)	1,164,489	1,261,951
After 5 years	<u>49,591</u>	<u>51,750</u>
Total	<u>1,829,351</u>	<u>1,885,175</u>

Section X Independent Auditor's Report and Notes to Financial Statements

24. LEASES *(continued)*

(c) The amounts recognized in profit or loss in relation to leases are as follows:

	Year ended 31 December	
	2023	2022
Interest expense on lease liabilities	64,843	69,217
Depreciation charge of right-of-use assets	682,941	609,290
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2023 (included in other operating expenses and costs)	32,126	23,009
Expense relating to leases of low-value assets (included in other operating expenses and costs)	10,526	8,602
	<hr/>	<hr/>
Total amount recognized in profit or loss	<u>790,436</u>	<u>710,118</u>

(d) Extension and termination options

The Group has some lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. These options will not have a significant impact on the Group's financial statements.

25. GOODWILL

(1) Change in goodwill

Cost	
As at 1 January 2023 and 31 December 2023	<hr/> 4,070,761
Impairment losses	
As at 1 January 2023 and 31 December 2023	<hr/> -----
Carrying amounts	
As at 1 January 2023 and 31 December 2023	<hr/> <hr/> 4,070,761

Section X Independent Auditor's Report and Notes to Financial Statements

25. GOODWILL (continued)

(2) Impairment testing on goodwill

The goodwill acquired from business combination is assessed for impairment at each annual financial reporting date. The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset (value in use, "VIU").

	As at 31 December	
	2023	2022
HuaAn Funds ^(a)	4,049,865	4,049,865
Guotai Junan Securities (Vietnam) Corporation ^(b)	18,405	18,405
Guotai Junan Futures Co., Ltd. ^(b)	2,491	2,491
Total	<u>4,070,761</u>	<u>4,070,761</u>

- (a) On 4 November 2022, the Company acquired 8% of the shares in HuaAn Funds. As a result, the Company's equity interests in HuaAn Funds increased from 43% to 51%, granting it control of HuaAn Funds. The goodwill was resulted from HuaAn Funds' business value as a whole, therefore, the Group regarded HuaAn Funds as one CGU.

On 31 December 2023 and 2022, when performing the goodwill impairment test for HuaAn Funds, the recoverable amount of the CGU was determined as its VIU. The Group calculated the CGU's VIU through a discounted cash flow model based on approved business plans and discount rates that reflect specific risks of the relevant CGU. The cash flow after the forecast period is extrapolated according to a stable growth rate and a terminal value. The forecast growth period is 5 years. No impairment losses for the CGU were identified nor recognized.

The main parameters the Group applied when performing goodwill impairment tests of the above CGU were as follows:

	31 December 2023	31 December 2022
Income growth rate in forecast growth period	2.76%~18.22%	3.15% - 18.20%
Profit margin in forecast growth period	33.49%~37.69%	35.75% - 37.66%
Terminal value growth rate	0%	0%
Pre-tax discount rate	12.50%	14.13%

- (b) GJHL acquired 50.97% equity interests in Guotai Junan Securities (Vietnam) Corporation (former "Vietnam Investment Securities Company") from a third party in December 2019. The Group recognized the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the cash-generating unit of Guotai Junan Securities (Vietnam) Corporation.

The Company acquired 100% of the equity interests in Guotai Junan Futures Co., Ltd. from a third party in July 2007. The Group recognized the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the CGU of Guotai Junan Futures Co., Ltd.

On 31 December 2023, the estimated recoverable amount of the CGUs of Guotai Junan Futures Co., Ltd. and Guotai Junan Securities (Vietnam) Corporation exceeded their carrying amount therefore no impairment loss was recognized. The key assumptions include comparable quoted prices, budgeted revenue growth rates and discount rates, which represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of the CGUs to exceed their recoverable amounts.

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26. OTHER INTANGIBLE ASSETS

	Software	Trading seats rights	Others	Total
Cost				
As at 1 January 2023	1,643,298	206,131	14,277	1,863,706
Additions	354,139	-	-	354,139
Disposal	(155)	-	-	(155)
Exchange adjustments	-	158	8	166
As at 31 December 2023	<u>1,997,282</u>	<u>206,289</u>	<u>14,285</u>	<u>2,217,856</u>
Accumulated amortization				
As at 1 January 2023	(985,426)	(126,405)	(2,674)	(1,114,505)
Amortization	(246,610)	-	(1,128)	(247,738)
Disposal	151	-	-	151
Exchange adjustments	-	(119)	(8)	(127)
As at 31 December 2023	<u>(1,231,885)</u>	<u>(126,524)</u>	<u>(3,810)</u>	<u>(1,362,219)</u>
Impairment				
As at 1 January 2023 and 31 December 2023	-	(4,927)	(10,475)	(15,402)
Net carrying amount				
As at 31 December 2023	<u>765,397</u>	<u>74,838</u>	<u>-</u>	<u>840,235</u>
	Software	Trading seats rights	Others	Total
Cost				
As at 1 January 2022	1,366,510	205,775	14,263	1,586,548
Additions	270,178	-	-	270,178
Business combination	6,666	-	-	6,666
Disposal	(56)	-	-	(56)
Exchange adjustments	-	356	14	370
As at 31 December 2022	<u>1,643,298</u>	<u>206,131</u>	<u>14,277</u>	<u>1,863,706</u>
Accumulated amortization				
As at 1 January 2022	(779,825)	(126,259)	(2,172)	(908,256)
Amortization	(205,657)	-	(499)	(206,156)
Disposal	56	-	-	56
Exchange adjustments	-	(146)	(3)	(149)
As at 31 December 2022	<u>(985,426)</u>	<u>(126,405)</u>	<u>(2,674)</u>	<u>(1,114,505)</u>
Impairment				
As at 1 January 2022 and 31 December 2022	-	(4,927)	(10,475)	(15,402)
Net carrying amount				
As at 31 December 2022	<u>657,872</u>	<u>74,799</u>	<u>1,128</u>	<u>733,799</u>

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27. INVESTMENTS IN SUBSIDIARIES

	As at 31 December	
	2023	2022
Unlisted shares, carried at cost	27,448,144	26,965,388
Less: Impairment losses	—	—
Total	<u>27,448,144</u>	<u>26,965,388</u>

(a) Details of the subsidiaries held by the Company

The following list contains particulars of the subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of registration or primary business	Registered capital	Principal activities	Equity interests held as at 31 December	
				2023	2022
Guotai Junan Innovation Investment Co., Ltd. ⁽¹⁾⁽³⁾	Shanghai PRC	RMB7,500,000,000	Equity investment and investment consulting	100%	100%
Shanghai Guotai Junan Securities Asset Management Co., Ltd. ("GTJA Asset Management") ⁽¹⁾⁽³⁾	Shanghai PRC	RMB2,000,000,000	Securities asset management and fund management	100%	100%
Guotai Junan Zhengyu Investment Co., Ltd. ⁽¹⁾⁽³⁾	Shanghai PRC	RMB4,500,000,000	Equity investment and financial products investment	100%	100%
Shanghai Guoxiang Real Estate Co., Ltd. ⁽¹⁾⁽³⁾	Shanghai PRC	RMB1,050,000,000	Real estate and property management	100%	100%
Guotai Junan Financial Holdings Limited ⁽¹⁾	HK PRC	HKD2,611,980,000	Investment service	100%	100%

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27. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Details of the subsidiaries held by the Company *(continued)*

Name of company	Place of registration or primary business	Registered capital	Principal activities	Equity interests held as at 31 December	
				2023	2022
Guotai Junan Risk Management Co., Ltd. ⁽³⁾	Shanghai PRC	RMB1,200,000,000	Warehouse service, cooperation hedge, investment management and corporate management consulting	100%	100%
Shanghai Gelong Entrepreneurship Investment Co., Ltd. ⁽³⁾	Shanghai PRC	RMB100,000,000	Venture capital investment and management	100%	100%
Shanghai GTJA Juntong Investment Management Co., Ltd. ⁽³⁾	Shanghai PRC	RMB20,000,000	Investment management, industrial investment and Investment consulting	100%	100%
Guotai Junan Futures Co., Ltd. ⁽¹⁾⁽³⁾	Shanghai PRC	RMB5,000,000,000	Futures brokerage and futures investment consulting	100%	100%
Guotai Junan Capital Management Co., Ltd. ⁽³⁾	Shanghai PRC	RMB1,233,563,200	Asset management, equity investment and fund management	99%	99%
GTJA Yuancheng (Shanghai) Private Fund Management Co., Ltd. ⁽³⁾	Shanghai PRC	RMB730,025,345	Investment management, industrial investment and investment consulting	99%	99%
Shanghai GTJA Haojing Investment Management Co., Ltd. ⁽³⁾	Shanghai PRC	RMB10,000,000	Investment management, industrial investment and investment consulting	100%	100%
Guotai Junan Futures (Singapore) Pte. Ltd.	Singapore	SGD20,000,000	Commodity futures and foreign exchange brokers and dealers	100%	100%

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27. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Details of the subsidiaries held by the Company (continued)

Name of company	Place of registration or primary business	Registered capital	Principal activities	Equity interests held as at 31 December	
				2023	2022
HuaAn Funds ⁽¹⁾⁽³⁾	Shanghai PRC	RMB150,000,000	Fund establishment and fund management	51%	51%
HuaAn Asset Management (Hong Kong) Limited	HK PRC	HKD100,000,000	Financial services	51%	51%
HuaAn Future Asset Management (Shanghai) Limited ⁽³⁾	Shanghai PRC	RMB500,000,000	Asset management for specific clients	51%	51%
Guotai Junan Investments (Hong Kong) Limited	HK PRC	HKD1,533,500,000	Investment	100%	100%
Guotai Junan Consultancy Services (Shenzhen) Limited ⁽³⁾	Shenzhen PRC	HKD12,000,000	Investment consulting, marketing planning and corporate management consulting	100%	100%
Guotai Junan Holdings Limited	British Virgin Is.	USD1	Debt financing	100%	100%
GJIHL	HK PRC	HKD10,902,194,720	Investment and financing	73.74%	73.74%
Guotai Junan (Hong Kong) Limited	Samoa	USD816,300,000	Investment and administrative management	73.74%	73.74%
Guotai Junan Fund Management Limited ⁽²⁾	HK PRC	HKD10,000,000	Fund management and securities trading	36.87%	36.87%
Guotai Junan Securities (Hong Kong) Limited	HK PRC	HKD7,500,000,000	Securities brokerage	73.74%	73.74%
Guotai Junan Finance (Hong Kong) Limited	HK PRC	HKD300,000,000	Investment and financing	73.74%	73.74%
Guotai Junan Futures (Hong Kong) Limited	HK PRC	HKD50,000,000	Futures brokerage	73.74%	73.74%
Guotai Junan Capital Limited	HK PRC	HKD50,000,000	Investment consulting	73.74%	73.74%
Guotai Junan Asset Management (Asia) Limited	HK PRC	HKD50,000,000	Fund management	73.74%	73.74%

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27. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Details of the subsidiaries held by the Company *(continued)*

Name of company	Place of registration or primary business	Registered capital	Principal activities	Equity interests held as at 31 December	
				2023	2022
Guotai Junan FX Limited	HK PRC	HKD30,000,000	Foreign exchange dealing	73.74%	73.74%
Guotai Junan International (Singapore) Pte. Limited	Singapore	SGD9,300,000	Investment management	73.74%	73.74%
Guotai Junan International Asset Management (Singapore) Pte. Limited	Singapore	SGD21,700,000	Asset management	73.74%	73.74%
Guotai Junan Financial Products Limited	HK PRC	HKD1,000,000	Investment and securities trading	73.74%	73.74%
Guotai Junan International Securities (Singapore) Pte. Limited	Singapore	SGD34,130,000	Securities brokerage	73.74%	73.74%
Guotai Junan Global Limited	British Virgin Is.	USD5,000,000	Investment management	100%	100%
Guotai Junan Securities USA Holding, Inc.	USA	USD5,000,000	Investment management	100%	100%

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27. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Details of the subsidiaries held by the Company (continued)

Name of company	Place of registration or primary business	Registered capital	Principal activities	Equity interests held as at 31 December	
				2023	2022
Guotai Junan Securities USA, Inc.	USA	USD5,000,000	M&A consulting services	100%	100%
Guotai Junan Securities (Vietnam) Corporation ⁽⁴⁾	Vietnam	VND693.5 billion	Securities brokerage	37.59%	37.59%
Guotai Junan Securities Macau Holding, Inc.	Macau PRC	MOP100,000,000	Securities trading, wealth management and financing services generated by investment financial instruments	73.74%	–
Guotai Junan Securities (UK) Limited	UK	GBP7,846,000	Investment	100%	–

(1) These subsidiaries are directly held by the Company.

(2) GJIHL, a subsidiary controlled by the Company through its voting rights of 73.74%, who considers that it has the ability to govern the financial and operating policies of Guotai Junan Fund Management Limited as it has the power to appoint or remove the majority of the members of the board of directors of Guotai Junan Fund Management Limited. As a result, Guotai Junan Fund Management Limited is accounted for as a subsidiary of the Company.

(3) All of the subsidiaries established in the PRC are registered as companies with limited liability under PRC law.

(4) GJIHL, a subsidiary controlled by the Company through its voting rights of 73.74%, controls Guotai Junan Securities (Vietnam) Corporation by holding 50.97% of its equity interests. As a result, Guotai Junan Securities (Vietnam) Corporation is accounted for as a subsidiary of the Company.

Section X Independent Auditor's Report and Notes to Financial Statements

27. INVESTMENTS IN SUBSIDIARIES *(continued)*

(b) Partially-owned subsidiaries with material non-controlling interests

The following table lists the information related to the major subsidiaries of the Group which have material non-controlling interests ("NCI"), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before inter-company eliminations with other companies in the Group.

HuaAn Funds	As at 31 December	
	2023	2022 (Unaudited)
NCI percentage	49%	49%
Current assets	3,670,842	3,119,630
Non-current assets	4,053,069	3,887,381
Current liabilities	1,945,473	1,918,174
Non-current liabilities	290,148	87,374
Net assets	5,488,290	5,001,463
Carrying amount of NCI	2,689,262	2,450,702
		Period from 4 November
	Year ended 31 December 2023	2022 to 31 December 2022 (Unaudited)
Total revenue and other income	3,442,464	593,176
Total expenses and income tax expense	2,507,559	406,261
Profit for the year/period	934,905	186,915
Total comprehensive income	936,522	184,502
Profit attributable to NCI	458,103	91,588
Other comprehensive income attributable to NCI	792	(1,182)
Distribution to NCI	220,500	-
Cash flows generated from operating activities	5,439	79,114
Cash flows used in investing activities	(7,579)	(69,751)
Cash flows used in financing activities	(80,303)	(8,437)

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27. INVESTMENTS IN SUBSIDIARIES *(continued)*

(b) Partially-owned subsidiaries with material non-controlling interests *(continued)*

GJIHL	As at 31 December	
	2023	2022
NCI percentage	26.26%	26.26%
Current assets	81,389,795	69,382,810
Non-current assets	16,060,711	14,991,085
Current liabilities	70,618,569	59,395,621
Non-current liabilities	13,273,075	11,636,218
Net assets	13,558,862	13,342,056
Carrying amount of NCI	3,681,876	3,640,012
	Year ended 31 December	
	2023	2022
Total revenue and other income	2,908,667	1,992,961
Total expenses and income tax expense	2,723,072	1,921,602
Profit for the year	185,595	71,359
Total comprehensive income	203,403	29,085
Profit attributable to NCI	51,959	21,001
Other comprehensive income attributable to NCI	49,166	301,579
Distribution to NCI	53,227	110,448
Cash flows (used in)/generated from operating activities	(4,418,138)	1,866,885
Cash flows used in investing activities	(29,419)	(33,768)
Cash flows generated from financing activities	4,128,125	251,396

28. INTERESTS IN STRUCTURED ENTITIES

(a) Interests in consolidated structured entities

The Group has consolidated certain structured entities, including investment funds, asset management plans and limited partnerships etc. For those structured entities where the Group is involved as a manager, investment adviser or general partner, the Group assesses whether the combination of investments it held together with its remuneration creates an exposure to variability of returns from the activities of those structured entities that is of such significance that indicates that the Group is a principal.

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

Section X Independent Auditor's Report and Notes to Financial Statements

28. INTERESTS IN STRUCTURED ENTITIES *(continued)*

(b) Interests in unconsolidated structured entities

The Group exercised the power over the structured entities including investment funds, asset management plans and limited partnerships by acting as a manager or general partner during the year. Except for the structured entities the Group has consolidated as stated in Note 28(a), in management's opinion, the Group's exposure to variable returns of these structured entities that the Group has interests in are not significant. The Group therefore did not consolidate these structured entities.

The Group classified the investments in unconsolidated investment funds, asset management plans, wealth management products and limited partnerships managed by the Group as financial assets at fair value through profit or loss and investments in associates and joint ventures. As at 31 December 2023 and 2022, the carrying amounts of the Group's interests in unconsolidated structured entities were RMB14,386 million and RMB13,929 million, respectively. The management fee arising from these unconsolidated structured entities in which the Group did not hold interest amounted to RMB2,135 million and RMB1,115 million for the years ended 31 December 2023 and 2022, respectively.

(c) Interests in structured entities sponsored by third party institutions

The types of structured entities that the Group does not consolidate but in which it holds interests include investment funds, limited partnerships, asset management plans, and wealth management products issued by banks or other financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The carrying amount of the related accounts in the consolidated statements of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by third party institutions as at 31 December 2023 and 31 December 2022, which are listed as below:

	As at 31 December 2023		As at 31 December 2022	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Financial assets at fair value through profit or loss	<u>131,435,913</u>	<u>131,435,913</u>	<u>102,448,858</u>	<u>102,448,858</u>

Section X Independent Auditor's Report and Notes to Financial Statements

29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 31 December	
	2023	2022
Share of net assets		
– Associates	7,556,250	6,362,391
– Joint ventures	5,234,512	5,081,873
Total	<u>12,790,762</u>	<u>11,444,264</u>

At the end of each reporting period, the Group had the following associates:

Name of associates	Place of incorporation or primary business	Principal activities	Percentage of equity interests as at 31 December	
			2023	2022
Shenzhen GTJA Shenyi Phase I Investment Fund LLP	Shenzhen PRC	Investment management and advisory	25%	25%
Shanghai Kechuang Center Equity Investment Fund Management Co., Ltd. ⁽¹⁾	Shanghai PRC	Investment and equity investment management	13%	13%
Shenzhen United Property and Share Rights Exchange ⁽¹⁾	Shenzhen PRC	Provision of intermediary services and equity registration services for equity trading	10%	10%
Shanghai Jizhi Consulting & Management Co., Ltd. ⁽¹⁾	Shanghai PRC	Enterprise management consulting, lease of non-residential and residential real estate	15%	15%
Shanghai Urban Renewal Guidance Private Fund LLP ⁽¹⁾	Shanghai PRC	Investment management and equity investment	0.01%	0.01%

Section X Independent Auditor's Report and Notes to Financial Statements

29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

Name of associates	Place of incorporation or primary business	Principal activities	Percentage of equity interests as at 31 December	
			2023	2022
Shanghai Securities	Shanghai PRC	Securities brokerage, proprietary trading, underwriting and investment consulting	24.99%	24.99%
Shanghai Lingang GTJA Technology Frontier Industry Private Fund LLP	Shanghai PRC	Investment management, equity investment and asset management	25%	25%
Shanghai State-owned Capital Investment Master Fund Co., Ltd. ⁽¹⁾	Shanghai PRC	Equity investment, Investment management and Asset management	5%	–
Jinan Huijian Junan Zhizao Industrial Investment Fund LLP ⁽¹⁾	Jinan PRC	Investment management and equity investment	10%	–
Jinan Huijian Junan Green Industry Investment Fund LLP ⁽¹⁾	Jinan PRC	Investment management and equity investment	10%	–
Shanghai Pudong Leading Guotai Junan Kechuang No.1 Private Equity Fund LLP	Shanghai PRC	Investment management and equity investment	29.27%	–

- (1) Although the Group's percentages of shareholdings in these investees are lower than 20%, they are accounted for as associates as the Group has significant influence over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.

Section X Independent Auditor's Report and Notes to Financial Statements

29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

At the end of each reporting period, the Group had the following joint ventures:

Name of joint ventures	Place of incorporation or primary business	Principal activities	Percentage of equity interests as at 31 December	
			2023	2022
Xiamen Junxin Equity Investment Company LLP ⁽²⁾	Xiamen PRC	Equity investment and advisory	10%	10%
Shanghai Guojun Chuangtou Longxu Investment Management Centre LLP	Shanghai PRC	Industrial investment and investment management	25%	25%
Shanghai Guojun Chuangtou Longsheng Investment Centre LLP	Shanghai PRC	Industrial investment and investment management	20%	20%
Shanghai Guojun Chuangtou Longzhao Investment Management Centre LLP ⁽¹⁾	Shanghai PRC	Industrial investment and investment management	55%	55%
Shanghai Junzheng Investment Management Co., Ltd. ⁽¹⁾	Shanghai PRC	Investment management and advisory	61%	61%
Shanghai Guojun Chuangtou Zhengjun No.2 Equity Investment LLP	Shanghai PRC	Investment management and advisory	25%	25%
Juntong Phase II Fund	Shanghai PRC	Investment management and advisory	50%	50%
Shanghai North Industries GTJA Investment Centre LLP ⁽²⁾	Shanghai PRC	Investment management and advisory	16%	16%
Shanghai GTJA Chuangxin Equity Investment Master Fund Center LLP	Shanghai PRC	Equity investment and advisory	50%	50%
Qingdao GTJA Xinxing No.1 Equity Investment Fund LLP	Qingdao PRC	Equity investment and advisory	48%	48%
Yancheng GTJA Zhiyuan No.1 Investment Centre LLP	Yancheng PRC	Equity investment and investment advisory	20%	20%

Section X Independent Auditor's Report and Notes to Financial Statements

29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

- (1) Although the Group's percentages of shareholdings in these investees are higher than 50%, they are accounted for as joint ventures as the Group only has joint control over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.
- (2) Although the Group's percentages of shareholdings in these investees are lower than 20%, they are accounted for as joint ventures as the Group has joint control over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.

The following table summarises unaudited financial information of Shanghai Securities as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies, if any. The table also reconciles the summarized financial information to the carrying amount of the Group's interests in Shanghai Securities.

Shanghai Securities

	As at 31 December	
	2023	2022
	(Unaudited)	(Audited)
Gross amounts of the associate		
Assets	73,072,366	67,448,004
Liabilities	55,706,700	50,391,341
Net assets	17,365,666	17,056,663
Net assets pro rata to shareholding ratio	4,339,680	4,262,460
Other adjustments	1,122,066	1,129,041
Carrying amount of interest in associate	5,461,746	5,391,501
	Year ended 31 December	
	2023	2022
	(Unaudited)	(Audited)
Revenue	3,417,687	2,860,536
Profit for the year	353,233	297,214
Other comprehensive income	63,769	(168,828)
Other adjustments	(27,912)	(27,294)
Total comprehensive income	389,090	101,092
Dividend received from the associate	26,989	–

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29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

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

	Year ended 31 December	
	2023	2022
Share of associates' profit for the year	<u>26,147</u>	<u>21,038</u>
Share of joint ventures' profit for the year	<u>272,002</u>	<u>315,913</u>
Share of associates' total comprehensive income for the year	<u>26,147</u>	<u>21,038</u>
Share of joint ventures' total comprehensive income for the year	<u>276,459</u>	<u>311,936</u>
	As at 31 December	
	2023	2022
Aggregate carrying amount of the Group's investments in associates	<u>2,094,504</u>	<u>970,890</u>
Aggregate carrying amount of the Group's investments in joint ventures	<u>5,234,512</u>	<u>5,081,873</u>

30. DEBT INVESTMENTS AT AMORTISED COST

Non-current

	As at 31 December	
	2023	2022
Government bonds	3,010,433	2,787,707
Less: impairment losses	—	—
Total	<u>3,010,433</u>	<u>2,787,707</u>
Analyzed as:		
Unlisted	<u>3,010,433</u>	<u>2,787,707</u>
Total	<u>3,010,433</u>	<u>2,787,707</u>

Section X Independent Auditor's Report and Notes to Financial Statements

30. DEBT INVESTMENTS AT AMORTISED COST *(continued)*

Current

	As at 31 December	
	2023	2022
Government bonds	604,110	368,442
Less: impairment losses	—	—
Total	<u>604,110</u>	<u>368,442</u>
Analyzed as:		
Unlisted	<u>604,110</u>	<u>368,442</u>
Total	<u>604,110</u>	<u>368,442</u>

As at 31 December 2023, the carrying amount of debt investments at amortised cost comprises RMB3,485,236 thousand of investment from general risk reserve (31 December 2022: RMB3,027,121 thousand).

As at 31 December 2023 and 2022, ECL allowance provided for debt investments at amortised cost was nil.

31. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current

	As at 31 December	
	2023	2022
Government bonds	31,094,104	32,355,793
Corporate bonds	25,234,158	7,795,794
Financial bonds	9,906,014	6,342,509
Other bonds	<u>10,216,217</u>	<u>9,865,451</u>
Total	<u>76,450,493</u>	<u>56,359,547</u>
Analyzed as:		
Listed in Hong Kong	—	668,961
Listed outside Hong Kong	26,037,716	25,631,555
Unlisted	<u>50,412,777</u>	<u>30,059,031</u>
Total	<u>76,450,493</u>	<u>56,359,547</u>

Section X Independent Auditor's Report and Notes to Financial Statements

31. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(continued)

Current

	As at 31 December	
	2023	2022
Government bonds	1,212,453	2,123,953
Corporate bonds	6,274,310	1,942,037
Other bonds	9,867,124	763,778
Financial bonds	342,405	–
Total	<u>17,696,292</u>	<u>4,829,768</u>
Analyzed as:		
Listed in Hong Kong	1,518,169	197,656
Listed outside Hong Kong	12,699,847	2,759,504
Unlisted	3,478,276	1,872,608
Total	<u>17,696,292</u>	<u>4,829,768</u>

As at 31 December 2023, debt instruments at fair value through other comprehensive income of the Group included approximately RMB87,327,304 thousand of pledged, restricted or transferred assets (31 December 2022: RMB53,962,716 thousand).

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

	Year ended 31 December	
	2023	2022
At the beginning of the year	99,000	151,325
Charge for the year	190,125	66,759
Reversal	(62,465)	(48,638)
Amounts written off and others	<u>(65,691)</u>	<u>(70,446)</u>
At the end of the year	<u>160,969</u>	<u>99,000</u>

Section X Independent Auditor's Report and Notes to Financial Statements

31. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

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

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2023	<u>154,588</u>	<u>6,381</u>	<u>-</u>	<u>160,969</u>
As at 31 December 2022	<u>68,033</u>	<u>30,967</u>	<u>-</u>	<u>99,000</u>

32. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current

	As at 31 December	
	2023	2022
Equity securities ⁽¹⁾⁽²⁾⁽³⁾	1,804,971	2,331,288
Other	<u>1,400</u>	<u>-</u>
Total	<u>1,806,371</u>	<u>2,331,288</u>
Analyzed as:		
Listed in Hong Kong	-	73,520
Listed outside Hong Kong	1,691,473	2,011,326
Unlisted	<u>114,898</u>	<u>246,442</u>
Total	<u>1,806,371</u>	<u>2,331,288</u>

Section X Independent Auditor's Report and Notes to Financial Statements

32. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(continued)

Current

	As at 31 December	
	2023	2022
Equity securities ^{(1) (2) (3)}	<u>69,309</u>	–
Total	<u>69,309</u>	<u>–</u>
Analyzed as:		
Listed in Hong Kong	<u>69,309</u>	–
Total	<u>69,309</u>	<u>–</u>

- (1) During the year ended 31 December 2023, the Group has designated some investments held as non-trading purpose, as equity instruments at fair value through other comprehensive income. The dividend income relating to equity instruments at fair value through other comprehensive income is disclosed in Note 8.

During the year ended 31 December 2023, the Group disposed of some of the equity instruments at fair value through other comprehensive income in response to the change in external conditions. The accumulated net realized losses and the dividend income of the equity instruments disposed of amounted to RMB267 million (2022: losses of RMB200 million) and RMB309 thousand (2022: RMB165 thousand), respectively.

- (2) As at 31 December 2023, equity instruments at fair value through other comprehensive income of the Group included approximately RMB73,029 thousand (2022: RMB72,709 thousand) of pledged, restricted or transferred shares.
- (3) Securities lending of equity instruments at fair value through other comprehensive income of the Group refer to Note 60(2).

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33. FINANCIAL ASSETS HELD UNDER RE SALE AGREEMENTS

(a) Analyzed by collateral type:

Non-current

	As at 31 December	
	2023	2022
Equity securities	1,800,031	300,552
Less: Allowance for ECLs	(16,470)	(1,692)
	<hr/>	<hr/>
Total	<u>1,783,561</u>	<u>298,860</u>

Current

	As at 31 December	
	2023	2022
Debt securities	42,904,051	44,612,790
Equity securities	26,372,683	28,127,233
Precious metals	757,842	243,565
Less: Allowance for ECLs	(2,152,046)	(2,146,228)
	<hr/>	<hr/>
Total	<u>67,882,530</u>	<u>70,837,360</u>

(b) Analyzed by market:

Non-current

	As at 31 December	
	2023	2022
Stock exchanges	1,800,031	300,552
Less: Allowance for ECLs	(16,470)	(1,692)
	<hr/>	<hr/>
Total	<u>1,783,561</u>	<u>298,860</u>

Section X Independent Auditor's Report and Notes to Financial Statements

33. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS *(continued)*

(b) Analyzed by market: *(continued)*

Current

	As at 31 December	
	2023	2022
Stock exchanges	38,269,723	39,715,856
Interbank market	30,042,893	32,497,625
Over the counter	1,721,960	770,107
Less: Allowance for ECLs	<u>(2,152,046)</u>	<u>(2,146,228)</u>
Total	<u>67,882,530</u>	<u>70,837,360</u>

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

	Year ended 31 December	
	2023	2022
At the beginning of the year	2,147,920	2,375,601
Charge for the year	150,891	92,226
Reversal	(130,301)	(319,958)
Amounts written off and others	<u>6</u>	<u>51</u>
At the end of the year	<u>2,168,516</u>	<u>2,147,920</u>

(d) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2023	<u>108,991</u>	<u>-</u>	<u>2,059,525</u>	<u>2,168,516</u>
As at 31 December 2022	<u>121,901</u>	<u>1,149</u>	<u>2,024,870</u>	<u>2,147,920</u>

As at 31 December 2023, the carrying amount of financial assets held under resale agreements, for which the loss allowance is measured at an amount equal to 12-month and lifetime expected credit losses, is RMB69,666,091 thousand and RMB0 thousand respectively (As at 31 December 2022: RMB70,817,275 thousand and RMB318,945 thousand respectively).

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33. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS *(continued)*

(e) Analyzed by the stages of allowance for ECLs of stock-pledged financing:

	As at 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	24,258,796	-	2,059,525	26,318,321
Allowance for ECLs	(95,508)	-	(2,059,525)	(2,155,033)
Fair value of collateral	60,200,440	-	42,704	60,243,144
	As at 31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	23,695,195	11,526	2,333,438	26,040,159
Allowance for ECLs	(102,610)	(1,149)	(2,024,870)	(2,128,629)
Fair value of collateral	61,445,387	14,232	431,310	61,890,929

34. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Non-current

	As at 31 December	
	2023	2022
At fair value through profit or loss:		
Perpetual bonds/preferred stock	8,718,829	8,851,815
Funds	7,653,662	6,246,243
Equity securities	4,092,866	4,026,833
Debt securities	2,084,736	2,002,052
Total	<u>22,550,093</u>	<u>21,126,943</u>
Analyzed as:		
Listed in Hong Kong	2,502,730	4,410,192
Listed outside Hong Kong	4,347,317	2,480,459
Unlisted	15,700,046	14,236,292
Total	<u>22,550,093</u>	<u>21,126,943</u>

Section X Independent Auditor's Report and Notes to Financial Statements

34. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Current

	As at 31 December	
	2023	2022
At fair value through profit or loss:		
Debt securities	155,464,708	146,556,372
Funds	101,811,323	90,733,903
Equity securities	65,079,459	47,264,243
Perpetual bonds/preferred stock	14,209,173	11,199,316
Asset management schemes	9,560,154	11,645,982
Wealth management products	2,634,572	1,854,763
Other investments ⁽¹⁾	1,264,758	1,019,722
Total	350,024,147	310,274,301
Analyzed as:		
Listed in Hong Kong	9,954,792	24,253,783
Listed outside Hong Kong	140,303,607	117,855,989
Unlisted	199,765,748	168,164,529
Total	350,024,147	310,274,301

(1) Other investments mainly represent investments in precious metals, etc.

(2) As at 31 December 2023, financial assets at fair value through profit or loss of the Group included approximately RMB143,626,507 thousand (As at 31 December 2022: RMB147,852,857 thousand) of pledged, restricted or transferred assets.

(3) Securities lending of financial assets at fair value through profit or loss of the Group refer to Note 60 (2).

35. REFUNDABLE DEPOSITS

	As at 31 December	
	2023	2022
Deposits with exchanges and other financial institutions:		
Futures deposits	49,374,836	49,539,722
Trading deposits	6,048,280	7,383,043
Performance deposits	1,111,355	1,463,747
Credit deposits	226,423	510,753
Other deposits	26,733	25,552
Total	56,787,627	58,922,817

Section X Independent Auditor's Report and Notes to Financial Statements

36. DEFERRED TAX

For the purpose of presentation in the Group's statement of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December	
	2023	2022 (Restated)
Deferred tax assets	2,457,519	2,457,184
Deferred tax liabilities	(155,141)	(128,523)
Total	<u>2,302,378</u>	<u>2,328,661</u>

The following are the major deferred tax assets and liabilities recognized and the movements thereon for the years ended 31 December 2023 and 2022:

Deferred tax arising from:	Allowance for ECLs/impairment losses	Employee benefits payable	Changes in fair value of financial instruments	Fair value revaluation on acquisition of subsidiaries	Deductible tax losses	Right-of-use assets	Lease liabilities	Others	Total
As at 1 January 2022 (as previously reported)	1,069,241	1,619,564	(1,273,530)	-	154,563	(83,050)	85,048	162,320	1,734,156
Adjustment on initial application of Amendments to IAS12	-	-	-	-	-	(342,467)	360,203	-	17,736
As at 1 January 2022 (restated)	1,069,241	1,619,564	(1,273,530)	-	154,563	(425,517)	445,251	162,320	1,751,892
Recognized in profit or loss (restated)	(161,288)	(74,950)	347,276	865	166,864	29,442	(22,167)	(83,136)	202,906
Recognized in other comprehensive income	-	-	224,338	-	-	-	-	994	225,332
Transferred during the year	-	-	(50,024)	-	-	-	-	-	(50,024)
Acquisition of a subsidiary (restated)	-	269,044	3,960	(77,379)	-	(10,812)	11,249	2,493	198,555
As at 31 December 2022 (restated)	907,953	1,813,658	(747,980)	(76,514)	321,427	(406,887)	434,333	82,671	2,328,661
As at 1 January 2023	907,953	1,813,658	(747,980)	(76,514)	321,427	(406,887)	434,333	82,671	2,328,661
Recognized in profit or loss	44,161	(322,032)	529,863	5,191	64,045	5,941	(5,817)	(24,288)	297,064
Recognized in other comprehensive income	-	-	(261,270)	-	-	-	-	(58,290)	(319,560)
Transferred during the period	-	-	(3,787)	-	-	-	-	-	(3,787)
As at 30 December 2023	<u>952,114</u>	<u>1,491,626</u>	<u>(483,174)</u>	<u>(71,323)</u>	<u>385,472</u>	<u>(400,946)</u>	<u>428,516</u>	<u>93</u>	<u>2,302,378</u>

The Group did not have material unrecognized deductible temporary differences and deductible losses.

Section X Independent Auditor's Report and Notes to Financial Statements

37. OTHER NON-CURRENT ASSETS

	As at 31 December	
	2023	2022
Advances relating to lawsuits	336,533	343,644
Term loan	213,292	210,244
Rental Deposit	158,757	94,514
Long-term deferred expenses	52,310	47,124
Others	707,480	738,683
Less: Allowance for ECLs	(1,268,433)	(1,279,727)
Total	<u>199,939</u>	<u>154,482</u>

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

	Year ended 31 December	
	2023	2022
At the beginning of the year	1,279,727	1,211,488
Charge for the year	5,263	58,653
Reversal	(12,332)	(7,474)
Amounts written off and others	(4,225)	17,060
At the end of the year	<u>1,268,433</u>	<u>1,279,727</u>

(b) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
As at 31 December 2023	<u>-</u>	<u>-</u>	<u>1,260,925</u>	<u>7,508</u>	<u>1,268,433</u>
As at 31 December 2022	<u>86</u>	<u>-</u>	<u>1,279,641</u>	<u>-</u>	<u>1,279,727</u>

Section X Independent Auditor's Report and Notes to Financial Statements

38. ACCOUNTS RECEIVABLE

	As at 31 December	
	2023	2022
Accounts receivable from:		
– Brokers and dealers	9,454,719	5,659,009
– Settlement	5,617,695	4,520,124
– Fee and commission	1,583,833	1,299,058
– Fund management fee	257,655	299,013
– Cash and custodian clients	13,865	8,854
Less: Allowance for ECLs	<u>(104,650)</u>	<u>(27,008)</u>
Total	<u><u>16,823,117</u></u>	<u><u>11,759,050</u></u>

(a) Analyzed by aging:

	As at 31 December	
	2023	2022
Within 1 year	16,729,988	11,678,777
1 to 2 years	66,680	67,039
2 to 3 years	19,693	3,390
Over 3 years	<u>6,756</u>	<u>9,844</u>
Total	<u><u>16,823,117</u></u>	<u><u>11,759,050</u></u>

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

	Year ended 31 December	
	2023	2022
At the beginning of the year	27,008	20,707
Charge for the year	71,003	6,507
Reversal	(297)	–
Amounts written off and others	<u>6,936</u>	<u>(206)</u>
At the end of the year	<u><u>104,650</u></u>	<u><u>27,008</u></u>

Section X Independent Auditor's Report and Notes to Financial Statements

38. ACCOUNTS RECEIVABLE (continued)

(c) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
As at 31 December 2023	<u>18,732</u>	<u>-</u>	<u>26,124</u>	<u>59,794</u>	<u>104,650</u>
As at 31 December 2022	<u>27,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,008</u>

39. OTHER CURRENT ASSETS

	As at 31 December	
	2023	2022
Bulk commodity trading inventories	972,589	469,641
Prepayments	98,263	1,191,611
Deferred expenses	60,537	40,585
Rental deposit	57,264	149,944
Dividends receivable	2,703	14,758
Term loan	-	207,504
Others	1,272,705	968,120
Less: Allowance for ECLs/impairment losses	<u>(54,136)</u>	<u>(129,050)</u>
Total	<u>2,409,925</u>	<u>2,913,113</u>

(a) Analysis of the movements of allowance for ECLs/impairment losses:

	Year ended 31 December	
	2023	2022
At the beginning of the year	129,050	1,196
Charge for the year	32,958	148,745
Reversal	-	(24,533)
Amounts written off and others	<u>(107,872)</u>	<u>3,642</u>
At the end of the year	<u>54,136</u>	<u>129,050</u>

Section X Independent Auditor's Report and Notes to Financial Statements

39. OTHER CURRENT ASSETS *(continued)*

(b) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2023	<u>-</u>	<u>-</u>	<u>559</u>	<u>559</u>
As at 31 December 2022	<u>-</u>	<u>-</u>	<u>71,395</u>	<u>71,395</u>

40. MARGIN ACCOUNTS RECEIVABLE

	As at 31 December	
	2023	2022
Individuals	71,640,875	65,102,652
Institutions	20,195,212	24,017,351
Less: Allowance for ECLs	<u>(2,082,122)</u>	<u>(2,004,494)</u>
Total	<u>89,753,965</u>	<u>87,115,509</u>

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

	Year ended 31 December	
	2023	2022
At the beginning of the year	2,004,494	2,275,350
Charge for the year	159,850	166,600
Reversal	(106,268)	(575,260)
Amounts written off and others	<u>24,046</u>	<u>137,804</u>
At the end of the year	<u>2,082,122</u>	<u>2,004,494</u>

(b) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2023	<u>233,590</u>	<u>17,674</u>	<u>1,830,858</u>	<u>2,082,122</u>
As at 31 December 2022	<u>218,522</u>	<u>659</u>	<u>1,785,313</u>	<u>2,004,494</u>

The carrying amount of margin accounts receivable, for which the loss allowance is measured at an amount equal to 12-month and lifetime expected credit losses, are RMB89,470,673 thousand and RMB283,292 thousand respectively (2022: RMB87,047,859 thousand and RMB67,650 thousand respectively).

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40. MARGIN ACCOUNTS RECEIVABLE (continued)

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

	As at 31 December	
	2023	2022
Fair value of collateral:		
– Stocks	273,408,489	271,607,440
– Cash	10,226,872	13,003,534
– Funds	12,002,751	10,880,250
– Bonds	364,244	576,846
Total	<u>296,002,356</u>	<u>296,068,070</u>

41. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2023		
	Nominal amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	1,804,879,957	1,219,637	(1,147,151)
Equity derivatives	287,675,411	7,619,555	(9,081,582)
Currency derivatives	155,030,218	337,369	(746,053)
Other derivatives	143,395,440	891,707	(668,956)
Less: Cash (received)/paid as settlement		(395,570)	155,136
Total		<u>9,672,698</u>	<u>(11,488,606)</u>

	As at 31 December 2022		
	Nominal amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	1,766,870,241	811,133	(323,843)
Equity derivatives	484,929,704	6,608,072	(7,247,346)
Currency derivatives	158,827,835	377,987	(1,636,354)
Other derivatives	122,561,956	790,024	(987,643)
Less: Cash (received)/paid as settlement		(354,393)	404,527
Total		<u>8,232,823</u>	<u>(9,790,659)</u>

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in part of derivative financial instruments were settled daily and the corresponding receipts and payments were included in clearing settlement funds.

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42. CLEARING SETTLEMENT FUNDS

	As at 31 December	
	2023	2022
Deposits with stock exchanges		
– China Securities Depository and Clearing Corporation Limited	5,987,600	6,545,473
– Others	1,327,828	869,441
	7,315,428	7,414,914
Total	7,315,428	7,414,914

43. CASH HELD ON BEHALF OF BROKERAGE CUSTOMERS

The Group maintains segregated deposit accounts with banks and authorized institutions to hold cash on behalf of customers arising from its normal course of business. The Group has recorded the related amounts as cash held on behalf of customers and the corresponding liabilities as accounts payable to brokerage customers on the grounds that it is liable for any loss or misappropriation of its brokerage clients' monies. In Mainland China, the use of cash held on behalf of customers for security and the settlement of their transactions are restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the "Securities and Futures (Client Money) Rules" implementing the related provisions of the Securities and Futures Ordinance impose similar restrictions.

44. CASH AND BANK BALANCES

	As at 31 December	
	2023	2022
Cash on hand	445	468
Bank balances	30,739,465	30,747,456
	30,739,910	30,747,924
Total	30,739,910	30,747,924

As at 31 December 2023, the Group's bank balances of RMB486,487 thousand were restricted (31 December 2022: RMB622,810 thousand).

As at 31 December 2023, the ECL allowance for cash and bank balances amounted to RMB3,182 thousand (31 December 2022: RMB7,669 thousand).

Section X Independent Auditor's Report and Notes to Financial Statements

45. LOANS AND BORROWINGS

Non-current

	As at 31 December	
	2023	2022
Unsecured loans and borrowings ⁽¹⁾	<u>549,552</u>	<u>559,151</u>
Total	<u><u>549,552</u></u>	<u><u>559,151</u></u>

Current

	As at 31 December	
	2023	2022
Unsecured loans and borrowings ⁽²⁾	<u>11,661,690</u>	<u>9,847,547</u>
Total	<u><u>11,661,690</u></u>	<u><u>9,847,547</u></u>

(1) As at 31 December 2023 and 2022, the non-current unsecured bank loans of the Group bore interest at rate 3.15% per annum and 3.25% per annum, respectively.

(2) As at 31 December 2023 and 2022, the current unsecured loans and borrowings of the Group bore interest at rates ranging from 3.60% to 6.38% per annum and from 3.10% to 5.75% per annum, respectively.

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46. SHORT-TERM DEBT INSTRUMENTS

	Nominal interest rate	As at 1 January 2023	Increase	Decrease	As at 31 December 2023
Short-term financing					
bills payable	2.44% – 2.80%	7,210,792	23,381,352	14,421,270	16,170,874
Short-term corporate bonds	2.51%	3,007,840	29,294	3,037,134	–
Medium-term notes	0.00% – 6.14%	468,824	6,464,102	4,636,505	2,296,421
Structured notes	0.50% – 5.54%	2,962,023	2,074,069	4,131,293	904,799
Total		<u>13,649,479</u>	<u>31,948,817</u>	<u>26,226,202</u>	<u>19,372,094</u>
	Nominal interest rate	As at 1 January 2022	Increase	Decrease	As at 31 December 2022
Short-term financing					
bills payable	1.87% – 2.80%	10,052,164	13,446,480	16,287,852	7,210,792
Short-term corporate bonds	2.51% – 2.97%	22,065,741	3,287,393	22,345,294	3,007,840
Medium-term notes	0.00% – 3.95%	9,874,593	5,914,335	15,320,104	468,824
Structured notes	0.00% – 4.94%	4,028,804	7,595,470	8,662,251	2,962,023
Total		<u>46,021,302</u>	<u>30,243,678</u>	<u>62,615,501</u>	<u>13,649,479</u>

Section X Independent Auditor's Report and Notes to Financial Statements

47. PLACEMENTS FROM OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2023	2022
Placements from banks	7,804,513	8,949,902
Placements from China Securities Finance Corporation Limited ("CSFC") ⁽¹⁾	3,940,389	4,017,303
Total	<u>11,744,902</u>	<u>12,967,205</u>

(1) As at 31 December 2023 and 2022, placements from CSFC were repayable within one year, and bore interest rates ranging from 2.12% to 2.30% per annum and 2.10% to 2.50% per annum, respectively.

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48. ACCOUNTS PAYABLE TO BROKERAGE CUSTOMERS

	As at 31 December	
	2023	2022
Margin financing and securities lending deposits	13,979,341	16,846,289
Other brokerage business deposits	164,075,731	178,872,494
Total	<u>178,055,072</u>	<u>195,718,783</u>

Accounts payable to brokerage customers mainly include money held on behalf of customers in banks and clearing houses, and bear interest at the prevailing market interest rates.

The majority of the accounts payable balances are repayable on demand except where certain accounts payable to brokerage customers represent monies received from customers for their margin financing and futures trading activities under the normal course of business. Only amounts in excess of the required 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 provide additional value in view of the nature of these businesses.

49. EMPLOYEE BENEFITS PAYABLE

	As at 31 December	
	2023	2022
Salaries, bonuses and allowances	7,544,451	8,833,373
Social welfare and others	136,390	204,119
Contributions to a defined contribution scheme	48,003	20,212
Total	<u>7,728,844</u>	<u>9,057,704</u>

The Group provides an additional enterprise annuity plan to employees in mainland China. According to the plan, when an employee leaves the company, some of the enterprise payment amount may be transferred back to the enterprise annuity enterprise account according to the actual working time. There is no case of using forfeited contributions to reduce the existing contribution level.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

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50. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analyzed by collateral type:

	As at 31 December	
	2023	2022
Current		
Bonds	194,899,493	150,108,765
Funds	16,973,511	15,159,976
Precious metals	4,956,586	7,967,941
Total	216,829,590	173,236,682

(b) Analyzed by market:

	As at 31 December	
	2023	2022
Current		
Interbank market	134,851,315	89,155,945
Stock exchanges	77,021,689	76,112,796
Shanghai gold exchange	4,956,586	7,967,941
Total	216,829,590	173,236,682

51. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Current

	As at 31 December	
	2023	2022
At fair value through profit or loss ⁽¹⁾		
– Equity securities	1,539,627	543,882
– Debt securities	1,470,697	9,503,187
– Gold	142,270	640,856
Designated as at fair value through profit or loss		
– Debt securities ⁽²⁾	53,046,729	36,557,863
– Interest attributable to other holders of consolidated structured entities ⁽³⁾	1,424,305	1,081,764
Total	57,623,628	48,327,552

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51. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

Non-current

	As at 31 December	
	2023	2022
Designated as at fair value through profit or loss		
– Debt securities ⁽²⁾	16,956,084	26,146,871
– Interest attributable to other holders of consolidated structured entities ⁽³⁾	244,549	574,444
Total	<u>17,200,633</u>	<u>26,721,315</u>

(1) As at 31 December 2023 and 2022, included in the Group's financial liabilities through profit or loss were equity securities, bonds and gold borrowed by the Group.

(2) As at 31 December 2023 and 2022, included in the Group's financial liabilities designated as at fair value through profit or loss were structured notes generally in the form of notes or certificates with the underlying investments related to listed equity investments, listed debt investments, unlisted fund investments and etc.

(3) As at 31 December 2023 and 2022, the financial liabilities arising from the consolidation of structured entities were designated as at fair value through profit or loss by the Group, as the Group has the obligation to pay other investors or limited partners upon the maturity dates of the structured entities based on the net asset value and related terms of those consolidated structured entities.

52. BONDS PAYABLE

Current

	As at 31 December	
	2023	2022
Corporate bonds ⁽¹⁾	22,615,599	29,720,606
Subordinated bonds ⁽¹⁾	7,683,361	4,003,977
Medium-term notes ⁽²⁾	2,144,148	–
Total	<u>32,443,108</u>	<u>33,724,583</u>

Non-current

	As at 31 December	
	2023	2022
Corporate bonds ⁽¹⁾	87,955,219	74,505,891
Medium-term notes ⁽²⁾	10,023,339	8,380,143
Subordinated bonds ⁽¹⁾	3,603,877	11,272,977
Total	<u>101,582,435</u>	<u>94,159,011</u>

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52. BONDS PAYABLE (continued)

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows:

As at 31 December 2023

Name	Par value	Issue date	Maturity date	Coupon rate
Current				
Corporate bonds				
21 GUOJUN G1	4,000,000	2021.04	2024.04	3.46%
21 GUOJUN G3	3,000,000	2021.05	2024.05	3.31%
21 GUOJUN G5	2,900,000	2021.06	2024.06	3.40%
21 GUOJUN G7	1,900,000	2021.07	2024.07	3.13%
21 GUOJUN G9	2,800,000	2021.08	2024.08	3.01%
21 GUOJUN 12	4,400,000	2021.09	2024.10	3.09%
21 GUOJUN 14	3,300,000	2021.10	2024.11	3.29%
Subordinated bond				
21 GUOJUN C1	3,000,000	2021.01	2024.01	3.89%
21 GUOJUN C3	2,000,000	2021.12	2024.12	3.20%
22 GUOJUN C1	2,500,000	2022.01	2024.01	3.00%
Non-current				
Corporate bonds				
21 GUOJUN G2	2,000,000	2021.04	2026.04	3.75%
21 GUOJUN G4	5,000,000	2021.05	2026.05	3.67%
21 GUOJUN G8	6,100,000	2021.07	2026.07	3.48%
21 GUOJUN 10	4,200,000	2021.08	2026.08	3.35%
21 GUOJUN 11	3,000,000	2021.08	2031.08	3.77%
21 GUOJUN 13	3,400,000	2021.09	2031.09	3.80%
21 GUOJUN 15	3,400,000	2021.10	2031.10	3.99%
22 GUOJUN G1	2,000,000	2022.03	2025.03	3.04%
22 GUOJUN G2	1,400,000	2022.03	2032.03	3.74%
22 GUOJUN G3	2,800,000	2022.04	2025.04	2.96%
22 GUOJUN G4	2,500,000	2022.04	2032.04	3.70%
22 GUOJUN G5	3,100,000	2022.05	2025.05	2.78%
22 GUOJUN G6	2,400,000	2022.05	2032.05	3.58%
22 GUOJUN G7	2,500,000	2022.07	2025.07	2.92%
22 GUOJUN G8	2,500,000	2022.07	2027.07	3.27%
22 GUOJUN G9	2,000,000	2022.09	2025.09	2.52%
22 GUOJUN 10	3,000,000	2022.09	2027.09	2.90%
23 GUOJUN G1	3,000,000	2023.01	2025.02	2.90%
23 GUOJUN G2	3,000,000	2023.01	2026.01	3.07%

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52. BONDS PAYABLE (continued)

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows: (continued)

Name	Par value	Issue date	Maturity date	Coupon rate
23 GUOJUN G3	1,500,000	2023.02	2025.02	2.92%
23 GUOJUN G4	4,500,000	2023.02	2026.02	3.16%
23 GUOJUN G5	1,600,000	2023.05	2025.05	2.79%
23 GUOJUN G6	3,400,000	2023.05	2026.04	2.92%
23 GUOJUN G7	3,000,000	2023.08	2025.08	2.53%
23 GUOJUN G8	2,000,000	2023.08	2026.08	2.70%
23 GUOJUN G9	1,500,000	2023.09	2025.10	2.80%
23 GUOJUN 10	3,500,000	2023.09	2026.09	2.89%
23 GUOJUN 11	900,000	2023.10	2025.10	2.82%
23 GUOJUN 12	2,500,000	2023.10	2028.10	3.12%
23 GUOJUN 13	3,500,000	2023.11	2025.11	2.82%
23 GUOJUN 15	1,700,000	2023.11	2028.11	3.08%
Subordinated bond				
22 GUOJUN C2	3,500,000	2022.01	2025.01	3.17%

As at 31 December 2022

Name	Par value	Issue date	Maturity date	Coupon rate
Current				
Corporate bonds				
18 GUOJUN G4	300,000	2018.07	2023.07	4.64%
20 GUOJUN G1	4,000,000	2020.01	2023.01	3.37%
20 GUOJUN G2	4,000,000	2020.03	2023.03	3.05%
20 GUOJUN G4	5,000,000	2020.07	2023.07	3.55%
20 GUOJUN G5	4,000,000	2020.09	2023.09	3.75%
20 GUOJUN G7	2,000,000	2020.11	2023.11	3.90%
20 GUOJUN G9	2,900,000	2020.12	2023.12	3.77%
GUOJUN Convertible bonds ⁽ⁱ⁾	7,000,000	2017.07	2023.07	2.00%
Subordinated bond				
21 GUOJUN C2	4,000,000	2021.12	2023.12	3.09%
Non-current				
Corporate bonds				
21 GUOJUN G1	4,000,000	2021.04	2024.04	3.46%
21 GUOJUN G2	2,000,000	2021.04	2026.04	3.75%
21 GUOJUN G3	3,000,000	2021.05	2024.05	3.31%

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52. BONDS PAYABLE (continued)

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows: (continued)

Name	Par value	Issue date	Maturity date	Coupon rate
21 GUOJUN G4	5,000,000	2021.05	2026.05	3.67%
21 GUOJUN G5	2,900,000	2021.06	2024.06	3.40%
21 GUOJUN G7	1,900,000	2021.07	2024.07	3.13%
21 GUOJUN G8	6,100,000	2021.07	2026.07	3.48%
21 GUOJUN G9	2,800,000	2021.08	2024.08	3.01%
21 GUOJUN 10	4,200,000	2021.08	2026.08	3.35%
21 GUOJUN 11	3,000,000	2021.08	2031.08	3.77%
21 GUOJUN 12	4,400,000	2021.09	2024.10	3.09%
21 GUOJUN 13	3,400,000	2021.09	2031.09	3.80%
21 GUOJUN 14	3,300,000	2021.10	2024.11	3.29%
21 GUOJUN 15	3,400,000	2021.10	2031.10	3.99%
22 GUOJUN G1	2,000,000	2022.03	2025.03	3.04%
22 GUOJUN G2	1,400,000	2022.03	2032.03	3.74%
22 GUOJUN G3	2,800,000	2022.04	2025.04	2.96%
22 GUOJUN G4	2,500,000	2022.04	2032.04	3.70%
22 GUOJUN G5	3,100,000	2022.05	2025.05	2.78%
22 GUOJUN G6	2,400,000	2022.05	2032.05	3.58%
22 GUOJUN G7	2,500,000	2022.07	2025.07	2.92%
22 GUOJUN G8	2,500,000	2022.07	2027.07	3.27%
22 GUOJUN G9	2,000,000	2022.09	2025.09	2.52%
22 GUOJUN 10	3,000,000	2022.09	2027.09	2.90%
Subordinated bond				
21 GUOJUN C1	3,000,000	2021.01	2024.01	3.89%
21 GUOJUN C3	2,000,000	2021.12	2024.12	3.20%
22 GUOJUN C1	2,500,000	2022.01	2024.01	3.00%
22 GUOJUN C2	3,500,000	2022.01	2025.01	3.17%

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52. BONDS PAYABLE (continued)

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows: (continued)

- (i) In July 2017, as approved by the CSRC, the Company issued 6-year A-share convertible bonds with par value of RMB7 billion. The convertible bond bears a fixed annual interest rate of 0.20% for the first year, 0.50% for the second year, 1.00% for the third year, 1.50% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. The initial conversion price is RMB20.20 per share. The convertible bonds 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 105% 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 recognized the equity part of the convertible corporate bonds as other equity instruments amounting to RMB1,129,841 thousand.

The maturity date and payment registration date of the convertible corporate bonds was 6 July 2023. As of the maturity date, a total of RMB11,485,000 of the convertible bonds has been converted into 611,763 A share of the company, accounting for 0.01% of the total issued common shares of the Company before the conversion. The balance of unconverted bonds is RMB6,988,515,000, accounting for 99.84% of the par value of the issued convertible bonds.

(2) The details of the outstanding medium-term notes are as follows:

On 3 March 2021, GJIHL has drawdown USD400 million under a medium term note programme. The notes are of 5 years, bearing interest at 2% per annum.

On 21 April 2021, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown USD500 million under a medium term note programme. The notes are of 5 years, bearing interest at 2% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

On 24 November 2021, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown USD300 million under a medium term note programme. The notes are of 3 years, bearing interest at 1.6% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

Section X Independent Auditor's Report and Notes to Financial Statements

52. BONDS PAYABLE (continued)

(2) The details of the outstanding medium-term notes are as follows: (continued)

On 10 March 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB500 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

On 23 March 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB935 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

On 24 March 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB500 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

On 22 November 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB520 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

On 27 December 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB500 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

On 28 December 2023, the Company's subsidiary, Guotai Junan Holdings Limited has drawdown RMB700 million under a medium term note programme. The notes are of 3 years, bearing interest at 3.35% per annum. The Company provided unconditional and irrevocable guarantee to the medium term note programme.

53. CONTRACT LIABILITIES

Current

	As at 31 December 2023	As at 31 December 2022
Advance consideration received from customers	80,141	96,601

Contract liabilities represent the advance payment of the sponsorship business, the asset management business and the commodity trading. The Group received these advance payments when the contracts are signed, and will recognize the expected revenue in future when or as the work is completed or, in the case of commodity trading, when the customer takes possession of and accepts the commodity.

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54. OTHER CURRENT LIABILITIES

	As at 31 December	
	2023	2022
Accounts payable arising from derivative transactions	62,462,726	53,680,483
Accounts payable to brokers	9,650,641	3,960,123
Accounts payable arising from warehouse receipt pledge	3,751,296	1,300,173
Settlement payables to clearing house and customers	1,253,118	1,702,333
Bank's acceptance bill payable	1,087,481	523,000
Proceeds from underwriting securities received on behalf of customers	872,661	34,992
Dividends payable	401,782	229,774
Accounts payable arising from equity incentives	361,484	393,371
Other tax payable	285,913	392,525
Commission payable to other distributors	284,282	332,778
Advance received from issuance of financial products	176,827	374,101
Dividend received on behalf of customers	124,309	221,338
Underwriting fee payable in relation to IPO	90,173	90,173
Interest payable	72,504	52,192
Payables for the securities investor protection fund	50,864	52,269
Others	1,160,986	1,446,494
	82,087,047	64,786,119
Total	82,087,047	64,786,119

The Group has no significant long-aging accounts payable.

55. OTHER NON-CURRENT LIABILITIES

	As at 31 December	
	2023	2022
Risk reserve for the futures brokerage business	184,791	170,006
Provisions	328,898	337,388
Total	513,689	507,394

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56. SHARE CAPITAL

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

	As at 31 December	
	2023	2022
At the beginning of the year	8,906,673	8,908,450
The conversion of convertible bonds into ordinary shares	95	1
Deregistration of treasury shares	(2,157)	(1,778)
At the end of the year	<u>8,904,611</u>	<u>8,906,673</u>

57. OTHER EQUITY INSTRUMENTS

	As at 31 December	
	2023	2022
Perpetual subordinated bonds ⁽¹⁾	19,918,679	14,918,679
Equity component of convertible bonds ⁽²⁾	-	1,128,257
Total	<u>19,918,679</u>	<u>16,046,936</u>

- (1) As approved by the CSRC, the Company issued four batches of perpetual subordinated bonds (collectively the "perpetual subordinated bonds", including "19 Guojun Y1", "20 Guojun Y1", "22 Guojun Y1" and "23 Guojun Y1") with an initial interest rate of 4.20%, 3.85%, 3.59% and 3.53% in September 2019, March 2020, July 2022 and June 2023. The actual proceeds from each of the perpetual subordinated bonds was equally RMB5 billion with a carrying amount of RMB100 per bond. The perpetual subordinated bonds have no fixed maturity dates and the Company has an option to redeem "19 Guojun Y1" and "20 Guojun Y1" at principal amounts plus any accrued interest on the fifth interest payment date or any interest payment date afterwards. The Company has an option to extend one cycle at the end of each repricing cycle, or redeem "22 Guojun Y1" and "23 Guojun Y1" in full.

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

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

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

During the year ended 31 December 2023 and 2022, the Company recognized dividends payable to holders of the perpetual subordinated bonds amounting to RMB759 million and RMB403 million (Note 20), respectively.

- (2) Refer to Note 52 for the issuance of convertible bonds.

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58. RESERVES AND RETAINED PROFITS

(1) 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.

(2) Investment revaluation reserve

Investment revaluation reserve mainly represents the fair value changes of debt instruments at fair value through other comprehensive income and equity instruments at fair value through other comprehensive income.

(3) 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 reporting period, 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 recognized in other comprehensive income and accumulated in the translation reserve.

(4) Surplus reserve

The surplus reserve includes the statutory surplus reserve and discretionary surplus reserve.

Pursuant to the "Company Law of the People's Republic of China", the articles of association of the Company and the decision of the Board, the Company is required to set aside 10% of its net profit (after offsetting the accumulated losses incurred in previous years) to the statutory surplus reserve until the balance reaches 50% of the respective registered capital. Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, and may also be converted into capital of the Company, provided that the balance of the statutory surplus reserve after such capitalization is not less than 25% of the registered capital immediately before capitalization.

Section X Independent Auditor's Report and Notes to Financial Statements

58. RESERVES AND RETAINED PROFITS *(continued)*

(5) General reserve

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

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 10% of its annual net profit to the general risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Company appropriates 10% of its annual net profit to the transaction risk reserve.

In accordance with the requirements of Provisional Measures on Supervision and Administration of Risk Provision of Public Offering of Securities Investment Funds (Order of the CSRC No. 94) issued on 24 September 2013, the Group appropriates 10% of fund management fee to the general risk reserve.

(6) Retained profits

The movements in retained profits are set out below:

	Year ended 31 December	
	2023	2022
		<i>(Restated)</i>
At the end of last year (as previously reported)	56,683,126	54,132,214
Adjustment on initial application of Amendments to IAS12	-	14,189
At the beginning of the year (as restated)	56,683,126	54,146,403
Profit for the year	9,374,143	11,508,784
Appropriation to general reserve	(1,759,099)	(2,059,238)
Dividends	(4,719,402)	(6,056,537)
Distribution to other equity instrument holders	(758,500)	(402,500)
Others	(314,025)	(453,786)
At the end of the year	58,506,243	56,683,126

Section X Independent Auditor's Report and Notes to Financial Statements

59. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	As at 31 December	
	2023	2022
Cash on hand	445	468
Bank balances	30,739,465	30,747,456
Clearing settlement funds	7,315,428	7,414,914
Financial assets held under resale agreements with original maturity of less than three months	42,981,231	43,656,117
Financial assets at fair value through profit or loss with original maturity of less than three months	-	1,025,357
Less: bank deposits with original maturity of more than three months, risk reserve deposits, restricted bank balances and clearing settlement funds	(4,116,993)	(2,303,963)
Total	<u>76,919,576</u>	<u>80,540,349</u>

(b) Changes in liabilities arising from financing activities

	Loans and borrowings	Short-term debt instruments	Bonds payable	Lease liabilities
At 1 January 2022	4,340,789	46,021,302	126,767,098	1,940,108
Changes from financing cash flows	6,065,908	(32,076,032)	(446,505)	(564,860)
Interest expenses	166,783	718,959	4,679,796	69,217
Interest paid	(166,782)	(1,014,750)	(4,373,812)	(69,217)
New leases	N/A	N/A	N/A	460,221
Business combination	-	-	-	44,997
Other non-cash changes	-	-	1,257,017	4,709
At 31 December 2022	10,406,698	13,649,479	127,883,594	1,885,175
Changes from financing cash flows	1,618,096	5,458,165	6,064,839	(666,252)
Interest expenses	857,144	694,533	4,466,022	64,843
Interest paid	(856,592)	(430,083)	(4,592,297)	(64,843)
New leases	N/A	N/A	N/A	619,266
Other non-cash changes	185,896	-	203,385	(8,838)
At 31 December 2023	<u>12,211,242</u>	<u>19,372,094</u>	<u>134,025,543</u>	<u>1,829,351</u>

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59. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	Year ended 31 December	
	2023	2022
Within operating activities	42,652	31,611
Within financing activities	731,095	634,077

(d) Net cash outflow arising from the acquisition of a subsidiary

	As at 4 November 2022
Total consideration paid in cash	1,062,700
Less: cash and cash equivalents of subsidiary acquired	<u>(99,094)</u>
Total	<u><u>963,606</u></u>

60. TRANSFERRED FINANCIAL ASSETS

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

(1) Repurchase agreements

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

Transferred financial assets that do not qualify for derecognition also include margin accounts receivable-backed repurchase whose beneficial rights are transferred to counterparties and repurchased by the Group at the maturity date. The Group has determined that it retains substantially all the risks and rewards of these financial assets and therefore has not derecognized them. In addition, they are recognized as financial assets sold under repurchase agreements.

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60. TRANSFERRED FINANCIAL ASSETS *(continued)*

(2) Securities lending

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

(3) Margin financing borrowing

Transferred financial assets that do not qualify for derecognition include securities transferred to CSFC. When CSFC exercises the rights attached to the securities, it shall follow the instructions of the Group. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized the securities transferred.

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

	Repurchase agreements	Securities lending	Margin financing borrowing
31 December 2023			
Carrying amount of transferred assets	<u>3,030,857</u>	<u>2,432,180</u>	<u>953,680</u>
Carrying amount of related liabilities	<u>2,932,790</u>	N/A	N/A
31 December 2022			
Carrying amount of transferred assets	<u>5,841,913</u>	<u>3,550,974</u>	<u>2,595,945</u>
Carrying amount of related liabilities	<u>5,474,333</u>	N/A	N/A

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61. CONTINGENCIES

As at 31 December 2023, the contingent liabilities due to pending litigations amounted to RMB172,263 thousand.

62. EQUITY-SETTLED SHARE-BASED PAYMENTS

(a) Share-based payments of the Company

The Company carried out a restricted share incentive scheme of A shares whereby the Company grant restricted A shares to the incentive participants in return for their services. Details of the scheme as at 31 December 2023 are set out below:

	Year ended 31 December	
	2023	2022
Granted during the year	-	-
Exercised/Unlocked during the year	-	24,900,183
Forfeited during the year	-	2,156,747

As at 31 December 2023, the cumulative amount of equity-settled share-based payments recognized in the Company's capital reserve was RMB805,803 thousand. The total amount of expenses recognized for equity-settled share-based payments in the current year was RMB142,160 thousand.

The fair value of services received in return for restricted share incentive scheme is measured by reference to the fair value of shares. The estimate of the fair value of restricted shares granted is measured based on the closing price of shares at grant date.

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Relationship of related parties

(1) Major shareholders

Share percentage in the Company:

	As at 31 December	
	2023	2022
Shanghai State-owned Assets Operation Co., Ltd. ("Shanghai SA")	23.06%	23.05%
Shanghai International Group Co., Ltd. ("SIG")	9.05%	9.05%

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63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(a) Relationship of related parties *(continued)*

(2) Subsidiaries of the Company

The detailed information of the Company's subsidiaries is set out in Note 27.

(3) Associates and joint ventures of the Group

The detailed information of the Group's associates and joint ventures is set out in Note 29.

(4) Other related parties of the Group

Name of the related parties	Relationship of the related parties
Shenzhen Investment Holdings Co., Ltd.	Shareholder that holds more than 5% equity interest of the Company
Shanghai Guoxin Venture Investment Co., Ltd.	Shanghai SA controls the entity
Shanghai Guoxin Investment Development Co., Ltd.	Shanghai SA controls the entity
Shanghai Zhenghai Guoxin Investment Center (L.P.)	Shanghai SA controls the entity
Shanghai International Group (Hong Kong) Co., Ltd.	SIG controls the entity
New China Capital Management Co., Ltd.	The director of the Company acts as the director and president of the entity
New China Asset Management (Hong Kong) Co., Ltd.	The director of the Company acts as the vice chairman of the entity
Shanghai Pudong Development Bank Co., Ltd.	The director of the Company acts as the director of the entity
Great Wall Securities Co., Ltd.	The supervisor of the Company acts as the vice chairman of the entity
Anhui Huamao Industry Investment Co., Ltd.	The supervisor of the Company acted as the director of the entity
China Securities Credit Investment Co., Ltd.,	The senior management of the Company acts as a director of the entity
Shanghai Pudong Development Bank Financial Leasing Co., Ltd.	The senior management of Shanghai SA acts as a director of the entity
Shanghai Rural Commercial Bank	The senior management of SIG acts as a director of the entity
China Foreign Economy and Trade Trust Co., Ltd.	The trustee of a trust in favor of Shanghai SA
Guang Dong Yuecai Trust Co., Ltd.	The trustee of a trust in favor of Shanghai SA
Beijing Futaihua Investment Management Co., Ltd.	Subsidiary of a company in which Shanghai SA holds more than 30% of the shares

Other related parties can be individuals or enterprises, which include members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals.

Section X Independent Auditor's Report and Notes to Financial Statements

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Transactions between the Group and other related parties

(1) Fee and commission income from related parties

	Year ended 31 December	
Related parties	2023	2022
Associates and joint ventures of the Group	107,500	205,490
Other major related parties	3,776	21,138
Major shareholders and their subsidiaries	1,049	5,772

(2) Interest received from related parties

	Year ended 31 December	
Related parties	2023	2022
Other major related parties	233,400	113,404
Associates and joint ventures of the Group	2,802	31

(3) Interest paid to related parties

	Year ended 31 December	
Related parties	2023	2022
Other major related parties	91,357	58,417
Associates and joint ventures of the Group	1,115	17,410
Major shareholders and their subsidiaries	74	135

(4) Operating expenses and costs paid to related party

	Year ended 31 December	
Related party	2023	2022
Other major related parties	47,939	3,023
Associates and joint ventures of the Group	-	10

Section X Independent Auditor's Report and Notes to Financial Statements

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Transactions between the Group and other related parties *(continued)*

- (5) Lease fees paid as lessee

Related party	Year ended 31 December	
	2023	2022
Associates and joint ventures of the Group	-	5,021

- (6) Related party transactions with SIG and HuaAn Funds constitute continuing connected transactions as defined by the Hong Kong Listing Rules. In 2023, the annual caps and the actual amounts of securities and financial products transactions and financial services related continuing connected transactions with SIG and/or its associates and HuaAn Funds and/or its subsidiaries are as follows:

SIG	Year ended 31 December			
	2023			2022
	Caps	Actual	Caps	Actual
	(RMB in	amount	(RMB in	amount
	million)	(RMB in	million)	(RMB in
	million)	million)	million)	million)
Securities and financial products				
Inflow	1,392.18	313.02	6,787.10	621.10
Outflow	1,310.93	715.71	6,752.80	1,388.20
Financial services				
Revenue generated	242.49	5.56	151.90	5.86
Fees paid	36.19	-	65.10	0.19

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63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Transactions between the Group and other related parties (continued)

(6) (continued)

HuaAn Funds	Year ended 31 December 2023		Period from 4 November 2022 to 31 December 2022	
	Caps (RMB in million)	Actual amount (RMB in million)	Caps (RMB in million)	Actual amount (RMB in million)
Securities and financial products				
Inflow	6,324.01	3,770.20	1,461.00	801.10
Outflow	12,733.26	8,151.17	3,265.00	123.40
Financial services				
Revenue generated	256.32	127.99	114.10	40.45
Fees paid	43.94	6.48	9.15	2.02

(c) Balances of related party transactions between the Group and its related parties

(1) Deposits with related parties

	As at 31 December	
Related parties	2023	2022
Other major related parties	7,875,839	8,360,033

(2) Financial assets held under resale agreements

	As at 31 December	
Related parties	2023	2022
Other major related parties	47,653	120,030

(3) Accounts payable

	As at 31 December	
Related parties	2023	2022
Other major related parties	18,442	16,723
Associates and joint ventures of the Group	3	–

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63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(c) Balances of related party transactions between the Group and its related parties *(continued)*

(4) Financial assets sold under repurchase agreements

Related party	As at 31 December	
	2023	2022
Other major related parties	472,075	–

(5) Bonds held by the Group

Related parties	As at 31 December	
	2023	2022
Major shareholders and their subsidiaries	–	155,552
Other major related parties	2,104,912	4,584,964
Associates and joint ventures of the Group	105,923	221,681

(6) Loans and borrowings with related parties

Related parties	As at 31 December	
	2023	2022
Other major related parties	2,854,909	703,320

(7) Derivative transactions with related parties

Related parties	As at 31 December	
	2023	2022
Derivative financial assets		
Associates and joint ventures of the Group	3,128	–
Other major related parties	217,157	61,516
Derivative financial liabilities		
Associates and joint ventures of the Group	116	23
Other major related parties	20,590	244,851

Section X Independent Auditor's Report and Notes to Financial Statements

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(d) Remuneration of senior management personnel

Remuneration of senior management personnel of the Group is as follows:

	Year ended 31 December	
	2023	2022
Salaries, allowances and benefits	7,853	8,546
Pension scheme contributions and other social welfare	2,891	3,474
Discretionary bonuses	14,519	17,529
Restricted share incentive scheme (non-cash)	<u>7,987</u>	<u>14,273</u>

Further details of directors' and supervisors' emoluments are included in Note 18.

64. SEGMENT REPORTING

The Group is organized into business units based on their products and services and has six reportable operating segments as follows:

- 1) The wealth management segment, which mainly provides securities and futures brokerage, financial products, investment advisory, stock pledging, margin financing and securities lending, agreed securities repurchase and other services to clients.
- 2) The investment banking segment, which primarily includes sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory services and diversified corporate solutions to corporate and government clients.
- 3) The institutional and trading segment, mainly consists of research, institutional brokerage, trading and investment and equity investment. Among which, institutional brokerage mainly provides prime brokers, seat leasing, custody and outsourcing, QFII and other services to institutional clients; Our trading and investment business mainly includes investment transactions in stocks, fixed income, foreign exchange, large commodities and their derivative financial instruments, as well as providing integrated financial solutions for clients' investment, financing and risk management.
- 4) The investment management segment, which primarily includes asset management and fund management services to institutions and individuals.
- 5) The international segment conducts brokerage, corporate finance, asset management, loans and financing services, as well as financial products, market making and investment businesses mainly through GJIHL in Hong Kong, and has expanded its business presence into the United States, Europe, Southeast Asia and other regions.
- 6) The other segment includes government grants and other general operating expenses.

Section X Independent Auditor's Report and Notes to Financial Statements

64. SEGMENT REPORTING (continued)

(a) Operating segments

	Year ended 31 December 2023						Total
	Wealth management	Investment banking	Institutional and trading	Investment management	International business	Other	
Segment total revenue and other income							
Fee and commission income	7,830,643	3,669,212	2,567,089	4,109,665	572,313	-	18,748,922
Interest income	9,610,974	-	4,167,913	127,947	1,728,602	141	15,635,577
Net investment gains	-	-	6,536,415	172,100	2,411,863	-	9,120,378
Other income and gains	-	-	7,648,192	64,985	(21,456)	1,107,233	8,798,954
Total revenue and other income	17,441,617	3,669,212	20,919,609	4,474,697	4,691,322	1,107,374	52,303,831
Segment expenses	(13,745,544)	(1,987,161)	(15,728,458)	(2,967,651)	(3,796,119)	(2,310,446)	(40,535,379)
Including: Interest expenses	(4,785,752)	-	(5,676,158)	(10,198)	(2,308,028)	(52,833)	(12,832,969)
Credit loss expense	(52,928)	-	(125,021)	(9,572)	(74,997)	-	(262,518)
Provision for impairment losses	-	-	(32,399)	-	-	-	(32,399)
Segment operating profit	3,696,073	1,682,051	5,191,151	1,507,046	895,203	(1,203,072)	11,768,452
Share of profits of associates and joint ventures	-	-	95,846	283,600	-	-	379,446
Segment profit before income tax	3,696,073	1,682,051	5,286,997	1,790,646	895,203	(1,203,072)	12,147,898
Income tax expense							(2,262,481)
Segment profit for the year							<u>9,885,417</u>
As at 31 December 2023							
Segment total assets	272,168,189	5,126,532	481,152,823	26,978,074	136,150,127	3,826,739	925,402,484
Segment total liabilities	224,133,960	2,102,600	404,802,212	3,573,287	115,770,984	1,641,431	752,024,474
Year ended 31 December 2023							
Other segment information:							
Depreciation and amortization expenses	493,728	9,300	872,838	48,940	82,705	6,941	1,514,452
Capital expenditure	379,944	7,157	671,684	37,661	63,645	5,341	1,165,432

Section X Independent Auditor's Report and Notes to Financial Statements

64. SEGMENT REPORTING (continued)

(a) Operating segments (continued)

	Year ended 31 December 2022 (Restated)						Total
	Wealth management	Investment banking	Institutional and trading	Investment management	International business	Other	
Segment total revenue and other income							
Fee and commission income	8,464,497	4,215,706	2,731,146	1,644,386	676,064	-	17,731,799
Interest income	9,908,283	-	4,866,426	33,366	778,515	84	15,586,674
Net investment gains	-	-	4,449,435	(44,846)	1,133,938	-	5,538,527
Other income and gains	-	-	8,009,375	85,697	(151,883)	808,364	8,751,553
Gain on business combination	-	-	1,478,368	-	-	-	1,478,368
Total revenue and other income	18,372,780	4,215,706	21,534,750	1,718,603	2,436,634	808,448	49,086,921
Segment expenses	(12,838,983)	(2,560,294)	(15,047,730)	(1,110,771)	(2,277,407)	(1,864,345)	(35,699,530)
Including: Interest expenses	(4,361,329)	-	(5,581,613)	(8,540)	(814,623)	(55,994)	(10,822,099)
Credit loss expense	229,005	-	378,405	-	(142,835)	-	464,575
Provision for impairment losses	-	-	(20,394)	(3,867)	-	-	(24,261)
Segment operating profit	5,533,797	1,655,412	6,487,020	607,832	159,227	(1,055,897)	13,387,391
Share of profits of associates and joint ventures	-	-	74,603	677,977	-	-	752,580
Segment profit before income tax	5,533,797	1,655,412	6,561,623	1,285,809	159,227	(1,055,897)	14,139,971
Income tax expense							(2,517,168)
Segment profit for the year							<u>11,622,803</u>
As at 31 December 2022							
Segment total assets	267,238,543	5,613,434	447,447,126	26,586,124	109,844,123	3,978,567	860,707,917
Segment total liabilities	229,079,042	2,934,162	369,345,815	4,125,835	89,868,872	1,508,732	696,862,458
Year ended 31 December 2022							
Other segment information:							
Depreciation and amortization expenses	439,038	9,222	735,096	43,678	71,659	6,505	1,305,198
Capital expenditure	600,201	12,607	1,004,938	59,711	97,964	8,892	1,784,313

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64. SEGMENT REPORTING *(continued)*

(b) Geographical segments

Total revenue	Year ended 31 December	
	2023	2022
Mainland, China	38,792,099	36,268,483
Hong Kong, China and overseas	4,712,778	2,588,517
Total	<u>43,504,877</u>	<u>38,857,000</u>

The Group's non-current assets are mainly located in Mainland China (country of domicile).

(c) Information about a major customer

The Group has no single customer which contributed to 10 percent or more of the Group's revenue for the years ended 31 December 2023 and 2022.

65. FINANCIAL RISK MANAGEMENT

(1) Policies for and structure of risk management

Policies for risk management

The Group faces various financial risks in the normal course of business, mainly including credit risk, liquidity risk and market risk. The Group has established policies and procedures to identify and evaluate these risks, and continually monitors these risks by setting appropriate risk limits and internal control systems and through reliable management and information systems. The Group's risk management policies include two aspects: the objective of risk management and the principles of risk management.

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(1) Policies for and structure of risk management *(continued)*

Policies for risk management *(continued)*

Objective for risk management

The overall objective of the Group's risk management is to establish a management mechanism that enables scientific decision-making, standardized operation, efficient management and sustainable development that can maintain the Group's financial stability and improve its market position and performance. Specifically, it includes:

- ensuring strict compliance with relevant laws, regulations and the Group's policies;
- establishing and improving corporate governance that meets current requirements, and building scientific and proper processes of decision-making, execution, supervision and feedback;
- establishing a set of robust and effective risk management policies to identify errors and fraud, close loopholes, and ensure a healthy conduct of business activities;
- setting up a proper and effective risk measurement and analysis system, which can effectively identify, measure, analyze and evaluate various risks that may arise from the normal course of business, to ensure the safety and integrity of the Group's assets;
- improving management efficiency and effectiveness, striving to keep assets secured and risks well managed based on effective control of risk.

Principles for risk management

The principles for risk management include: appropriateness, coverage, independence, effectiveness, forward looking.

Structure of risk management

The Group's risk management structure includes corporate governance structure and risk management organizational structure.

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(1) Policies for and structure of risk management *(continued)*

Policies for risk management *(continued)*

Corporate governance structure

According to the “Company Law”, “Securities Law” and “Code of Corporate Governance for Securities Companies” and other laws and regulations, the Group has established a modern corporate governance structure that features management comprising of Shareholders’ Meetings, the Board of Directors, the Board of Supervisors and the senior management. The Group manages risks by explicitly stipulating management’s authorization, responsibility and business objectives, and regulating their behaviors.

Organizational structure of risk management

The Company has established a four-level risk management system consisting of the Board (including Risk Control Committee) and Supervisory Committee, operation management (including risk management committee and assets and liabilities management committee), risk management department, other business departments and branches and subsidiaries. Risk management departments include those which are specifically responsible for risk management, such as the risk management department, the internal audit risk management department, the legal compliance department, and the group audit center, as well as departments that perform other risk management duties, such as the planning and finance department, the assets and liabilities department, the IT department, the operation center and the executive office.

(2) Credit risk

The Group’s cash and bank balances are mainly deposited with state-owned commercial banks or joint-stock commercial banks with adequate capital. Clearing settlement funds are mainly deposited with China Securities Depository and Clearing Corporation Limited. The credit risk on cash and cash equivalents is relatively low.

The Group primarily faces three types of credit risks: firstly, the risk of loss arising from the Group’s obligation to settle on behalf of its customers in securities trading or derivative trading on the customers’ accounts which become under-margined on the settlement date due to the Group’s failure to require full margin deposits before the transactions or because the customers are unable to cover their transactions due to other reasons; secondly, the credit risk associated with its securities financing activities, which is the risk of losses due to defaults of its margin financing and securities lending clients, securities repurchase clients and stock-pledged financing clients; thirdly, the default risk of investments in credit products, namely the risk of asset impairment and changes in investment returns due to defaults of borrowers or issuers who refuse to repay the principal and interest when due.

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

In order to manage the credit risk arising from the brokerage business, securities and futures brokerage transactions in Mainland China are all settled on a full-pledged basis, which enables the Group's credit risk associated with the brokerage business to be well under control.

Credit risk arises from the margin financing and securities lending business and stock-pledged financing primarily due to fraudulent information from clients, failure of customers to repay debts in full in a timely manner, customers' breach of contracts with respect to the size and structure of trading positions, customers' violation of regulatory requirements in their trading actions, and the involvement of collateral in legal disputes, among others. The Credit Business Department of the Company and its Hong Kong subsidiary has dedicated employees who are responsible for the approval of limits of margin deposits, stock-pledged financing business, and the margin financing and securities lending business, which are updated based on the periodic assessment of customers' ability to repay. The Credit and Risk Management Department monitors the status of margin deposits and stock-pledged financing, and makes margin calls when necessary. In cases where customers fail to deposit more money as required, collateralized securities will be sold to control the risk. When determining the expected credit loss of the margin financing and securities lending business, securities repurchase and stock-pledged financing, the Group estimates the probability of default based on practical experience and historical data, sets loss given default based on industrial information and market data, and takes forward-looking factors into consideration.

In order to manage default risks associated with investments in credit products, for bond investments, the Group has established credit lines for counterparties and investment restrictions in accordance with their credit ratings. When determining the expected credit loss on bond investments, the Group estimates the probability of default based on the mapping relationship of rating, sets loss given default based on industrial information and market data, and takes forward-looking factors into consideration.

For trade receivables, the Group applies a simplified approach in calculating ECLs based on the historical credit loss experience, adjusted for related information specific to the debtors and the economic environment, etc.

For other financial assets where the simplified approach was not adopted, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs ("LTECL") that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Both LTECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups debt financial assets under the requirement of IFRS 9 into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When debt financial assets are first recognized, the Group recognizes an allowance based on 12-month ECLs. Stage 1 debt financial assets also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When debt financial assets have shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 debt financial assets also include financial assets, where the credit risk has improved and the financial assets have been reclassified from Stage 3.
- Stage 3: Debt financial assets are considered credit-impaired. The Group records an allowance for the LTECLs.

POCI: Purchased or originated credit-impaired ("POCI") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered to be a (partial) derecognition of the financial asset.

When estimating the ECLs, the Group considers different scenarios. Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted debt instruments are expected to be recovered, including the probability that the debt instruments will cure and the value of collateral or the amount that might be received for selling the asset.

For financial assets held under resale agreements and margin accounts receivable, the allowance for ECLs may significantly fluctuate due to the decline in fair value of collaterals caused by stock market volatility, which may not fully cover the receivables. The Group considers multiple factors to determine the allowance for ECLs, such as the credit situation, repayment ability of the debtor, the credit enhancement measures of the third party, the liquidity and disposal cycle of collaterals.

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Criteria of significant increase in credit risk

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group considers reasonable and supportable information that is available without undue cost or effort, including qualitative and quantitative analyses based on historical data, internal and external credit risk ranking, and forward-looking information. 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, on either an individual basis or a collective basis for the underlying portfolio of financial instruments with similar credit risk characteristics, to determine the change in the risk of a default occurring over the expected life of the financial instrument.

Relevant considerations in assessing whether the credit risk on the financial instrument has increased significantly include: whether the probability of default has increased significantly at the reporting date since initial recognition, whether the borrower's operating and financial condition has significant and adverse changes, whether the maintenance margin ratio has under a force liquidation level, whether the latest rating has under investment grade. Generally, the credit risk on a financial instrument is considered to have increased significantly when the contractual payment is more than or equal to 30 days past due regardless of the way in which the Group assesses significant increases in credit risk unless the Group has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly.

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Definition of credit-impaired financial asset

Credit impairment may be due to the combined effect of several events rather than a single discrete event. To determine whether a financial asset is credit-impaired, the Group considers one or more of the following both quantitative and qualitative indicators:

- The borrower is more than 90 days past due on its contractual payments;
- The collateral valuation falls short of the related loan amounts;
- The latest ratings are in default grade;
- Significant financial difficulty of the issuer or the borrower;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The Group, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- Other circumstances that show financial assets are credit-impaired.

For Stock-pledged financing, based on the borrowers' credit quality, contract maturity date, the related collateral securities information, which includes the sector situation, liquidity discount factor, restrictions, concentration, volatility, maintenance margin ratio, issuers' operation condition and related information, the Group sets differentiated collateral to loan ratios (generally no less than 130%) as force liquidation thresholds against different exposures related to these transactions.

- Stock-pledged financing with maintenance margin ratio above the force liquidation thresholds, past due for no more than 30 days are classified under Stage 1;
- Stock-pledged financing with maintenance margin ratio above 100% while fall below the force liquidation thresholds, past due for more than 30 days but less than 90 days are classified under Stage 2;
- Stock-pledged financing with maintenance margin ratio fall below 100%, past due for more than 90 days are classified under Stage 3.

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Key parameters for expected credit losses

Depending on whether the credit risk is significantly increased or credit-impaired, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month or lifetime expected credit losses. The key parameters for measuring expected credit losses include the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). The Group considers the quantitative analysis of historical data (such as the credit rating of counter parties, ways of guarantee, the category of collateral, and ways of repayment, etc.) and forward-looking information, to establish a model of PD, LGD, and EAD.

Methods that is used in the calculation of expected credit losses

The Group considers PD/LGD impact on measuring expected credit losses:

- PD is an estimate of the likelihood that a borrower will be unable to meet its debt obligations over the future 12 months or the whole remaining lifetime. The Group estimates PD based on the historical default data, internal and external credit ratings and forward-looking information, etc.
- LGD is the estimated share of the exposure at default that is lost when a borrower defaults. LGD varies depending on the category of counterparties, ways and priority of recourse, and the category of collateral. LGD is the percentage of loss when default occurs;
- EAD is an estimation of the extent to which the Group may be exposed to a counterparty in the event of the counterparty's default in the future 12 months or the whole remaining lifetime;
- Forward-looking information, both the assessment of a significant increase in credit risk and calculation of expected credit losses include forward-looking information. The Group identifies the key economic factors affecting credit risk and the expected credit losses of different kinds of business based on historical data analysis. The Group forecasts economic factors periodically and applies expert judgments to determine the impact of forward-looking information on PD, etc.

For Stock-pledged financing, the Group periodically make assessments on the borrowers' credit risk based on available internal and external information, such as: historical default data, maintenance margin ratio, the liquidity, etc. Loss ratio (considers PD& LGD) applied by the Group under the 3 stages as at 31 December 2023 were as follows:

Stage 1: no less than 0.2% according to different maintenance margin ratios;

Stage 2: 0.5% to 10% according to different maintenance margin ratios;

Stage 3: Evaluate and determine the allowance for ECLs after considering the recoverable amount of each contract based on multiple factors, including qualitative and quantitative indicators such as the value of collaterals, maintenance margin ratio, the credit quality and repayment ability of the borrower, other collaterals conditions, the credit enhancement measures of the third party.

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Methods that is used in the calculation of expected credit losses *(continued)*

(i) Maximum exposure to credit risk

The table below summarizes the Group's maximum exposure to credit risk without taking account of any collateral and other credit enhancements.

	As at 31 December	
	2023	2022
Debt instruments at fair value through other comprehensive income	94,146,785	61,189,315
Financial assets held under resale agreements	69,666,091	71,136,220
Financial assets at fair value through profit or loss	174,846,244	162,872,533
Debt investments at amortised cost	3,614,543	3,156,149
Refundable deposits	56,787,627	58,922,817
Other non-current assets	199,939	106,576
Accounts receivable	16,823,117	11,759,050
Other current assets	944,794	821,367
Margin accounts receivable	89,753,965	87,115,509
Derivative financial assets	9,672,698	8,232,823
Clearing settlement funds	7,315,428	7,414,914
Cash held on behalf of brokerage customers	141,939,238	158,867,961
Bank balances	30,739,465	30,747,456
	<hr/>	<hr/>
Total maximum credit risk exposure	696,449,934	662,342,690

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(3) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities for shortage of capital or fund. The Group has adopted the following measures to manage liquidity risk:

Risk monitoring system built using net capital as the core indicator

The Group establishes a risk monitoring system using net capital as the core indicator and includes other indicators such as the risk coverage ratio, capital leverage ratio, etc. according to "Administrative Measures for Risk Control Indicators of Securities Companies". Meanwhile, the Company strictly adheres to the requirements as per "Guidance for Liquidity Risk Management of Securities Companies" and sets up a framework of the liquidity risk management which features with the liquidity coverage ratio and the net stable funding ratio as the core indicators. The Company continually monitors these indicators and maintains sufficient liquidity reserves by establishing multi-hierarchies of an efficient liquid asset management system.

Strictly controlling the scale of the proprietary trading business

The Group controls the scale of the proprietary trading business strictly. The proprietary investment to net capital ratio falls within the safety zone determined by the regulators. In addition, the Group also sets limits on the percentage of investments in securities and monitors them on a timely basis.

Implementation of risk budget

With the authorization of the Board of Directors, the Group prepares a risk budget for all businesses twice a year, i.e. at the beginning and in the middle of a year. Liquidity risk management is included as part of the risk budget.

Temporary liquidity replenishment mechanism

The Group has business cooperation with various commercial banks and obtains appropriate credit facilities, so as to establish a temporary liquidity replenishment mechanism. The commercial banks agreed to provide an overdraft facility amounting to RMB15,000 million and RMB13,000 million as at 31 December 2023 and 2022, respectively, in case of any temporary position shortage.

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(3) Liquidity risk *(continued)*

Temporary liquidity replenishment mechanism *(continued)*

The table below lists the maturity profiles of financial liabilities of the Group based on the remaining undiscounted contractual cash flows:

31 December 2023	On demand	Within 1		3 months		Over 5 years	Total
		month	1 to 3 months	to 1 year	1 to 5 years		
Financial liabilities							
Loans and borrowings	-	8,993,573	2,074,980	662,664	106,693	515,210	12,353,120
Short-term debt instruments	-	1,103,819	9,647,281	8,836,376	-	-	19,587,476
Placements from other financial institutions	-	5,532,032	5,175,560	1,116,895	-	-	11,824,487
Accounts payable to brokerage customers	178,055,072	-	-	-	-	-	178,055,072
Financial assets sold under repurchase agreements	-	190,080,011	11,355,246	15,869,245	-	-	217,304,502
Financial liabilities at fair value through profit or loss	-	10,264,876	12,772,139	34,586,613	16,796,959	403,674	74,824,261
Derivative financial liabilities	11,180	1,239,325	2,358,279	5,190,631	1,989,997	699,194	11,488,606
Bonds payable	-	5,981,750	420,616	29,675,215	91,370,725	18,157,000	145,605,306
Lease liabilities	-	69,849	127,682	475,325	1,228,150	51,805	1,952,811
Other current liabilities	3,760,684	75,067,948	480,140	1,567,931	-	-	80,876,703
Total financial liabilities	181,826,936	298,333,183	44,411,923	97,980,895	111,492,524	19,826,883	753,872,344
31 December 2022	On demand	Within 1		3 months		Over 5 years	Total
		month	1 to 3 months	to 1 year	1 to 5 years		
Financial liabilities							
Loans and borrowings	21,483	9,845,839	4,542	23,544	109,095	545,611	10,550,114
Short-term debt instruments	-	755,535	1,946,749	11,088,728	-	-	13,791,012
Placements from other financial institutions	-	4,833,546	4,734,911	3,465,852	-	-	13,034,309
Accounts payable to brokerage customers	195,718,783	-	-	-	-	-	195,718,783
Financial assets sold under repurchase agreements	387,756	148,188,040	11,915,498	13,094,877	-	-	173,586,171
Financial liabilities at fair value through profit or loss	22,434	19,128,489	19,641,318	9,535,311	26,721,315	-	75,048,867
Derivative financial liabilities	14,011	734,119	5,083,598	3,137,097	821,618	216	9,790,659
Bonds payable	-	4,437,450	4,263,019	28,526,939	84,196,740	18,765,740	140,189,888
Lease liabilities	-	64,756	106,714	452,676	1,320,373	54,563	1,999,082
Other current liabilities	1,309,764	60,703,869	1,055,336	513,769	-	-	63,582,738
Total financial liabilities	197,474,231	248,691,643	48,751,685	69,838,793	113,169,141	19,366,130	697,291,623

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates, exchange rates and securities' market prices.

The Group also engages in the stock and bond underwriting business, and may commit to purchase any remaining shares or bonds in standby underwriting agreements. Under these circumstances, the Group faces the risk that the market prices of the left-over portion may fall below the subscription price due to changes in market conditions.

The Group sets the maximum exposure for market risk. The monitoring and measurement of the exposure is determined according to the principal amount and the stop-loss limit. Market risk is controlled within the predetermined range set by management.

(i) 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's exposure to interest rate risk relates primarily to financial instruments that are interest-bearing.

The tables below summarize the interest rate risk of the Group. Financial assets and liabilities are presented with reference to the earlier of the contractual repricing dates or maturity dates, and are stated at their carrying amounts.

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT (continued)

(4) Market risk (continued)

(i) Interest rate risk (continued)

31 December 2023	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Debt instruments at fair value through other comprehensive income	762,800	375,532	7,960,481	56,868,133	26,860,440	1,319,399	94,146,785
Equity Instruments at fair value through other comprehensive income	-	-	-	-	-	1,875,680	1,875,680
Debt investments at amortised cost	109,989	-	489,383	59,948	2,947,748	7,475	3,614,543
Financial assets held under resale agreements	44,802,587	3,336,874	19,492,646	1,780,530	-	253,454	69,666,091
Financial assets at fair value through profit or loss	6,640,522	5,797,592	62,140,920	71,854,604	27,416,494	198,724,108	372,574,240
Refundable deposits	879,793	-	-	-	-	55,907,834	56,787,627
Other non-current assets	-	-	-	-	-	199,939	199,939
Accounts receivable	-	-	-	-	-	16,823,117	16,823,117
Other current assets	-	-	-	-	-	944,794	944,794
Margin accounts receivable	7,695,326	25,078,847	54,995,869	-	-	1,983,923	89,753,965
Derivative financial assets	138,308	66,607	533,945	313,559	2,088	8,618,191	9,672,698
Clearing settlement funds	7,302,678	-	-	-	-	12,750	7,315,428
Cash held on behalf of brokerage customers	91,699,074	11,685,958	38,010,000	-	-	544,206	141,939,238
Cash and bank balances	26,294,859	989,579	3,355,406	-	-	100,066	30,739,910
Total	186,325,936	47,330,989	186,978,650	130,876,774	57,226,770	287,314,936	896,054,055
	Within		3 months			Non-interest	
31 December 2023	1 month	1 to 3 months	to 1 year	1 to 5 years	Over 5 years	bearing	Total
Financial liabilities							
Loans and borrowings	8,927,792	2,024,452	636,912	40,000	499,000	83,086	12,211,242
Short-term debt instruments	1,045,417	9,398,903	8,635,493	-	-	292,281	19,372,094
Placements from other financial institutions	5,520,884	5,112,792	1,063,723	-	-	47,503	11,744,902
Accounts payable to brokerage customers	144,241,062	-	-	-	-	33,814,010	178,055,072
Financial assets sold under repurchase agreements	189,742,127	11,175,733	15,411,113	-	-	500,617	216,829,590
Financial liabilities at fair value through profit or loss	8,667,035	12,772,139	33,078,252	16,552,410	403,674	3,350,751	74,824,261
Derivative financial liabilities	139,984	211,298	555,469	238,577	1,824	10,341,454	11,488,606
Bonds payable	5,499,504	-	26,411,256	84,001,169	16,000,934	2,112,680	134,025,543
Lease liabilities	64,821	117,748	432,702	1,164,488	49,592	-	1,829,351
Other current liabilities	-	-	-	-	-	80,876,703	80,876,703
Total	363,848,626	40,813,065	86,224,920	101,996,644	16,955,024	131,419,085	741,257,364
Interest rate sensitivity exposure	(177,522,690)	6,517,924	100,753,730	28,880,130	40,271,746	155,895,851	154,796,691

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT (continued)

(4) Market risk (continued)

(i) Interest rate risk (continued)

31 December 2022	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Debt instruments at fair value through other comprehensive income	413,414	446,611	3,897,630	46,979,354	8,505,794	946,512	61,189,315
Equity Instruments at fair value through other comprehensive income	-	-	-	-	-	2,331,288	2,331,288
Debt investments at amortised cost	-	110,159	257,917	140,564	2,646,972	537	3,156,149
Financial assets held under resale agreements	45,623,489	3,315,378	21,714,018	298,307	-	185,028	71,136,220
Financial assets at fair value through							
profit or loss	2,405,203	8,249,079	44,836,919	79,468,275	26,311,745	170,130,023	331,401,244
Refundable deposits	1,063,211	-	-	-	-	57,859,606	58,922,817
Other non-current assets	-	-	-	-	-	106,576	106,576
Accounts receivable	-	-	-	-	-	11,759,050	11,759,050
Other current assets	-	-	103,500	-	-	717,867	821,367
Margin accounts receivable	4,649,573	26,319,598	54,305,354	-	-	1,840,984	87,115,509
Derivative financial assets	2,425	46,765	124,953	450,074	191	7,608,415	8,232,823
Clearing settlement funds	7,406,754	-	-	-	-	8,160	7,414,914
Cash held on behalf of brokerage customers	105,634,259	13,051,939	39,660,000	-	-	521,763	158,867,961
Cash and bank balances	28,525,112	231,849	1,779,200	-	-	211,763	30,747,924
Total	<u>195,723,440</u>	<u>51,771,378</u>	<u>166,679,491</u>	<u>127,336,574</u>	<u>37,464,702</u>	<u>254,227,572</u>	<u>833,203,157</u>
Financial liabilities							
Loans and borrowings	9,820,249	-	10,000	40,000	509,000	27,449	10,406,698
Short-term debt instruments	754,754	1,899,633	10,926,481	-	-	68,611	13,649,479
Placements from other financial institutions	4,812,803	4,688,427	3,427,652	-	-	38,323	12,967,205
Accounts payable to brokerage customers	154,314,932	-	-	-	-	41,403,851	195,718,783
Financial assets sold under							
repurchase agreements	148,419,131	11,739,501	12,771,812	-	-	306,238	173,236,682
Financial liabilities at fair value through							
profit or loss	16,884,421	19,641,318	9,535,310	26,146,872	-	2,840,946	75,048,867
Derivative financial liabilities	3,389	104,783	62,792	150,511	216	9,468,968	9,790,659
Bonds payable	3,999,810	3,998,092	25,171,827	76,673,361	15,987,963	2,052,541	127,883,594
Lease liabilities	59,570	96,814	415,091	1,261,950	51,750	-	1,885,175
Other current liabilities	37,744	-	-	-	-	63,544,994	63,582,738
Total	<u>339,106,803</u>	<u>42,168,568</u>	<u>62,320,965</u>	<u>104,272,694</u>	<u>16,548,929</u>	<u>119,751,921</u>	<u>684,169,880</u>
Interest rate sensitivity exposure	<u>(143,383,363)</u>	<u>9,602,810</u>	<u>104,358,526</u>	<u>23,063,880</u>	<u>20,915,773</u>	<u>134,475,651</u>	<u>149,033,277</u>

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(i) Interest rate risk *(continued)*

Sensitivity analysis

The Group uses sensitivity analysis to measure the impact on net interest income, fair value gains or losses and equity due to changes in interest rates. The sensitivity of net interest income represents the fluctuation of net interest income, as a result of certain changes in interest rates, arising from financial assets and liabilities held at the year end which will be repriced within the next year. The sensitivity of fair value gains or losses and equity are calculated as the fluctuations in fair values of fixed-rate financial assets that are classified at fair value through profit or loss and debt instruments at fair value through other comprehensive income, due to certain changes in interest rates.

The table below summarizes the results of the sensitivity analysis, and shows the impact on net profits and other comprehensive income (net of tax) resulting from a reasonably possible change in the interest rate, based on the assets and liabilities held as at 31 December 2023 and 2022, with all other variables held constant.

	As at 31 December			
	2023			
	+50 BP	- 50 BP	2022 +50 BP	- 50 BP
Change in				
– net profit	(962,088)	984,326	(660,548)	664,006
– other comprehensive income	<u>(994,802)</u>	<u>1,032,694</u>	<u>(589,467)</u>	<u>608,027</u>
Change in equity	<u>(1,956,890)</u>	<u>2,017,020</u>	<u>(1,250,015)</u>	<u>1,272,033</u>

(ii) Currency risk

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from movements in foreign exchange rates. The Group's currency risk primarily relates to business activities denominated in foreign currencies different from the Group's functional currency, and its net investments in foreign subsidiaries.

Except for the subsidiaries incorporated in Hong Kong which hold assets mainly denominated in HKD, the assets and liabilities denominated in foreign currencies represent only an insignificant portion of the Group's entire assets and liabilities.

The Group's currency risk is not material because the net foreign currency exposure is relatively low.

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(iii) Price risk

Price risk is the risk that the fair value of equity securities declines because of unfavorable changes in the stock index level or the price of individual securities.

The Group mainly invests in listed equity securities, warrants, funds, stock futures, etc. The Group's maximum exposure to price risk is determined by the fair value of financial instruments it holds.

The above financial instruments are exposed to price risk due to fluctuations in fair values, which can be caused by factors specific to individual financial instruments or their issuers, or factors affecting all financial instruments traded in the market.

The analysis below is to show the impact on net profit and other comprehensive income (net of tax) due to changes in fair values of investments in equity securities, funds, equity derivative financial assets/liabilities, trust products, stock futures and other equity investments by 10%, based on the carrying amounts at the end of each reporting period, with all other variables held constant.

Sensitivity analysis

	As at 31 December			
	2023		2022	
	+10%	-10%	+10%	-10%
Change in				
– net profit	9,621,686	(9,621,686)	11,219,460	(11,219,460)
– other comprehensive income	141,265	(141,265)	175,468	(175,468)
Change in equity	<u>9,762,951</u>	<u>(9,762,951)</u>	<u>11,394,928</u>	<u>(11,394,928)</u>

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(5) Capital management

The Group's objectives for capital management are:

- to safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
- to support the Group's stability and growth;
- to maintain a strong capital base to support the development of their business; and
- to comply with the capital requirements under the PRC and Hong Kong regulations.

The Group manages and adjusts its capital structure in accordance with changes in the economic situation and risk characteristics of relevant assets. In order to maintain or adjust its capital structure, the Company may adjust profit distribution to shareholders, return capital, issue new shares, subordinated debts and convertible bonds, etc.

The Group adopts net capital as the indicator to manage its capital. Net capital is a comprehensive risk control indicator which is calculated as net assets minus risk adjustments on certain assets, liabilities and business, determined in accordance with securities companies' business scope and liquidity of their assets and liabilities.

On 23 January 2020, the CSRC issued the Calculation Rules for Risk Control Indicators of Securities Companies, which came into effect on 1 June 2020; on 20 March 2020, the CSRC issued the Administrative Measures for Risk Control Indicators of Securities Companies (2020 amended) with amendments to the framework and criteria of risk control indicators which securities companies must be continually compliant, which came into effect on 20 March 2020. Based on the rules above and other related rules issued or revised subsequently, the Company is required to meet the following standards for risk control indicators on a continual basis:

- (i) the ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100%;
- (ii) the ratio of net capital divided by net assets shall be no less than 20%;
- (iii) the ratio of net capital divided by liabilities shall be no less than 8%;
- (iv) the ratio of net assets divided by liabilities shall be no less than 10%;
- (v) the ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100%;

Section X Independent Auditor's Report and Notes to Financial Statements

65. FINANCIAL RISK MANAGEMENT *(continued)*

(5) Capital management *(continued)*

The Group's objectives for capital management are: *(continued)*

- (vi) the ratio of the value of non-equity securities and non-equity derivatives held divided by net capital shall not exceed 500%;
- (vii) the ratio of core net capital divided by total assets on and off-balance sheet shall be no less than 8%;
- (viii) the ratio of high quality liquid assets divided by net cash outflows within 30 days shall be no less than 100%;
- (ix) the ratio of stable funds available divided by stable funds required shall be no less than 100%; and
- (x) the ratio of the value of margin financing, securities lending, stock-pledged financing and securities repurchase divided by net capital shall not exceed 400%.

Certain subsidiaries of the Company are also subject to capital requirements under the PRC and Hong Kong regulations, imposed by the CSRC and the Hong Kong Securities and Futures Commission, respectively.

66. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable and willing parties in an arm's length transaction. Methods and assumptions below are used to estimate the fair value.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments.

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

Section X Independent Auditor's Report and Notes to Financial Statements

66. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(1) Fair values of the financial assets and financial liabilities that are measured at fair value on a recurring basis:

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
At fair value through profit or loss				
– Debt securities	2,009,104	154,548,047	992,293	157,549,444
– Funds	38,367,265	65,621,022	5,476,698	109,464,985
– Equity securities	59,424,607	6,558,214	3,189,504	69,172,325
– Other investments	1,626,440	29,129,843	5,631,203	36,387,486
Debt instruments at fair value through other comprehensive income				
– Debt securities	542,068	93,604,717	–	94,146,785
Equity Instruments at fair value through other comprehensive income				
– Equity securities	1,702,561	1,417	171,702	1,875,680
Derivative financial assets	<u>965,029</u>	<u>8,707,669</u>	–	<u>9,672,698</u>
Total	<u>104,637,074</u>	<u>358,170,929</u>	<u>15,461,400</u>	<u>478,269,403</u>
Financial liabilities at fair value through profit or loss				
At fair value through profit or loss				
– Equity securities	1,539,627	–	–	1,539,627
– Debt securities	–	1,470,697	–	1,470,697
– Others	–	142,270	–	142,270
Designated as at fair value through profit or loss				
– Debt securities	–	63,196,442	6,806,371	70,002,813
– Others	1,062,193	114,964	491,697	1,668,854
Derivative financial liabilities	<u>640,667</u>	<u>10,847,939</u>	–	<u>11,488,606</u>
Total	<u>3,242,487</u>	<u>75,772,312</u>	<u>7,298,068</u>	<u>86,312,867</u>

Section X Independent Auditor's Report and Notes to Financial Statements

66. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(1) Fair values of the financial assets and financial liabilities that are measured at fair value on a recurring basis: (continued)

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
At fair value through profit or loss				
– Debt securities	914,061	146,496,581	1,147,782	148,558,424
– Funds	33,710,515	57,676,142	5,593,489	96,980,146
– Equity securities	37,659,457	10,310,967	3,320,652	51,291,076
– Other investments	1,144,555	27,690,021	5,737,022	34,571,598
Debt instruments at fair value through other comprehensive income				
– Debt securities	279,271	60,910,044	–	61,189,315
Equity Instruments at fair value through other comprehensive income				
– Equity securities	2,081,878	3,097	246,313	2,331,288
Derivative financial assets	<u>699,956</u>	<u>7,532,867</u>	<u>–</u>	<u>8,232,823</u>
Total	<u>76,489,693</u>	<u>310,619,719</u>	<u>16,045,258</u>	<u>403,154,670</u>
Financial liabilities at fair value through profit or loss				
At fair value through profit or loss				
– Equity securities	543,882	–	–	543,882
– Debt securities	–	9,503,187	–	9,503,187
– Others	–	640,856	–	640,856
Designated as at fair value through profit or loss				
– Debt securities	–	55,870,959	6,833,775	62,704,734
– Others	420,047	728,148	508,013	1,656,208
Derivative financial liabilities	<u>216,732</u>	<u>9,573,927</u>	<u>–</u>	<u>9,790,659</u>
Total	<u>1,180,661</u>	<u>76,317,077</u>	<u>7,341,788</u>	<u>84,839,526</u>

During the year mentioned above, there were no significant transfers of fair value measurements between Level 1 and Level 2.

Section X Independent Auditor's Report and Notes to Financial Statements

66. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(2) Valuation process and methods for specific investments

As at the end of the reporting period, the Group's valuation methods and assumptions are as follows:

Level 1

Fair value of financial investment is based on quoted prices (unadjusted) reflected in active markets for identical assets or liabilities.

Level 2

Fair value of financial investment is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

During the year, the Group held no changes on the valuation techniques for Level 2.

Level 3

Fair value of financial investment is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For certain unlisted equity securities and debt securities, the Group adopts the valuation techniques and quotation from counterparties' quotations or valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, the market comparison approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as credit spread, price to book ratio, price to earnings ratio, liquidity discount, etc. Fair value change resulting from changes in the unobservable inputs was not significant. The Finance Department periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

Section X Independent Auditor's Report and Notes to Financial Statements

66. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(3) Movements in Level 3 financial instruments measured at fair value:

	Year ended 31 December 2023		
	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss
As at 1 January 2023	15,798,945	246,313	(7,341,788)
Gains/(losses) for the year	56,147	-	265,057
Changes in fair value recognized in other comprehensive income	107,259	(6,954)	(97,272)
Additions	638,175	186	(54,066)
Transfers in	118,161	-	(180,413)
Transfers out	(304,724)	(80)	-
Decreases	(1,124,265)	(67,763)	110,414
As at 31 December 2023	<u>15,289,698</u>	<u>171,702</u>	<u>(7,298,068)</u>
	Year ended 31 December 2022		
	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss
As at 1 January 2022	13,260,475	307,721	(5,818,073)
Gains/(losses) for the year	685,304	-	(1,094,235)
Changes in fair value recognized in other comprehensive income	-	(73,469)	-
Additions	1,404,751	25,000	(1,293,064)
Transfers in	1,153,978	67	-
Transfers out	(10,906)	-	-
Decreases	(694,657)	(13,006)	863,584
As at 31 December 2022	<u>15,798,945</u>	<u>246,313</u>	<u>(7,341,788)</u>

Section X Independent Auditor's Report and Notes to Financial Statements

66. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(4) Important unobservable input value in fair value measurement of Level 3

For financial instruments in Level 3, prices are determined using valuation techniques such as discounted cash flow models and other similar techniques. Categorization of fair value measured within Level 3 of the valuation hierarchy is generally based on the significance of the unobservable inputs to the overall fair value measurement. The following table presents the valuation techniques and inputs of major financial instruments in Level 3.

As at 31 December 2023:

Financial assets/liabilities	Fair value	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Stocks/unlisted equity investments	2,688,522	Market approach	Discount for lack of marketability	The higher the discount, the lower the fair value
Stocks/unlisted equity investments	485,708	Recent transaction price	N/A	N/A
Stocks/unlisted equity investments	102,468	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Stocks/unlisted equity investments	84,508	Net Asset Value	N/A	N/A
Debt investments	191,144	Market approach	Pricing multiples	The higher the pricing multiples, the higher the fair value
Debt investments	801,149	Income approach	Collateral Value	N/A
Unlisted funds	4,703,494	Net Asset Value	N/A	N/A
Unlisted funds	773,204	Market approach	Discount for lack of marketability	The higher the discount, the lower the fair value
Other investments	5,631,203	Net Asset Value	N/A	N/A
Financial liabilities	(452,663)	Market approach	Discount for lack of marketability	The higher the discount, the lower the fair value
Financial liabilities	(6,845,405)	Recent transaction price	N/A	N/A

Section X Independent Auditor's Report and Notes to Financial Statements

66. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(4) Important unobservable input value in fair value measurement of Level 3 (continued)

As at 31 December 2022:

Financial assets/liabilities	Fair value	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Stocks/unlisted equity investments	1,344,243	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Stocks/unlisted equity investments	2,132,773	Recent transaction price	N/A	N/A
Stocks/unlisted equity investments	89,949	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Debt investments	175,653	Market comparable model	Pricing multiples	The higher the pricing multiples, the higher the fair value
Debt investments	972,129	Discounted cash flow model	Collateral Value	N/A
Unlisted funds	2,749,040	Net Asset Value	N/A	N/A
Unlisted funds	722,038	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Unlisted funds	2,122,411	Recent transaction price	N/A	N/A
Other investments	5,737,022	Net Asset Value	N/A	N/A
Financial liabilities	(508,013)	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Financial liabilities	(6,833,775)	Recent transaction price	N/A	N/A

The fair value of the financial instruments in Level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

Section X Independent Auditor's Report and Notes to Financial Statements

66. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(5) Financial assets and liabilities not measured at fair value

As at 31 December 2023 and 31 December 2022, the carrying amounts of the Group's financial instruments carried at cost or amortized cost approximated their fair values, except for debt investments at amortised cost and bonds payable, whose carrying amounts and fair values are summarized below.

As at 31 December 2023					
	Carrying amounts	Fair values	Level 1	Level 2	Level 3
Debt investments at amortised cost	3,614,543	3,724,471	-	3,724,471	-
Bonds payable	<u>134,025,543</u>	<u>135,563,842</u>	<u>6,286,081</u>	<u>129,277,761</u>	<u>-</u>
As at 31 December 2022					
	Carrying amounts	Fair values	Level 1	Level 2	Level 3
Debt investments at amortised cost	3,156,149	3,230,273	-	3,230,273	-
Bonds payable	<u>127,883,594</u>	<u>129,829,813</u>	<u>73,999,473</u>	<u>55,830,340</u>	<u>-</u>

67. EVENTS AFTER THE REPORTING PERIOD

1. Issuance of short-term financing bills

On 10 January 2024, the Company has issued 1st batch of short-term financing bills. The bills are of 168 days with a nominal amount of RMB2 billion, bearing interest at 2.43% per annum.

2. Issuance of subordinated bonds

On 1 March 2024, the Company's subsidiary, Guotai Junan Futures Co., Ltd. has issued 1st batch of subordinated bonds. The bonds are of 3 years with a nominal amount of RMB1 billion, bearing interest at 2.77% per annum.

Section X Independent Auditor's Report and Notes to Financial Statements

67. EVENTS AFTER THE REPORTING PERIOD *(continued)*

3. Drawdown of medium term notes

From 1 January 2024 to the date of this report, the Company's subsidiary, Guotai Junan Holdings Limited issued 3 medium-term notes with a total amount of USD35 million and RMB0.8 billion. The Company provided unconditional and irrevocable guarantee under the medium term note programme.

From 1 January 2024 to the date of this report, GJIHL issued 14 medium-term notes with a total amount of USD580.4 million and RMB1.849 billion.

Section X Independent Auditor's Report and Notes to Financial Statements

68. STANDARDS AND AMENDMENTS RELEVANT TO THE GROUP THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED BEFORE THEIR EFFECTIVE DATES IN 2023

The Group has not adopted the following new standards and amendments that have been issued by the IASB but are not yet effective.

		Effective for annual periods beginning on or after
(1)	Amendments to IAS 1 Non-current liabilities with covenants and classification of liabilities as current or non-current	1 January 2024
(2)	Amendments to IFRS 16 Lease liability in a sale and leaseback	1 January 2024
(3)	Amendments to IAS 7 and IFRS 17 Supplier finance arrangements	1 January 2024
(4)	Amendments to IAS 21 Lack of exchangeability	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a material impact on the Group's consolidated financial statements.

Section X Independent Auditor's Report and Notes to Financial Statements

69. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2023	2022 (Restated)
Non-current assets		
Property and equipment	2,684,853	1,510,995
Right-of-use assets	1,236,704	1,290,601
Other intangible assets	729,392	646,138
Investments in subsidiaries	27,448,144	26,965,388
Investments in associates	4,928,706	4,855,225
Debt instruments at fair value through other comprehensive income	76,450,493	50,929,592
Equity instruments at fair value through other comprehensive income	1,550,102	1,639,620
Financial assets held under resale agreements	1,783,561	298,860
Financial assets at fair value through profit or loss	3,852,843	4,102,149
Refundable deposits	13,847,121	14,692,377
Deferred tax assets	1,763,503	1,336,422
Other non-current assets	161,968	112,606
Total non-current assets	136,437,390	108,379,973
Current assets		
Accounts receivable	6,451,225	4,862,372
Other current assets	8,345,141	9,225,810
Margin accounts receivable	84,532,693	81,509,790
Debt instruments at fair value through other comprehensive income	7,078,755	4,480,350
Financial assets held under resale agreements	63,002,680	67,448,024
Financial assets at fair value through profit or loss	265,940,677	242,611,338
Derivative financial assets	9,173,457	7,014,244
Clearing settlement funds	8,730,916	7,994,016
Cash held on behalf of brokerage customers	75,928,104	86,690,419
Cash and bank balances	20,329,917	20,304,454
Total current assets	549,513,565	532,140,817
Total assets	685,950,955	640,520,790

Section X Independent Auditor's Report and Notes to Financial Statements

69. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

	As at 31 December	
	2023	2022 <i>(Restated)</i>
Current liabilities		
Short-term debt instruments	16,826,694	10,268,654
Placements from other financial institutions	11,744,902	12,967,205
Accounts payable to brokerage customers	79,730,022	88,991,027
Employee benefits payable	5,472,361	6,432,071
Income tax payable	727,115	1,211,538
Financial assets sold under repurchase agreements	191,780,268	155,980,534
Financial liabilities at fair value through profit or loss	26,783,279	32,308,840
Derivative financial liabilities	11,533,724	9,492,608
Bonds payable	30,298,960	33,724,583
Contract liabilities	64,170	79,730
Lease liabilities	467,715	436,745
Other current liabilities	64,553,171	53,213,786
Total current liabilities	439,982,381	405,107,321
Net current assets	109,531,184	127,033,496
Total assets less current liabilities	245,968,574	235,413,469
Non-current liabilities		
Loans and borrowings	549,552	559,151
Bonds payable	91,559,096	85,778,869
Lease liabilities	918,015	1,003,165
Financial liabilities at fair value through profit or loss	6,814,325	8,663,667
Other non-current liabilities	328,897	335,976
Total non-current liabilities	100,169,885	96,340,828
Net assets	145,798,689	139,072,641
Equity		
Share capital	8,904,611	8,906,673
Other equity instruments	19,918,679	16,046,936
Treasury shares	(361,484)	(393,371)
Reserves	76,472,324	73,733,814
Retained profits	40,864,559	40,778,589
Total equity	145,798,689	139,072,641

Section X Independent Auditor's Report and Notes to Financial Statements

69. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Reserves								
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Treasury Shares	Retained profits	Total
At 31 December 2022									
(restated)	<u>8,906,673</u>	<u>16,046,936</u>	<u>44,619,271</u>	<u>208,626</u>	<u>7,172,529</u>	<u>21,733,388</u>	<u>(393,371)</u>	<u>40,778,589</u>	<u>139,072,641</u>
Profit for the year	-	-	-	-	-	-	-	6,969,042	6,969,042
Other comprehensive income for the year	-	-	-	<u>92,823</u>	-	-	-	-	<u>92,823</u>
Total comprehensive income for the year	-	-	-	<u>92,823</u>	-	-	-	<u>6,969,042</u>	<u>7,061,865</u>
Issue of perpetual bonds	-	5,000,000	(19,623)	-	-	-	-	-	4,980,377
Appropriation to general reserve	-	-	-	-	-	1,393,808	-	(1,393,808)	-
Dividends	-	-	-	-	-	-	-	(4,719,402)	(4,719,402)
Distribution to other equity instrument holders	-	-	-	-	-	-	-	(758,500)	(758,500)
Other comprehensive income that has been reclassified to retained profits	-	-	-	11,362	-	-	-	(11,362)	-
Conversion of convertible bonds	95	(1,128,257)	1,130,011	-	-	-	-	-	1,849
Shares repurchased	-	-	-	-	-	-	(14,188)	-	(14,188)
Deregistration of treasury shares	(2,157)	-	(12,031)	-	-	-	14,188	-	-
Equity-settled share-based payments	-	-	<u>142,160</u>	-	-	-	<u>31,887</u>	-	<u>174,047</u>
At 31 December 2023	<u>8,904,611</u>	<u>19,918,679</u>	<u>45,859,788</u>	<u>312,811</u>	<u>7,172,529</u>	<u>23,127,196</u>	<u>(361,484)</u>	<u>40,864,559</u>	<u>145,798,689</u>

Section X Independent Auditor's Report and Notes to Financial Statements

69. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Reserves								Total
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Treasury Shares	Retained profits	
At 31 December 2021	8,908,450	11,071,656	44,354,202	622,207	7,172,529	19,897,884	(638,820)	39,930,079	131,318,187
Adjustment on initial application of Amendments to IAS12	-	-	-	-	-	3,547	-	14,189	17,736
As at 1 January 2022	8,908,450	11,071,656	44,354,202	622,207	7,172,529	19,901,431	(638,820)	39,944,268	131,335,923
Profit for the year	-	-	-	-	-	-	-	9,159,783	9,159,783
Other comprehensive income for the year	-	-	-	(448,049)	-	-	-	-	(448,049)
Total comprehensive income for the year	-	-	-	(448,049)	-	-	-	9,159,783	8,711,734
Issue of perpetual bonds	-	4,975,283	-	-	-	-	-	-	4,975,283
Appropriation to general reserve	-	-	-	-	-	1,831,957	-	(1,831,957)	-
Dividends	-	-	-	-	-	-	-	(6,056,537)	(6,056,537)
Distribution to other equity instrument holders	-	-	-	-	-	-	-	(402,500)	(402,500)
Other comprehensive income that has been reclassified to retained profits	-	-	-	34,468	-	-	-	(34,468)	-
Conversion of convertible bonds	1	(3)	21	-	-	-	-	-	19
Deregistration of treasury shares	(1,778)	-	(10,810)	-	-	-	12,588	-	-
Equity-settled share-based payments	-	-	275,858	-	-	-	232,861	-	508,719
At 31 December 2022 (restated)	<u>8,906,673</u>	<u>16,046,936</u>	<u>44,619,271</u>	<u>208,626</u>	<u>7,172,529</u>	<u>21,733,388</u>	<u>(393,371)</u>	<u>40,778,589</u>	<u>139,072,641</u>

70. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on 28 March 2024.

Section XI Information Disclosure of Securities Company

I. RELEVANT INFORMATION ABOUT SIGNIFICANT ADMINISTRATIVE PERMISSIONS FOR THE COMPANY

Applicable Not applicable

(I) Administrative Permissions of the Company

No.	Date of approval	Headings of approval	No. of approval
1	18 April 2023	Reply on Approving the Registration of the Public Offering of Subordinated Corporate Bonds by Guotai Junan Securities Co., Ltd. to Professional Investors	Zheng Jian Xu Ke [2023] No. 835
2	18 April 2023	Reply on Approving the Registration of the Public Offering of Short-term Corporate Bonds by Guotai Junan Securities Co., Ltd. to Professional Investors	Zheng Jian Xu Ke [2023] No. 836
3	27 October 2023	Reply on Approving the Registration of the Public Offering of Perpetual Subordinated Corporate Bonds by Guotai Junan Securities Co., Ltd. to Professional Investors	Zheng Jian Xu Ke [2023] No.2441
4	29 January 2024	Reply on Approving the Registration of the Public Offering of Corporate Bonds by Guotai Junan Securities Co., Ltd. to Professional Investors	Zheng Jian Xu Ke [2024] No.160

II. RESULT OF CLASSIFICATION OF THE COMPANY BY REGULATORY AUTHORITY

Applicable Not applicable

The Company's classified evaluation result in 2023: Class A Grade AA.

Appendix I Business Qualifications for Each Individual Business

1. BUSINESS QUALIFICATIONS FOR EACH INDIVIDUAL BUSINESS OF THE COMPANY

No.	Approval Department	Qualification Name/Membership
1	The People's Bank of China	<p>Interbank Borrowing Qualification (Yin Huo Zheng [2000] No.122, Yin Zong Bu Han [2016] No. 22)</p> <p>Participation of Gold Trading on Shanghai Gold Exchange as an Institutional Dealer (Yin Shi Huang Jin Bei [2014] No. 143)</p> <p>Free Trade Accounting Business (August 2015)</p> <p>Participating in Southbound Trading Link Business (December 2021)</p>
2	CSRC and its local branches	<p>Permit for Securities and Futures Operation Business: securities brokerage; securities investment advisory; securities transaction and securities investment related financial advisory; securities underwriting and sponsorship; securities proprietary trading; margin financing and securities lending; agency sale of securities investment fund; agency sale of financial products; stock option market making; listed securities market making and trading business. (Number: 9131000063159284XQ)</p> <p>Online Agency Securities Trading (Zheng Jian Xin Xi Zi [2001] No.3)</p> <p>Agency Sale Business of Open-ended Securities Investment Fund (Zheng Jian Ji Jin Zi [2002] No. 31)</p> <p>Provision of Intermediary Introduction Business for Futures Companies (Zheng Jian Xu Ke [2008] No. 124, Hu Zheng Jian Ji Gou Zi [2010] No. 103)</p>

Appendix I Business Qualifications for Each Individual Business

No.	Approval Department	Qualification Name/Membership
		Participating in Stock Index Futures Transaction (Hu Zheng Jian Ji Gou Zi [2010] No. 253)
		Bond-pledged Quotation and Repurchase Business (Ji Gou Bu Bu Han [2011] No. 573, Shang Zheng Han [2013] No. 257)
		Agreed Repurchase Securities Trading Business (Ji Gou Bu Bu Han [2012] No. 250)
		Integrated Financial Services (Ji Gou Bu Bu Han [2012] No. 555)
		Margin Financing and Securities Lending Business (Zheng Jian Xu Ke [2013] No. 311)
		Agency Sale of Financial Products (Hu Zheng Jian Ji Gou Zi [2013] No. 56)
		Pilot of Agency Services for Gold and Other Precious Metal Spot Contracts and Proprietary Business for Gold Spot Contracts (Ji Gou Bu Bu Han [2014] No. 121)
		Qualification for Securities Investment Fund Custody Business (Zheng Jian Xu Ke [2014] No. 511)
		Foreign Exchange Business such as Proprietary Foreign Exchange Settlement and Sale and Foreign Exchange Settlement and Sale on behalf of Customers, Proprietary Foreign Exchange Trading and Foreign Exchange Trading on behalf of Customers (Zheng Quan Ji Jin Ji Gou Jian Guan Bu Bu Han [2014] No. 1614)
		Stock Options Market Making Business (Zheng Jian Xu Ke [2015] No. 154)

Appendix I Business Qualifications for Each Individual Business

No.	Approval Department	Qualification Name/Membership
		Proprietary Participation in Carbon Emissions Trading (Ji Gou Bu Han [2015] No. 862)
		Conducting Cross-border Business at Pilot (Ji Gou Bu Han [2017] No. 3002)
		Qualification for First-class Dealer for Over-the-counter Options (Ji Gou Bu Han [2018] No. 1789)
		Qualifications to Conduct Credit Derivative Business (Ji Gou Bu Han [2018] No. 2545)
		Stock Index Options Market Making Business (Zheng Jian Hui Ji Gou Bu Han [2019] No. 3066)
		Conducting Fund Investment Advisory Business at Pilot (Ji Gou Bu Han [2020] No. 385)
		Account Management Function Optimization Pilot Business (Ji Gou Bu Han [2021] No. 3750)
		Treasury Futures Market Making Business (Ji Gou Bu Han [2021] No. 4029)
		Listed Securities Market Making Business (Zheng Jian Xu Ke [2022] No. 2453)
		Individual Pension Fund Sales Agency (November 2022)

Appendix I Business Qualifications for Each Individual Business

No.	Approval Department	Qualification Name/Membership
3	SAC	<p>Qualification for Participating in Related Innovation Activities (February 2005)</p> <p>Pilot of Underwriting Business of SME Private Placement Bonds (Zhong Zheng Xie Han [2012] No. 378)</p> <p>OTC Trading Business (Zhong Zheng Xie Han [2012] No. 825)</p> <p>Financial Derivatives Business (Zhong Zheng Xie Han [2013] No.1224)</p>
4	China Securities Depository and Clearing Corporation Limited	<p>Agency Registration Business (April 2002)</p> <p>Clearing Participant (Zhong Guo Jie Suan Han Zi [2006] No. 67)</p> <p>Class A Clearing Participant (Zhong Guo Jie Suan Han Zi [2008] No. 24)</p> <p>Qualified Institution Establishment for Credit Protection Bond Pledge Repo Business (Zhong Guo Jie Suan Han Zi [2021] No.200)</p>
5	China Securities Finance Corporation Limited	<p>Pilot Margin and Securities Refinancing Business (Zhong Zheng Jin Han [2012] No. 116)</p> <p>Pilot Securities Refinancing Business (Zhong Zheng Jin Han [2013] No. 45)</p> <p>Science and Technology Innovation Board Securities Refinancing Business (Zhong Zheng Jin Han [2019] No. 130)</p> <p>Science and Technology Innovation Board Market Making and Bond Lending Business (Zhong Zheng Jin Han [2022] No. 272)</p>

Appendix I Business Qualifications for Each Individual Business

No.	Approval Department	Qualification Name/Membership
6	Shanghai Stock Exchange/ Shenzhen Stock Exchange	<p data-bbox="644 401 1246 422">Treasury Bonds Outright Repo Business (December 2004)</p> <p data-bbox="644 480 1358 545">Carrying out the Business of "SSE Fund Connect (上證基金通)" (July 2005)</p> <p data-bbox="644 603 1337 668">First-class Dealer for SSE 180 Trading Open-ended Index Securities Investment Fund (March 2006)</p> <p data-bbox="644 726 1342 791">Trader of Integrated Electronic Platform for Fixed Income Securities (Shang Zheng Hui Han [2007] No. 90)</p> <p data-bbox="644 849 1209 871">Qualified Investor of Block Trade System (No. A00001)</p> <p data-bbox="644 929 1358 993">Stock Pledge Repo Business (Shang Zheng Hui Zi [2013] No. 64, Shen Zheng Hui [2013] No. 58)</p> <p data-bbox="644 1052 1267 1073">Financing Business Pilot for Exercise of Options under Share</p> <p data-bbox="644 1131 1407 1196">Options Incentive Schemes of Listed Companies (Shen Zheng Han [2015] No. 15)</p> <p data-bbox="644 1254 1407 1276">Participant for Trading of Stock Options (Shang Zheng Han [2015] No. 66)</p> <p data-bbox="644 1334 1358 1399">SSE 50ETF Options Market Maker (Shang Zheng Han [2015] No. 212, Shang Zheng Gong Gao [2015] No. 4)</p> <p data-bbox="644 1457 1407 1522">Southbound Business (Shang Zheng Han [2014] No. 654, Shen Zheng Hui [2016] No. 326)</p> <p data-bbox="644 1580 1386 1645">Core Dealer of Credit Protection Contract (Shang Zheng Han [2019] No. 205)</p>

Appendix I Business Qualifications for Each Individual Business

No.	Approval Department	Qualification Name/Membership
		Business Qualification as Lead Market Maker of Listed Funds (Shang Zheng Han [2019] No. 1288)
		Credit Protection Certificate Creation Agency (Shang Zheng Han [2019] No. 2253)
		Stock Option Business (Shen Zheng Hui [2019] No. 470)
		CSI 300ETF Options Lead Market Maker (Shang Zheng Han [2019] No. 2303, Shen Zheng Hui [2019] No. 483)
		CSI 500 ETF Options Lead Market Maker (Shang Zheng Han [2022] No. 1626, Shen Zheng Hui [2022] No. 313)
		SSE Fund Connect Platform Market Maker (February 2022)
		GEM ETF Options Lead Market Maker (Shen Zheng Hui [2022] No. 313)
		SZSE 100ETF Options Lead Market Maker (Shen Zheng Hui [2022] No. 421)
		SSE Bonds Lead Market Maker, SZSE Bonds Lead Market Maker (February 2023)
		China AMC STAR 50ETF Options Lead Market Maker (Shang Zheng Gong Gao [2023] No.25)
		E FUND STAR 50ETF Options Lead Market Maker (Shang Zheng Gong Gao [2023] No.26)
		Qualification of SZSE Fund Liquidity Service Provider (2023)

Appendix I Business Qualifications for Each Individual Business

No.	Approval Department	Qualification Name/Membership
7	State Administration of Foreign Exchange	<p>Securities Brokerage and Underwriting Business of Foreign Currency (Hui Zi Zi No. SC201221)</p> <p>Transactions of Spot Settlement and Sale of Foreign Exchange, RMB and Foreign Exchange Related Derivative Business and Qualified Domestic Institutional Investor for Settlement and Sale of Foreign Exchange (Hui Fu [2014] No. 325)</p> <p>Businesses, such as Quanto Product Settlement and Sale, Foreign Exchange Settlement and Sale for QFII Custody Customer, Foreign Exchange Trading on behalf of Customers (Hui Zong Bian Han [2016] No. 505)</p> <p>Handling the Settlement and Sale of Foreign Exchange for the customers engaging in cross-border investment and financing transactions (Hui Zong Bian Han [2020] No. 469)</p> <p>Pilot Business for Settlement and Sale of Foreign Exchange on Behalf of Customers (Hui Zi Bian Han [2021] No. 238)</p>

Appendix I Business Qualifications for Each Individual Business

No.	Approval Department	Qualification Name/Membership
8	National Association of Financial Market Institutional Investors	<p>Main Underwriting Business of Debt Financing Instruments for Non-Financial Businesses (Announcement of National Association of Financial Market Institutional Investors [2012] No. 19)</p> <p>Core Dealer of Credit Risk Mitigation Instruments (December 2016)</p> <p>Creator of Credit Risk Mitigation Warrants (2017)</p> <p>Creator of Credit-linked Notes (2017)</p> <p>Independently carrying out the Main Underwriting Business of Debt Financing Instruments for Non – Financial Businesses (Zhong Shi Xie Fa [2022] No. 155)</p>
9	Shanghai Gold Exchange	<p>Special Membership (Certificate No. T002)</p> <p>International Membership (Class A) (Certificate No. IM0046)</p> <p>Qualification for Proprietary Gold Trading (Shang Jin Jiao Fa [2013] No. 107)</p> <p>Interbank Gold Price Inquiries Business (Shang Jin Jiao Fa [2014] No. 114)</p> <p>Pilot Member of Implied Volatility Curve Quotation Group for Gold Inquiry Options (November 2017)</p>

Appendix I Business Qualifications for Each Individual Business

No.	Approval Department	Qualification Name/Membership
10	National Equities Exchange and Quotations	Sponsoring Broker-dealers Market Making Business (Gu Zhuan Xi Tong Han [2013] No. 58, [2014] No. 706)
11	China Foreign Exchange Trading Center	<p>China Interbank FX Market Membership (Zhong Hui Jiao Fa [2015] No. 3)</p> <p>China Interbank FX Market Derivatives Membership (Zhong Hui Jiao Fa [2015] No. 59)</p> <p>Northbound Trading Link Business under “Bond Connect” (July 2017)</p> <p>Inter-bank Foreign Currency Market Membership (Zhong Hui Jiao Fa [2018] No. 412)</p> <p>Interbank Interest Rate Exchange Fixing (Closing) Curve Quote Agency (November 2019)</p> <p>Inter-Bank Bond Market Spot Bond Market Maker (Comprehensive Type) (March 2021)</p> <p>Pilot Institution for Automated Market-making Services in the Inter – Bank Bond Market (November 2021)</p> <p>Interest Rate Swap Exclusive Market Maker (November 2022)</p> <p>“Northbound Swap Connect” Dealer (May 2023)</p>

Appendix I Business Qualifications for Each Individual Business

No.	Approval Department	Qualification Name/Membership
12	Interbank Market Clearing House Company Limited	<p>Central Clearing Transaction of Shipping and Commodities Derivatives (Zhun Zi [2015] No. 016 for Membership of Clearing House)</p> <p>Business of Liquidation Agency of RMB Interest Rate Swap (2018 Bian Han No. 8, Qing Suan Suo Fa [2018] No. 30)</p> <p>Business of Central Clearing for Credit Default Swap (2018 Bian Han No. 29)</p> <p>Comprehensive Clearing Member for the Business of Central Clearing of Standard Bond Forwards (Qing Suan Suo Fa [2018] No. 193)</p> <p>General Clearing Member of Credit Default Swap Centralized Clearing Business (2021 Bian Han No. 183)</p> <p>Qualification for Comprehensive Liquidation Business of Net Bonds of Shanghai Clearing House (Business Letter [2023] No. MS16)</p>
13	Shanghai Futures Exchange	Physical Delivery Business (September 2021)
14	Shanghai International Energy Exchange	<p>Crude Oil Futures Market Maker (October 2018)</p> <p>Physical Delivery Business (September 2021)</p>
15	Asset Management Association of China	Private Equity Outsourcing Institutions (Filing No. A00005)
16	China Financial Futures Exchange	<p>CSI 300 Stock Index Options Market Maker (December 2019)</p> <p>Treasury Bonds Futures Market Maker (January 2022)</p> <p>CSI 1000 Stock Index Options Market Maker (July 2022)</p> <p>SSE 50 Stock Index Options Market Maker (December 2022)</p>
17	Shanghai Commercial Paper Exchange Corporation Ltd	Access into the Chinese commercial paper trading system (July 2020)

Appendix I Business Qualifications for Each Individual Business

2. INDIVIDUAL BUSINESS QUALIFICATIONS OF THE CONTROLLED SUBSIDIARIES

No.	Subsidiary	Qualification Name/Membership
1	Hong Kong Subsidiaries	<p>Issued by the Securities and Futures Commission of Hong Kong</p> <p>Type 1 (dealing in securities) (1 April 2003)</p> <p>Type 2 (dealing in futures contracts) (1 April 2003)</p> <p>Type 3 (leveraged foreign exchange trading) (21 October 2010)</p> <p>Type 4 (advising on securities) (1 April 2003)</p> <p>Type 5 (advising on futures contracts) (26 November 2010)</p> <p>Type 6 (advising on corporate finance) (1 April 2003)</p> <p>Type 9 (asset management) (1 April 2003)</p> <p>Custodian of open-ended fund companies (30 June 2022)</p> <p>Issued by The Stock Exchange of Hong Kong Limited</p> <p>Exchange Trading Right Certificate (July 2000)</p> <p>Exchange Participant Certificate (13 August 2001)</p> <p>China Connect Exchange Participant (10 November 2014)</p>

Appendix I Business Qualifications for Each Individual Business

No.	Subsidiary	Qualification Name/Membership
		Hong Kong Options Market Maker (2 October 2019)
		Issuer of Structured Products Listed in Hong Kong (31 October 2019)
		SPAC Exchange Participant (17 March 2022)
		Options Market Product Trading Rights (25 April 2022)
		HKD-RMB Dual Counter Maker (19 June 2023)
		Issued by Hong Kong Securities Clearing Company Limited
		Direct Clearing Participant, China Connect Clearing Participant (10 November 2014)
		Issued by Hong Kong Futures Exchange Limited Exchange
		Participant Certificate and Exchange Trading Right Certificate (6 March 2000)
		Issued by HKFE Clearing Corporation Limited
		Participant Certificate of Future Clearing Company (6 March 2000)
		Issued by Hong Kong Monetary Authority
		Southbound Trading Link Market Maker under “Bond Connect” (22 September 2023)
		Issued by China Securities Regulatory Commission
		Qualified Overseas Institutional Investors (21 February 2013)
		RMB Qualified Overseas Institutional Investors (11 August 2014)
		Permit for Securities and Futures Operation Business (December 2017)

Appendix I Business Qualifications for Each Individual Business

No.	Subsidiary	Qualification Name/Membership
		Issued by the Shanghai headquarters of the People's Bank of China
		“Bond Connect” Overseas Investors Business (2017)
		Issued by Shanghai Gold Exchange
		International Membership (Class B) Qualification (2020)
		Issued by Monetary Authority of Singapore
		Capital Market Service License (Trading Capital Market Products – Securities) (13 February 2018)
		Capital Market Service License (Fund Management) (7 July 2020)
		Financial Adviser Exemption Qualification (Investment Products – Securities)(18 April 2023)
		Capital Market Service License (Trading Capital Market Products – Collective Investment Scheme) (20 September 2023)
		Issued by Vietnam Securities Regulatory Commission
		Securities Brokerage License (28 August 2007)

Appendix I Business Qualifications for Each Individual Business

No.	Subsidiary	Qualification Name/Membership
		Proprietary Trading License (28 August 2007)
		Securities Investment Advisory License (28 August 2007)
		Securities Depository Service License (28 August 2007)
		Securities Underwriting Service License (22 November 2021)
		Public Fund Distribution License (8 August 2023)
		Approved by Monetary Authority of Macao
		Provision of securities trading, wealth management and financing services arising from investment in financial instruments (7 March 2023)
		Issued by United Kingdom Financial Conduct Authority (the "FCA")
		License of Investment Company (7 December 2023)
2	Guotai Junan Asset Management	Operation permit of securities business: securities asset management business. (No. 10278001)
		Qualified Domestic Institutional Investor Participating in Administration of Overseas Securities Investment (Zheng Jian Ji Gou Zi [2010] No. 631)
		Asset Management Business Participating in the Trading of Stock Index Futures (Hu Zheng Jian Ji Gou Zi [2011] No. 38)
		Pilot of Cash Management Products (Zheng Jian Xu Ke [2012] No. 828)
		Qualification for Publicly Offered Securities Investment Fund Management Business (Zheng Jian Xu Ke [2020] No. 3681)

Appendix I Business Qualifications for Each Individual Business

No.	Subsidiary	Qualification Name/Membership
		Permit for Securities and Futures Operation Business (No.91310000100020711)
		Comprehensive Settlement Business for Financial Futures (Zheng Jian Qi Huo Zi [2007] No. 148)
		Qualification for Futures Investment Consulting Business (Zheng Jian Xu Ke [2011] No. 1449)
		Asset Management Business (Zheng Jian Xu Ke [2012] No. 1506)
		Financing Contracts Services, Basis Trading, Cooperation, Hedge Pricing Services (Zhong Qi Xie Bei Zi [2015] No. 67)
		Membership Qualification of Shanghai International Energy Exchange (Shang Neng Pi Fu [2017] No. 105)
		Participant for Trading of SSE Stock Options (Shang Zheng Han [2018] No. 63)
		Market Making Business (Zhong Qi Xie Bei Zi [2018] No. 41)
		Individual Stock Over-the-counter Derivatives Business (August 2018)
		Commodity Exchange Business (Da Shang Suo Fa [2018] No. 494)
		Stock Options Business (Shen Zheng Han [2019] No. 722)
		Gold Futures Market Makers (2018)
		Corn Options Market Maker, No. 20 Rubber Futures Market Maker, Tin Futures Market Maker, PTA Options Market Maker, Methanol Options Market Maker (2019)

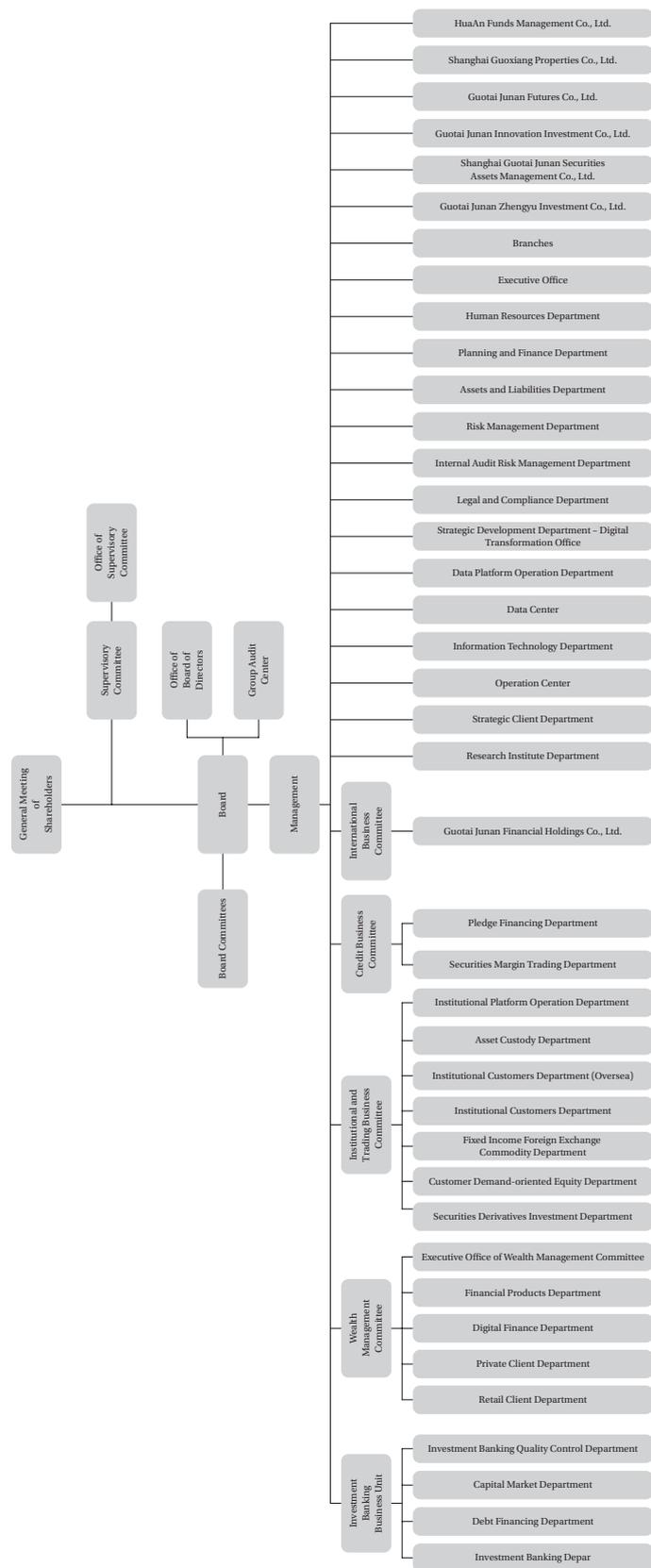
Appendix I Business Qualifications for Each Individual Business

No.	Subsidiary	Qualification Name/Membership
		Styrene Futures Market Maker, Linear Low Density Polyethylene Options Market Maker, Polyvinyl Chloride Options Market Maker, Polypropylene Options Market Maker, Deformed Steel Bar Futures Market Maker, Natural Rubber Futures Market Maker, Soy Oil Futures Market Maker, Palm Oil Futures Market Maker, Japonica Rice Futures Market Maker, Low Sulphur Fuel Oil Futures Market Maker, International Copper Futures Market Maker, Soybean Meal Futures Market Maker (2020)
3	Guotai Junan Futures and its subsidiaries	<p>Hot Rolled Coil Futures Market Maker, Crude Oil Options Market Maker, Iron Ore Futures Market Maker, Corn Futures Market Maker (2021)</p> <p>Crude Oil Futures Market Maker, Nickel Futures Market Maker, SZSE CSI 500ETF Options General Market Maker, SZSE 100ETF Options General Market Maker, SZSE GEM ETF Options General Market Maker, 2, 5, 10-Year Treasury Bond Futures General Market Maker, Hog Futures Market Maker, Egg Futures Market Maker, Industrial Silicon Futures Market Maker, Deformed Steel Bar Futures Market Maker (2022)</p> <p>Soda Ash Option Market Maker, Short Fiber Options Market Maker, Paraxylene Options Market Maker, Lithium Carbonate Options Market Maker, Fuel Oil Futures Market Maker, 30-Year Treasury Bond Futures General Market Maker, SSE CSI 500ETF Options Lead Market Maker, SSE CSI 300ETF Options Lead Market Maker, SSE 50ETF Options General Market Maker, SZSE CSI 300ETF Options Lead Market Maker, CICC CSI 300 Stock Index Options General Market Maker, CICC CSI 1000 Stock Index Options General Market Maker (2023)</p> <p>Capital Markets Services (CMS) license issued by Monetary Authority of Singapore (25 November 2022)</p> <p>Derivatives Trading and Clearing Members of Singapore Exchange (SGX) (6 September 2023)</p>

Appendix I Business Qualifications for Each Individual Business

No.	Subsidiary	Qualification Name/Membership
4	HuaAn Funds and its subsidiaries	<p>Permit for Securities and Futures Operation Business (No. 91310000630888761K)</p> <p>Qualified Domestic Institutional Investors (QDII) (Zheng Jian Ji Jin Zi [2007] No. 250)</p> <p>Business Qualification for Management of Assets of Specific Clients (Zheng Jian Xu Ke [2008] No. 304)</p> <p>Pilot Business for Publicly Offered Funds Investment Consultation (Ji Gou Bu Han [2021] No. 1707)</p> <p>Qualifications for Fund Subsidiaries to Engage in Asset Management Business for Specific Clients (91310000080024263K)</p> <p>Issued by Hong Kong Securities and Futures Commission</p> <p>Type 1 license (dealing in securities) (19 January 2022)</p> <p>Type 4 license (advising on securities) (1 December 2010)</p> <p>Type 9 license (asset management) (1 December 2010)</p> <p>RMB Qualified Foreign Institutional Investor (RQFII) (Zheng Jian Xu Ke [2011] No. 2050)</p> <p>Qualification for Investment and Consultation of Stocks in Hong Kong (Institution filing code: H21007)</p>
5	Guotai Junan Innovation Investment	Qualification for Private Equity Fund Manager (No. PT2600011780)

Appendix II Organization Chart of the Company



Appendix III Basic Information of Branch Office

1. BRANCH OFFICE OF THE COMPANY

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in-charge	Contact number
Anhui Branch Office	Rooms 2501,2510,2511 and 2512, 25F, AHCOF International Trade Center, Intersection of South Second Ring Road and Jinzhai Road, Shushan District, Hefei City	21 February 2013	RMB5 million	Zeng Fengsan (曾逢三)	0551-62816558
Guangxi Branch Office	Office rooms 2201 & 2205, Tower A, Nanhu Mingdu Plaza, 30 Shuangyong Road, Qingxiu District, Nanning City	20 February 2013	RMB5 million	Lin Guokui (林國奎)	0771-5651966
Xinjiang Branch Office	6F, Tower A, Gongxiao Building, 314 Yangtze River Road, Shayibake District, Urumqi, Xinjiang	4 March 2013	RMB5 million	An Ding (安定)	0991-2842212
Beijing Branch Office	Room 201 and 202, 2/F, Zhizhen Building, 7 Zhichun Road, Haidian District, Beijing City	6 September 2000	RMB10 million	Geng Xuling (耿旭令)	010-82263588
Shanghai Branch Office	Rooms 3A, 12A, 12C-I, 13A-I, 369 Jiangsu Road	15 August 2000	RMB10 million	Zhao Hong (趙宏)	021-52400388
Shanghai FTZ Branch Office	16F (Actual Floor: 13F), 18 Dongyuan Road, China (Shanghai) Pilot Free Trade Zone	13 December 2013	RMB5 million	Zhang Neng (張能)	021-52400647
Shenzhen Branch Office	3401-3411, 3509, New World Business Center, Yitian Road West and Fuzhong Road North, Futian District, Shenzhen City	21 July 2000	RMB10 million	Zeng Hongxiang (曾宏祥)	0755-23976276
Sichuan Branch Office	Units 01, 02, 03, 04, 43/F, China Resources Building, 10 Shuangqing Road, Chenghua District, Chengdu City, Sichuan Province	31 July 2000	RMB10 million	Guo Liping (郭麗萍)	028-65775298
Hubei Branch Office	7/F, 73 Xudong Street, Hongshan District, Wuhan City	11 August 2000	RMB10 million	Hou Xiaopeng (侯霄鵬)	027-87267558
Tianjin Branch Office	Units 07-09, 42F, Surveying and Mapping Level, Jinta Office Building, Tianjin Worldwide Finance Center, No. 2 Dagou North Road, Xiaobailou Street, Heping District, Tianjin City	30 June 2009	RMB5 million	Gu Xin (顧鑫)	022-27819829
Hebei Branch Office	9/F, Tower A, Fangbei Building, No. 133, Yuhua East Road, Shijiazhuang City, Hebei Province	2 July 2009	RMB5 million	Mo Xiankun (莫獻坤)	0311-85662778

Appendix III Basic Information of Branch Office

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in-charge	Contact number
Shanxi Branch Office	12/F, Maisi Building, 8 Dongrong Street, Xuefu Industrial Park, Transformation Comprehensive Reform Demonstration Zone, Shanxi	3 July 2009	RMB5 million	Zhang Qingsong (張青松)	0351-7023028
Inner Mongolia Branch Office	Room 1701-1702, International Finance Building, 18 Xinhua East Street, Ruyi Industrial Park, Hohhot City, Inner Mongolia Autonomous Region	30 June 2009	RMB5 million	Xu Xihai (徐錫海)	0471-5212939
Liaoning Branch Office	Units 05, 06 and 07, 33/F, 286 Qingnian Street, Heping District, Shenyang	1 July 2009	RMB5 million	Zhangbo (張博)	024-31873606
Jilin Branch Office	Rooms 2506-2509, Huamao International Building, 4848 Renmin Street, Nanguan District, Changchun City	30 June 2009	RMB5 million	Fei Weifu (費維富)	0431-84505678
Heilongjiang Branch Office	12/F Zhongshi Building, 193 Zhongshan Road, Nangang District, Harbin City, Heilongjiang Province	30 June 2009	RMB5 million	Chi Jun (池浚)	0451-86201260
Jiangsu Branch Office	Room 5101 & 5102, 51/F, Office Building T1, Building 3, Huaxin City, 258 Jiangdong Middle Road, Jianye District, Nanjing	9 July 2009	RMB5 million	Yao Guohai (姚國海)	025-84575188
Suzhou Branch Office	Room 2701, Building 2, Suzhou International Fortune Plaza, No. 9 West Suzhou Avenue, Suzhou Industrial Park, Suzhou Area of China (Jiangsu) Pilot FreeTrade Zone	9 December 2020	RMB5 million	Wang Chunming (王春明)	0512-69828186
Zhejiang Branch Office	Rooms 1701, 1702, 1703, 1704-1, 1704-2, 17/F, Building 1, Hongshou Financial Center, 300 Xinye Road, Shangcheng District, Hangzhou City, Zhejiang Province	30 June 2009	RMB5 million	Lin Jian (林堅)	0571-87560518
Fujian Branch Office	11/F, Export-Import Bank of China Building, 350 Jiangbin Central Boulevard, Taijiang District, Fuzhou City, Fujian Province	2 July 2009	RMB5 million	Chen Meixin (陳美心)	0591-88325166
Jiangxi Branch Office	Rooms 3002-3009, 3101-3106, 3112 & 3113, Cuilin Building, 1266 Fenghe Middle Avenue, Honggutan New District, Nanchang City, Jiangxi Province	3 July 2009	RMB5 million	Wang Lei (王蕾)	0791-86113053

Appendix III Basic Information of Branch Office

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in-charge	Contact number
Shandong Branch Office	5/F, Building 1, Long Ao Jin Zuo Office Building, No. 8000 Jingshi Road, Lixia District, Ji'nan City	29 June 2009	RMB5 million	Li Jian (李建)	0531-88512977
Henan Branch Office	No. 39 Jinshui East Road, Zhengdong New District, Zhengzhou City	29 June 2009	RMB5 million	Yu Ping (於萍)	0371-65752727
Hunan Branch Office	4/F, No. 89 Wuyi Boulevard, Furong District, Changsha City, Hunan Province	1 July 2009	RMB5 million	Hu Lan (胡蘭)	0731-84800639
Hainan Branch Office	No. B2002, B2003, B2004, 20F, West Block of Office Building, Tower B, Lot S5, Haikuotiankong • Guorui Town, 11 Guoxing Avenue, Meilan District, Haikou City, Hainan Province	30 June 2009	RMB5 million	Fan Xiaojun (范曉軍)	0898-68551022
Guizhou Branch Office	No. 1, 22/F, Unit (3)1, Tower 1-5, East Zone, Financial Business District, Area B, Zhongtian Exhibition, Changling North Road, Guanshanhu District, Guiyang City, Guizhou Province	1 July 2009	RMB5 million	Ma Hong (馬鴻)	0851-85818223
Yunnan Branch Office	Rooms 1706, 1707, 1708, 1709 & 1710, 17/F, Building 4, Qicaijunyuan, Baita Road, Panlong District, Kunming City, Yunnan Province	30 June 2009	RMB5 million	Xiao Bohao (肖波浩)	0871-63105290
Shaanxi Branch Office	Rooms 15303, 15304, 15305, 15306, 53/F, Tower B, Greenland Center, 11 Jinye Road, Gaoxin District, Xi'an City, Shaanxi Province	2 July 2009	RMB5 million	Hua Yuwei (華宇煒)	029-88304600
Gansu Branch Office	Room 001, 28/F, Unit 2, No. 3 Tianshui Middle Road, Donggang West Road Street, Chengguan District, Lanzhou City, Gansu Province	30 June 2009	RMB5 million	Lan Geru (蘭革儒)	0931-8429499
Guangdong Branch Office	Room 2701, Room 2702 No. A & Room 2801-06, No. 32 Huaxia Road, Tianhe District, Guangzhou City	29 June 2009	RMB5 million	Zhang Wenzhou (張文洲)	020-38817833
Chongqing Branch Office	17-1/F, No. 3 Finance Street, Jiangbei District, Chongqing City	30 June 2009	RMB5 million	Chen Yaohua (陳耀華)	023-63707386

Appendix III Basic Information of Branch Office

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in-charge	Contact number
Shenzhen Qianhai Branch Office	Units 1501, 1502, 1506, 1507, 1508, 1509, 1510, 1511, 1512, Tower A, Office Building T5, Qianhai China Resources Financial Center, No. 5035 Menghai Avenue, Nanshan Subdistrict, Qianhai Shenzhen – Hong Kong Cooperation Zone, Shenzhen City	10 August 2022	RMB5 million	Gao Dawang (高大望)	0755-83799772
Hebei Xiongan Branch Office	Rooms 105 and 509, Building C, No. 507 Minglang North Street, Rongcheng County, Xiongan Area of China (Hebei) Pilot Free Trade Zone (Voluntary Declaration)	28 July 2022	RMB5 million	Guo Jiang (郭江)	0311-85662770
Qingdao Branch Office	B3/F, No. 108 Nanjing Road, Shinan District, Qingdao City, Shandong Province	9 May 2023	RMB5 million	Wang Heyun (王河雲)	0532-85842555
Shanghai Qingpu Branch Office	Rooms 301 & 302, 3/F, No. 2, Lane 99, Jiajie Road, Zhaoxiang Town, Qingpu District, Shanghai	30 March 2023	RMB5 million	Dong Quyan (董曲琰)	021-38676211
Shanghai Lingang New Area Branch Office	Room 304, Odd No. 859-863 Huanhu West 1st Road, Lingang Section, China (Shanghai) Pilot Free Trade Zone	21 April 2023	RMB5 million	Wu Yuhan (吳玉菡)	021-60292621
Xiamen Branch Office	Units 04-06, 26/F, Xiamen Century Center, No. 50 Minzu Road, Siming District, Xiamen City	12 June 2023	RMB5 million	Cai Bingzheng (蔡炳政)	0592-2056166

Appendix III Basic Information of Branch Office

2. BRANCH OFFICE OF GUOTAI JUNAN FUTURES

Branch office	Address	Date of establishment	Person-in-charge	Contact number
Zhejiang Branch Office	Room 3001-3, 30/F, Hangzhou Ping An Financial Center, No. 280 Minxin Road, Shangcheng District, Hangzhou City, Zhejiang Province	3 July 2008	Liang Bin (梁彬)	0571-86807670
Ningbo Branch Office	15-2 & 15-3, No. 51 Sanyanqiao Street, Ningzhu Plaza, Yinzhou District, Ningbo City, Zhejiang Province	8 September 2008	Fei Zhen (費振)	0574-87916515
Beijing Branch Office	Units 01, 07 & 08, 25/F, West Tower, B12 Jianguomenwai Street, Chaoyang District, Beijing	27 August 2008	Wang Fei (王菲)	010-58795755
Shenzhen Branch Office	2603, 2604 & 2605, Gemdale Center, No. 2007 Shennan Boulevard, Gangxia Community, Futian Street, Futian District, Shenzhen City	6 August 2010	Shao Weimin (邵巍敏)	0755-83730216
Liaoning Branch Office	Rooms 1904 & 1905, Dalian Futures Building, Tower A, Dalian International Finance Center, No. 129 Huizhan Road, Shahekou District, Dalian City	12 July 2011	Wang Wei (王偉)	0411-84807755
Guangdong Branch Office	Rooms 2005 & 2006, No. 1 Linjiang Boulevard, Tianhe District, Guangzhou City	22 September 2011	Wu Xindi (吳新迪)	020-38628010
Jilin Branch Office	Rooms 2302 & 2303, Building 1, Chuanyu Hongtai International Global Trade Center Phase II, Jingyue Development Zone, Changchun City, Jilin Province	6 April 2010	Qin Zhiguo (秦志國)	0431-85918811
Henan Branch Office	Room 1105, Futures Building, No. 30 Shangwuwaihuan Road, Zhengdong New District, Zhengzhou City	31 December 2014	Zhang Wentian (張聞天)	0371-65600697
Jiangsu Branch Office	Room 3701 (14-16), 37/F, No. 347 Jiangdong Middle Road, Jianye District, Nanjing City, Jiangsu Province	29 May 2015	Mao Jiali (毛佳莉)	025-87780990
Qingdao Branch Office	Room 501, 5/F, Jiezheng Fortune Center, Building 11, No. 195 Hong Kong East Road, Laoshan District, Qingdao City, Shandong Province	17 September 2015	Xu Yang (許陽)	0532-80993627

Appendix III Basic Information of Branch Office

Branch office	Address	Date of establishment	Person-in-charge	Contact number
Hubei Branch Office	Office (5) at 40/F, Zheshang International Building, No. 718 Jianshe Avenue, Jiang'an District, Wuhan City	2 September 2015	Qiu Xia (邱夏)	027-82886695
Hebei Branch Office	Rooms 803 & 804, 8/F, Tower B, Fangbei Building, No. 133 Yuhua East Road, Yuhua District, Shijiazhuang City, Hebei Province	21 May 2018	Su Zhenqiao (蘇楨喬)	0311-85360908
Shaanxi Branch Office	Room 02, 16/F (18/F by Elevator), PICC (Shaanxi) Finance Building, 12 Gaoxin 3rd Road, High Tech District, Xi'an City, Shaanxi Province	5 June 2018	Luo Mingzhe (羅明哲)	029-88220218
Hunan Branch Office	Room 2401, Wanbohui Mingdi Phase III, No. 489 Shaoshan Middle Road, Yuhua District, Changsha City	26 December 2018	Zhu Qiyun (朱其運)	0731-82258088
Shandong Branch Office	Rooms 1107 & 1108, No. 975 Caoshanling South Road, Lixia District, Ji'nan City	24 January 2019	Guo Wenxiu (郭文秀)	0531-81210188
Xiamen Branch Office	1508-1509, Block B, China Resources Building, No. 95 Hubin East Road, Siming District, Xiamen City	27 September 2019	Fu Zuoren (傅作仁)	0592-5886155
Tianjin Branch Office	No. 01 & 03, 15/F, Tianjin International Finance Center Building, No. 136 Chifeng Road, Quanyechang Street, Heping District, Tianjin	13 January 2004	Pan Wei (潘偉)	022-23392200

Appendix IV Establishment and Disposal of Branches

1. THE COMPANY

1) Newly-established branch offices and securities branches:

No.	Names of newly-established branches	Locations of newly-established branches	Permit issuing date
1	Qingdao Branch Office	B3/F, No. 108 Nanjing Road, Shinan District, Qingdao City, Shandong Province	2023/5/12
2	Shanghai Qingpu Branch Office	Rooms 301 & 302, 3/F, No. 2, Lane 99, Jiajie Road, Zhaoxiang Town, Qingpu District, Shanghai	2023/5/29
3	Shanghai Lingang New Area Branch Office	Room 304, Odd No. 859-863 Huanhu West 1st Road, Lingang Section, China (Shanghai) Pilot Free Trade Zone	2023/5/29
4	Xiamen Branch Office	Unit 04-06, 26/F, Xiamen Century Center, No. 50 Minzu Road, Siming District, Xiamen City	2023/7/5
5	Shanghai Haiyang West Road Securities Branch	Unit 04, 19/F (Nominal Floor, Actual Floor: 16/F), No. 18, Lane 666, Haiyang West Road, China (Shanghai) Pilot Free Trade Zone	2023/3/15
6	Chengdu Sanshe Road Securities Branch	1/F & 33/F Zone 2, Unit 2, Building 1, No. 238, Sanshe Road, Jinjiang District, Chengdu City, Sichuan Province	2023/4/4
7	Mengzi Tianma Road Securities Branch	No. 1, 2/F, Building 1, Junhao Central Street, Tianma Road, Mengzi City, Honghe Hani and Yi Autonomous Prefecture, Yunnan Province	2023/4/14

Appendix IV Establishment and Disposal of Branches

No.	Names of newly-established branches	Locations of newly-established branches	Permit issuing date
8	Haikou Xiuying Changbin Road Securities Branch	Shops 2-1-18, 2-1-19 & 2-1-20, 1/F, Commercial Building, Phase 2, Huafu Lanwan, No. 8 Changbin 4th Road, Xiuying District, Haikou City, Hainan Province	2023/5/8
9	Shanghai Haowen Road Securities Branch	Unit 113, 1/F & Unit 205, 2/F, No. 217, Haowen Road, Minhang District, Shanghai	2023/7/12
10	Shanghai Maoyuan Road Securities Branch	Room 1002, 10/F, Building 4, No. 50 Maoyuan Road, Fengxian District, Shanghai	2023/8/22
11	Guangzhou Pazhou Avenue Securities Branch	Units 04 & 05, No. 2301 of Room 1101, No.178 Pazhou Avenue, Haizhu District, Guangzhou City	2023/9/19
12	Dongguan Songshan Lake Securities Branch	Room 601, Building 2, No. 6, Headquarters 1st Road, Songshan Lake Park, Dongguan City, Guangdong Province	2023/12/29

2) Relocated branch offices and securities branches:

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
1	Gansu Branch Office	Gansu Branch Office	Room 001, 28/F, Unit 2, No. 3 Tianshui Middle Road, Donggang West Road Street, Chengguan District, Lanzhou City, Gansu Province
2	Hubei Yichang Sixin Road Securities Branch	Hubei Yichang Xiling 1st Road Securities Branch	Rooms 16-1, 16-7 to 16-12, 16/F, New International Trade Office Building, No. 56 Xiling 1st Road, Xiling District, Yichang City, Hubei Province

Appendix IV Establishment and Disposal of Branches

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
3	Tianjin Binhai New Area Fuzhou Road Securities Branch	Tianjin Binhai New Area Second Street Securities Branch	G1-102 & 202, MSD-G Zone, No. 57 Second Street, Tianjin Economic and Technological Development Zone
4	Xi'an Gaoxin Road Securities Branch	Xi'an Tangyan Road Securities Branch	Room 102, 1/F & Rooms 901, 902, 903, 912, 913, 915, 916, 9/F, Tianyi International, Building 9, No.15 Tangyan Road, High-tech Zone, Xi'an City, Shaanxi Province
5	Hunan Jishou Renmin Middle Road Securities Branch	Hunan Jishou Xueyuan East Road Securities Branch	Rooms 201-203, Building 12, Zhuangyuan Shoufu, No. 29 Xueyuan East Road, Xiangxi High-tech Industrial Development Zone, Hunan Province
6	Shenzhen Longhua Yicheng Center Securities Branch	Shenzhen Longhua Yicheng Center Securities Branch	2508/09, 25/F, Block C, Huanzhi Center, No. 3639 Longhua Avenue, Jinglong Community, Longhua Street, Longhua District, Shenzhen City
7	Guangdong Branch Office	Guangdong Branch Office	Room 2701, No. A of Room 2702 & Room 2801-06, No. 32 Huaxia Road, Tianhe District, Guangzhou City
8	Guangzhou Zhujiang New Town Securities Branch	Guangzhou Zhujiang New Town Securities Branch	Room 2704, No. 32 Huaxia Road, Zhujiang New Town, Tianhe District, Guangzhou City
9	Shunde Daliang Securities Branch	Shunde Daliang Securities Branch	No. 1601, No. 1602, No. 1603, No. 1604, No. 1605, No. 1606 & No. 1607, Tower 1, Wanbang Commercial Plaza, No. 266 Dongle Road, Fuyou Community, Daliang Street, Shunde District, Foshan City, Guangdong Province

Appendix IV Establishment and Disposal of Branches

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
10	Handan Renmin East Road Securities Branch	Handan Renmin East Road Securities Branch	Room 1703, 17/F, Building T6, Global Center, No. 456 Renmin East Road, Congtai District, Handan City, Hebei Province
11	Jiangsu Branch Office	Jiangsu Branch Office	Rooms 5101 & 5102, 51/F, Office Building T1, Huaxincheng, Block 3, No. 258 Jiangdong Middle Road, Jianye District, Nanjing City
12	Nanjing Lushan Road Securities Branch	Nanjing Qingliangmen Street Securities Branch	Room 1301, No. 39 Qingliangmen Street, Gulou District, Nanjing City, Jiangsu Province
13	Nantong Gongnong Road Securities Branch	Nantong Century Avenue Securities Branch	Room 105, 1/F, West Side of the Podium of Nantong News Building, No. 8 Century Avenue, Chongchuan District, Nantong City
14	Taiyuan Jianshe South Road Securities Branch	Taiyuan Changxing Road Securities Branch	Shop 1017, 1/F and No. 2702-2712 & 2721-2722, 27/F, Building 6, No. 1 Changxing Road, Wanbolin District, Taiyuan City, Shanxi Province
15	Jincheng Hongxing West Street Securities Branch	Jincheng Wenbo Road Securities Branch	Northwest corner of 1/F & 2/F, Commercial 24#, Jincheng Shanshui Residential Community, No. 888 Wenbo Road (North Section), Jincheng Economic and Technological Development Zone, Jincheng City, Shanxi Province

Appendix IV Establishment and Disposal of Branches

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
16	Quzhou Hehua Middle Road Securities Branch	Quzhou Baiyun Middle Avenue Securities Branch	Rooms 403, 404, 405 & 406, Block A, Building 88, Baiyun Middle Avenue, Baiyun Street, Kecheng District, Quzhou City, Zhejiang Province
17	Xianju Jiufangxiang Securities Branch	Xianju Ximen Street Securities Branch	No. 128, No. 130, No. 132, No. 100-213, No. 100-215, No. 100-216, No. 100-217 & No. 100-218, Ximen Street, Anzhou Street, Xianju County, Taizhou City, Zhejiang Province
18	Shanghai Pilot Free Trade Zone Branch Office	Shanghai Pilot Free Trade Zone Branch Office	16/F (Actual Floor: 13/F), No. 18 Dongyuan Road, China (Shanghai) Pilot Free Trade Zone
19	Shanghai Liqun Road Securities Branch	Shanghai Daduhe Road Securities Branch	Units 01-03, 2/F, No. 1, Lane 556, Daduhe Road, Putuo District, Shanghai
20	Beijing Branch Office	Beijing Branch Office	No. 201 & 202, 2/F, Zhizhen Building, No. 7 Zhichun Road, Haidian District, Beijing
21	Beijing Dewai Street Securities Branch	Beijing Dewai Street Securities Branch	109-A, 301, 302A, Building 1, Courtyard No. 13 Deshengmenwai Street, Xicheng District, Beijing (Desheng Park)
22	Beijing Wangjing Futong East Street Securities Branch	Beijing Wangjing Futong East Street Securities Branch	Room 102, 1/F, Building 1, Courtyard No. 6 Futong East Street, Chaoyang District, Beijing

Appendix IV Establishment and Disposal of Branches

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
23	Jiangxi Branch Office	Jiangxi Branch Office	Rooms 3002-3009, 3101-3106, 3112 & 3113, Cuilin Building, No. 1266 Fenghe Middle Avenue, Honggutan District, Nanchang City, Jiangxi Province
24	Nanchang Fenghe Middle Avenue Securities Branch	Nanchang Fenghe Middle Avenue Securities Branch	Rooms 3107-3111, Cuilin Building, No. 1266 Fenghe Middle Avenue, Honggutan District, Nanchang City, Jiangxi Province
25	Nanchang Xiangshan North Road Securities Branch	Nanchang Huoju Street Securities Branch	Rooms 1101-1 & 1101-2, 11/F, Lvyue Technology Building, No. 579 Huoju Street, Nanchang High-tech Industrial Development Zone, Nanchang City, Jiangxi Province
26	Heilongjiang Branch Office	Heilongjiang Branch Office	12/F, Zhongshi Building, No. 193 Zhongshan Road, Nangang District, Harbin City, Heilongjiang Province
27	Harbin Shangzhi Street Securities Branch	Harbin Zhongshan Road Securities Branch	Shops at 1/F & 12/F, Zhongshi Building, No. 193 Zhongshan Road, Nangang District, Harbin City
28	Harbin Xidazhi Street Securities Branch	Harbin Xingjiang Road Securities Branch	No. 1666 Xingjiang Road, Nandaoli District, Harbin City
29	Liaoning Branch Office	Liaoning Branch Office	Units 05, 06 & 07, 33/F, No. 286 Qingnian Street, Heping District, Shenyang City

Appendix IV Establishment and Disposal of Branches

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
30	Shenyang Shiyiwei Road Securities Branch	Shenyang Qingnian Street Securities Branch	Units 01, 02 & 03, 33/F, No. 286 Qingnian Street, Heping District, Shenyang City
31	Ningde Qiaoxing Road Securities Branch	Ningde Mindong East Road Securities Branch	Room 301, 302, 306 & 307, Ladder 1, Building 1, Modern Media Port, No. 32 Mindong East Road, Dongqiao Economic Development Zone, Ningde City, Fujian Province
32	Fuyang Huaihe Road Securities Branch	Fuyang West Lake Avenue Securities Branch	Room 102 & 103, Zheshang Building, No. 123 West Lake Avenue, Yingzhou District, Fuyang City, Anhui Province
33	Chongqing Minsheng Road Securities Branch	Chongqing Chaotianmen Securities Branch	Units 1/2/8A/9/10, 21/F, Block A, Office Building, No. 2 Changjiang Binjiang Road, Yuzhong District, Chongqing
34	Zibo Liuquan Road Securities Branch	Zibo Lutai Avenue Securities Branch	Room 102 (room B102-103), 1/F, Building 1, Polymer Innovation Park, No. 51 Lutai Avenue, High-tech Zone, Zibo City, Shandong Province
35	Anshun Nanhua Road Securities Branch	Anshun Tashan East Road Securities Branch	No. 3, No. 4, No. 5 & No. 6, 1/F, Chang'an Building, No. 8 Tashan East Road, Xixiu District, Anshun City, Guizhou Province

Appendix IV Establishment and Disposal of Branches

3) Deregistered securities branches:

No.	Names of securities branches
1	Huainan Chaoyang East Road Securities Branch
2	Qingyuan Jingfu Road Securities Branch
3	Sanmenxia Liufeng Road Securities Branch

2. GUOTAI JUNAN FUTURES

1) Newly-established branch offices and securities branches:

No.	Names of newly-established branches	Locations of newly-established branches	Permit issuing date
1	Tianjin Branch Office	No. 01 & 03, 15/F, Tianjin International Finance Center Building, No. 136 Chifeng Road, Quanyechang Street, Heping District, Tianjin	1 August 2023

2) Relocated branch offices and securities branches:

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
1	Shanghai Zhongshan North Road Futures Branch	Shanghai Changning Road Futures Branch	Unit 06, 9/F, No. 1133 Changning Road, Changning District, Shanghai
2	Shandong Branch Office	Shandong Branch Office	Rooms 1107 & 1108, No. 975 Caoshanling South Road, Lixia District, Ji'nan City

Stock Code: 02611 Stock Name: GTJA

