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*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 6099)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024**

The board of directors (the “**Board**”) of China Merchants Securities Co., Ltd. (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended June 30, 2024. This announcement, containing the full text of the 2024 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

### **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement will be published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cmschina.com](http://www.cmschina.com)), respectively.

The Company will dispatch the 2024 interim report in printed version to H shareholders upon request and will publish the 2024 interim report on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board  
**China Merchants Securities Co., Ltd.**  
**HUO Da**  
*Chairman*

Shenzhen, the PRC  
August 30, 2024

*As at the date of this announcement, the executive directors of the Company are Mr. HUO Da and Mr. WU Zongmin; the non-executive directors of the Company are Mr. ZHANG Jian, Mr. DENG Weidong, Mr. LIU Weiwu, Mr. LI Xiaofei, Mr. MA Boyin, Mr. HUANG Jian, Mr. ZHANG Mingwen and Ms. DING Lusha; and the independent non-executive directors of the Company are Mr. YIP, Ying Chi Benjamin, Ms. ZHANG Ruijun, Ms. CHEN Xin, Mr. CAO Xiao and Mr. FENG Jinhua.*

# Important Notice

- I. **The Board, the Supervisory Committee, Director(s), Supervisor(s) and senior management of the Company undertake that the information in this interim report is true, accurate and complete and contains no false record, misleading statement or material omission, and assume joint and several liabilities to the information in this report.**
- II. **All Directors of the Company attended the Board meeting.**
- III. **The interim report has not been audited. KPMG Huazhen LLP and KPMG have issued review opinions in accordance with the Standards on Review Engagements for Certified Public Accountants of China and International Standard on Review Engagements, respectively.**
- IV. **HUO Da, officer in charge of the Company, LIU Jie, officer in charge of accounting matters of the Company, and WANG Jianping, officer in charge of the accounting office of the Company (head of accounting department), hereby warrant that the financial statements contained in this interim report are true, accurate and complete.**
- V. **Proposal on profit distribution or capitalization of common reserve for the Reporting Period considered and approved by the Board**

The Company will not allocate profit to the statutory reserve for the interim period of 2024. Based on the total share capital registered on the equity registration date for equity distribution, a cash dividend of RMB1.01 (tax inclusive) for every 10 shares will be distributed to all shareholders; no bonus shares will be distributed; and no capital reserve will be converted to share capital.

Based on the total number of shares of the Company of 8,696,526,806 shares as of June 30, 2024, the total distributed profit is RMB878,349,207.41. If the Company's total share capital changes on the equity registration date for equity distribution, the Company will keep the total distribution unchanged and adjust the distribution per share accordingly.

Such cash dividend shall be denominated and declared in RMB and paid to holders of A Shares in RMB and to holders of H Shares in Hong Kong dollar. The actual amount of dividend paid in Hong Kong dollar shall be determined based on the average exchange rate of RMB to Hong Kong dollar published by the People's Bank of China for the five business days immediately before the date of the eighth meeting of the eighth Session of Board meeting.

The Company's 2024 interim profit distribution plan was considered and approved at the meeting of the Board held on August 30, 2024, upon authorization by the 2023 annual general meeting of the Company. The Company will distribute the 2024 interim cash dividend before October 30, 2024. The Company will make separate announcement regarding the record date of such H Share dividend distribution, the period of closure of register of members, the equity registration date for A Share dividend distribution and the specific payment date.

## VI. **Risks statement relating to forward-looking statements**

Forward-looking statements, such as future plans and development strategies, contained in this report do not constitute any substantive commitments of the Company to investors. Investors should be aware of the investment risks.

**VII. Whether there is appropriation of the Company's funds by the controlling shareholder and other related parties for non-operating purposes**

No

**VIII. Whether there is provision of guarantee by the Company in favor of any third party in violation of the prescribed decision-making procedures**

No

**IX. Whether there are more than half of the Directors who cannot undertake that the information in this interim report is true, accurate and complete**

No

**X. This interim report is prepared in both Chinese and English versions. In the event of any discrepancy between the Chinese and English versions of this interim report, the Chinese version shall prevail.**

**XI. Warning on material risks**

The business, financial position and operating results of the Company may be susceptible to the general economic and market conditions in China and other regions where the relevant businesses are operated in various aspects.

The Company is primarily exposed to the following risks: securities industry is highly regulated and relevant rules and regulations could be revised from time to time based on the development of the securities markets. New rules and regulations, and changes in the interpretation or enforcement of the existing rules and regulations, may directly impact our business strategies and prospects, or could result in limitations on the business areas that we may conduct, modifications to our business practices or additional costs, which may adversely affect our ability to compete with other institutions that are not affected in the same way; if we are unable to fulfill the applicable laws, regulations and regulatory requirement in a timely manner, we may be exposed to legal and compliance risks; we are subject to credit risk associated with economic loss caused by the failure of the borrower or the counterparty to fulfill their contractual obligations; we face market risk arising from the losses on our portfolio due to adverse changes in relevant markets; we are exposed to operational risks arising from imperfect or defective internal procedures, employees and systems or external events; we face liquidity risk that we might not be able to get timely capital injection at reasonable costs to repay debts that are due, fulfill other payment obligations or satisfy other capital needs for normal business operation; we are subject to reputational risk arising from the negative publicity against the Company from stakeholders due to the operation, management or other acts of the Company or external events; and we are exposed to foreign exchange rate risks due to the operation of international business.

To cope with the above risks, the Company has adopted preventive measures in respect of the organizational structure, systems, indicators, risk management culture and IT system. For details, please see "Potential risks" in Chapter 3 of this report.

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# Chapter 1: Definitions

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

Common terms and expressions	
“Company Law”	the Company Law of the PRC (《中華人民共和國公司法》)
“Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》)
“Articles of Association”	the Articles of Association of China Merchants Securities Co., Ltd.
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“SFC”	the Securities and Futures Commission of Hong Kong
“CSRC Shenzhen Office”	the Shenzhen office of the China Securities Regulatory Commission
“CIRC”	China Insurance Regulatory Commission (中國保險監督管理委員會), currently known as the State Administration of Financial Supervision and Administration (國家金融監督管理總局)
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“SSE”	the Shanghai Stock Exchange (上海證券交易所)
“SZSE”	the Shenzhen Stock Exchange (深圳證券交易所)
“BSE”	the Beijing Stock Exchange (北京證券交易所)
“SSE website”	<a href="https://www.sse.com.cn">https://www.sse.com.cn</a> , the website of the Shanghai Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Authorized Representative”	the authorized representative under Rule 3.05 of the Hong Kong Listing Rules
“Hong Kong Stock Exchange website”	<a href="https://www.hkexnews.hk">https://www.hkexnews.hk</a> , the website of The Stock Exchange of Hong Kong Limited (HKExnews)
“Group”	China Merchants Securities Co., Ltd. (招商證券股份有限公司) and its controlled subsidiaries
“China Merchants Group”	China Merchants Group Limited (招商局集團有限公司)
“CM Financial Holdings”	China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司), formerly known as “China Merchants Finance Investment Holdings Co., Ltd.” (深圳市招融投資控股有限公司)

Common terms and expressions	
“Jisheng Investment”	Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司)
“China Ocean Shipping”	China Ocean Shipping Co., Ltd. (中國遠洋運輸有限公司)
“China Merchants Bank”	China Merchants Bank Co., Ltd. (招商銀行股份有限公司)
“CMS International”	China Merchants Securities International Company Limited (招商證券國際有限公司)
“China Merchants Futures”	China Merchants Futures Co., Limited (招商期貨有限公司)
“CMS Zhiyuan Capital”	China Merchants Zhiyuan Capital Investment Co., Ltd. (招商致遠資本投資有限公司)
“CMS Investment”	China Merchants Securities Investment Co., Ltd. (招商證券投資有限公司)
“CMS Asset Management”	China Merchants Securities Asset Management Co., Ltd. (招商證券資產管理有限公司)
“Bosera Funds”	Bosera Asset Management Co., Limited (博時基金管理有限公司)
“China Merchants Fund”	China Merchants Fund Management Co., Ltd. (招商基金管理有限公司)
“Everbright Securities”	Everbright Securities Company Limited
“Ping An Securities”	Ping An Securities Co., Ltd.
“CITIC Securities”	CITIC Securities Company Limited
“Galaxy Securities”	China Galaxy Securities Co., Ltd.
“GF Securities”	GF Securities Co., Ltd.
“Huatai United Securities”	Huatai United Securities Co., Ltd.
“Zhongtai Securities”	Zhongtai Securities Co., Ltd.
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules on the Main Board of the Hong Kong Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“A Share(s)”	domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange (stock code: 600999)

## Chapter 1: Definitions

### Common terms and expressions

“H Share(s)”	overseas-listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on The Stock Exchange of Hong Kong Limited (stock code: 06099)
“A Shareholder(s)”	holders of A Shares
“H Shareholder(s)”	holders of H Shares
“RMB”, “RMB10,000”, and “RMB100 million”	Renminbi 1 Yuan, Renminbi 10,000 Yuan and Renminbi 100 million Yuan
“STAR Market”	the Science and Technology Innovation Board of the SSE
“VaR”	value at risk
“APP”	Application
“IPO”	initial public offering
“Reporting Period” and “Current Period”	from January 1, 2024 to June 30, 2024
“end of the Reporting Period”	June 30, 2024
“Previous Period”	from January 1, 2023 to June 30, 2023
“Latest Practicable Date”	August 30, 2024

## Chapter 2: Corporate Profile and Key Financial Indicators

### I. Corporate Information

Chinese name of the Company	招商證券股份有限公司
Abbreviation	招商證券
English name of the Company	CHINA MERCHANTS SECURITIES CO., LTD.
Abbreviation	CMS
Legal representative of the Company	HUO Da
General manager of the Company	WU Zongmin
Authorized Representatives of the Company	WU Zongmin, LIU Jie, KWONG Yin Ping Yvonne (as the alternate Authorized Representative to WU Zongmin and LIU Jie)

### Registered capital and net capital of the Company

Unit: Yuan Currency: RMB

	As at the end of the Reporting Period	As at the end of last year
Registered capital	8,696,526,806.00	8,696,526,806.00
Net capital	82,001,064,827.79	79,370,429,988.47

### Qualifications of each of the business lines of the Company

China Merchants Securities is a member of the Securities Association of China (Membership code: 185053), SSE (Membership code: 0037), SZSE (Membership code: 000011) and BSE (Membership code: 000095). Qualifications of each of the business lines are as follows:

No.	Qualification	Approval authority	Date of approval
1	Standardized bond forward quotation agencies (標準債券遠期報價機構)	Shanghai Clearing House	November 2023
2	Standard interest rate swap business	Shanghai Clearing House	November 2023
3	Qualification of listed securities market making trading	The Securities and Fund Institution Supervision Department of the CSRC	October 2022
4	Qualification of issuing credit-protected warrants for providing pledge repo to protected bonds	China Securities Depository and Clearing Corporation Limited	June 2021

## Chapter 2: Corporate Profile and Key Financial Indicators

No.	Qualification	Approval authority	Date of approval
5	Pilot optimization for account management function	Securities Association of China	June 2021
6	Fund investment advisory business	The Securities and Fund Institution Supervision Department of the CSRC	June 2021
7	Issuer of credit protection warrants launched in SZSE	SZSE	November 2020
8	Standard forward contract on bond of Agricultural Development Bank of China	Shanghai Clearing House	October 2020
9	Interest option business	China Foreign Exchange Trade System	March 2020
10	Market maker of stock index options	The Securities and Fund Institution Supervision Department of the CSRC	December 2019
11	Lead market maker of the CSI 300 ETF options	SZSE	December 2019
12	Trading authority for access to stock options business	SZSE	December 2019
13	Sale and settlement of foreign exchange business	State Administration of Foreign Exchange	August 2019
14	Participation in margin securities loan business of the STAR Market	China Securities Finance Co., Ltd.	July 2019
15	Market maker of treasury bond futures	The Securities and Fund Institution Supervision Department of the CSRC	May 2019
16	Credit protection contract business	SSE	February 2019
17	Lead market maker of listed funds business	SSE	February 2019
18	Credit derivatives business	The Securities and Fund Institution Supervision Department of the CSRC	December 2018
19	Market maker of crude oil futures business	Shanghai International Energy Exchange	October 2018
20	Market maker of nickel futures	Shanghai Futures Exchange	October 2018
21	Market maker of copper options	Shanghai Futures Exchange	September 2018

## Chapter 2: Corporate Profile and Key Financial Indicators

No.	Qualification	Approval authority	Date of approval
22	Dealer of OTC options business	Securities Association of China	August 2018
23	Market maker of Bond Connect "Northbound Trading"	China Foreign Exchange Trade System	July 2018
24	Conducting pilot cross-border businesses	The Securities and Fund Institution Supervision Department of the CSRC	April 2018
25	Core dealer of credit risk mitigation instruments	National Association of Financial Market Institutional Investors	January 2017
26	Qualification to issue credit risk mitigation certificates	National Association of Financial Market Institutional Investors	January 2017
27	Qualification to issue credit-linked notes	National Association of Financial Market Institutional Investors	January 2017
28	Non-bank member of the Shanghai Commercial Paper Exchange	General Administration Department of the People's Bank of China	November 2016
29	Trading authority for access to Southbound Trading business under Shenzhen-Hong Kong Stock Connect	SZSE	November 2016
30	Approval for provision of online account opening service	The Securities and Fund Institution Supervision Department of the CSRC	April 2015
31	Ordinary member for centralized settlement of standard forward bond	Shanghai Clearing House	April 2015
32	Approval for financing for exercising incentive share options of listed companies	SZSE	March 2015
33	Licence for spot gold proprietary trading business	The Securities and Fund Institution Supervision Department of the CSRC	March 2015
34	Licence for providing payment services for customers' funds	China Securities Investor Protection Fund Corporation Limited	March 2015
35	Licence for stock options market making business	CSRC	January 2015
36	Licence for market making business for SSE 50 ETF options trading	SSE	January 2015

## Chapter 2: Corporate Profile and Key Financial Indicators

No.	Qualification	Approval authority	Date of approval
37	Proprietary trading of stock options	SSE	January 2015
38	Licence for options settlement	China Securities Depository and Clearing Corporation Limited	January 2015
39	Stock options trading participant on the SSE	SSE	January 2015
40	Licence for pilot online securities business	Securities Association of China	November 2014
41	Trading authority for access to Southbound Trading business	SSE	October 2014
42	Ordinary member of Interbank Market Clearing House Co., Ltd. for centralized settlement of RMB interest rate swaps	Interbank Market Clearing House Co., Ltd.	June 2014
43	Qualification of lead manager business (market making business)	NEEQ Co., Ltd.	June 2014
44	Licence for OTC options trading business	Securities Association of China	February 2014
45	Ordinary member for centralized settlement of interest rate swaps	Shanghai Clearing House	February 2014
46	Licence for securities investment fund custody business	CSRC	January 2014
47	Qualification for agency business of securities pledge registration	The Registration and Custody Department of China Securities Depository and Clearing Corporation Limited	July 2013
48	Authority for stock-pledged repo business	SSE	June 2013
49	Authority for stock-pledged repo	SZSE	June 2013
50	Participation in interest rate swap transactions	CSRC Shenzhen Office	May 2013
51	Permit for conducting insurance agency businesses	CIRC	April 2013 (latest certificate obtained in April 2020)

## Chapter 2: Corporate Profile and Key Financial Indicators

No.	Qualification	Approval authority	Date of approval
52	Qualification of lead manager business (recommendation and brokerage businesses)	NEEQ Co., Ltd.	March 2013
53	Licence for OTC trading business	Securities Association of China	February 2013
54	Licence for equity total return swap business	The Institution Supervision Department (currently known as the Securities and Fund Institution Supervision Department) of the CSRC	January 2013
55	Licence for special institutional client business of insurance companies	CIRC	January 2013
56	Qualification for sale of financial products	CSRC Shenzhen Office	December 2012
57	Qualification of lead underwriting debt financing instruments of non-financial enterprises	National Association of Financial Market Institutional Investors	November 2012
58	Qualification to provide comprehensive custodian services for private investment funds	The Institution Supervision Department (currently known as the Securities and Fund Institution Supervision Department) of the CSRC	October 2012
59	Licence for margin financing loan	China Securities Finance Co., Ltd.	August 2012
60	Qualification of underwriting private placement bonds of small and medium enterprises	Securities Association of China	June 2012
61	Licence for stock repurchase business	CSRC	May 2012
62	Qualification for dealer-quoted bond pledged repo transactions	The Institution Supervision Department (currently known as the Securities and Fund Institution Supervision Department) of the CSRC	January 2012
63	Qualification for third-party custodian services for one customer – multiple bank services	CSRC Shenzhen Office	June 2011
64	Ordinary member for settlement	Shanghai Clearing House	November 2010

## Chapter 2: Corporate Profile and Key Financial Indicators

No.	Qualification	Approval authority	Date of approval
65	Qualification for margin financing and securities lending business	CSRC	June 2010
66	Licence for direct investment business	CSRC	August 2009
67	Qualification for intermediary introduction business for China Merchants Futures	CSRC	February 2008
68	Category A clearing participant of China Securities Depository and Clearing Corporation Limited	China Securities Depository and Clearing Corporation Limited	February 2008
69	Licence for overseas securities investment management business	CSRC	August 2007
70	Primary dealer on the integrated e-platform for fixed-income securities of the SSE	SSE	July 2007
71	Permit for foreign exchange operation in the securities business	State Administration of Foreign Exchange	December 2006 (latest certificate obtained in November 2012)
72	Clearing participant of China Securities Depository and Clearing Corporation Limited	China Securities Depository and Clearing Corporation Limited	March 2006
73	Primary dealer of SSE 180 Index Exchange Traded Fund	SSE	March 2006
74	Qualification for quote transfer business	Securities Association of China	January 2006
75	Licence for underwriting business of commercial paper	The People's Bank of China	July 2005
76	Qualification for operation of foreign shares business	CSRC	September 2002
77	Qualification for open-end securities investment fund consignment business	CSRC	August 2002
78	Qualification for trusted investment management business	CSRC	May 2002
79	Qualification for online securities agency business	CSRC	February 2001

## Chapter 2: Corporate Profile and Key Financial Indicators

No.	Qualification	Approval authority	Date of approval
80	Qualified member of interbank market	General Administration Department of the People's Bank of China	September 1999
81	Qualification for RMB special stocks business (unrestricted) in Shanghai	Shanghai Securities Management Office	November 1996
82	Licence for starting foreign exchange business	Shenzhen Office of the State Administration of Foreign Exchange	October 1996
83	Pilot unit of equity trading agency system for non-listed companies	Property Right Transfer Leading Group Office of the Shenzhen Municipal Government	January 1996
84	Licence for starting proprietary business	Shenzhen Securities Management Office	August 1993

Qualifications of each of the business lines of CMS International, a wholly-owned subsidiary of the Company, are as follows:

No.	Qualification	Approval authority	Date of approval
1	Licence for dealing in futures contracts	SFC	June 2014
2	Licence for advising on futures contracts	SFC	June 2014
3	Licence for asset management	SFC	March 2010
4	Licence for dealing in securities	SFC	February 2009
5	Licence for advising on securities	SFC	February 2009
6	Licence for advising on corporate finance	SFC	February 2009

## Chapter 2: Corporate Profile and Key Financial Indicators

Qualifications of each of the business lines of China Merchants Futures, a wholly-owned subsidiary of the Company, are as follows:

No.	Qualification	Approval authority	Date of approval
1	Licence for options settlement	China Securities Depository and Clearing Corporation Limited	October 2023
2	Member of Guangzhou Futures Exchange	Guangzhou Futures Exchange	June 2022
3	Market making business	China Futures Association	March 2018
4	Member of Shanghai International Energy Exchange	Shanghai International Energy Exchange	May 2017
5	Licence for basis trading	China Futures Association	April 2017
6	Licence for OTC derivatives business	China Futures Association	April 2017
7	Licence for warehouse receipt services	China Futures Association	December 2016
8	Filing for entry of the interbank bond market	The People's Bank of China	July 2016
9	Licence for commodities futures brokerage, financial futures brokerage and futures investment consulting	CSRC	August 2014 (latest certificate obtained in September 2021)
10	Licence for asset management	CSRC	March 2013
11	Licence for futures investment consulting	CSRC	August 2011
12	Member of Zhengzhou Commodity Exchange	Zhengzhou Commodity Exchange	March 2009
13	Member of Dalian Commodity Exchange	Dalian Commodity Exchange	December 2008
14	Member of Shanghai Futures Exchange	Shanghai Futures Exchange	October 2008
15	Clearing and settlement member of China Financial Futures Exchange	China Financial Futures Exchange Co., Ltd.	December 2007
16	Licence for financial futures trading settlement	CSRC	November 2007

## Chapter 2: Corporate Profile and Key Financial Indicators

Qualification of each of the business lines of CMS Zhiyuan Capital, a wholly-owned subsidiary of the Company, is as follow:

No.	Qualification	Approval authority	Date of approval
1	Private investment fund subsidiary of a securities firm	Securities Association of China	April 2017

Qualifications of each of the business lines of CMS Asset Management, a wholly-owned subsidiary of the Company, are as follows:

No.	Qualification	Approval authority	Date of approval
1	Qualification of publicly offered securities investment fund management	CSRC	July 2023
2	Pilot scheme for overseas investment of qualified domestic investors	Shenzhen Joint Meeting Office of the Pilot Scheme for Overseas Investment of Qualified Domestic Investors (深圳市合格境內投資者境外投資試點工作聯席會議辦公室)	November 2015
3	Qualification for securities asset management business and qualified domestic institutional investors	CSRC	January 2015

## II. Contact Persons and Contact Methods

	Secretary to the Board	Representative of Securities Affairs
Name	LIU Jie	LUO Li
Correspondence address	No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, Guangdong Province	No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, Guangdong Province
Telephone	0755-82960432	0755-82960432
Fax	0755-82944669	0755-82944669
E-mail address	IR@cmschina.com.cn	luoli@cmschina.com.cn

	Joint Company Secretaries	
Name	LIU Jie	KWONG Yin Ping Yvonne
Correspondence address	No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, Guangdong Province	40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong

## Chapter 2: Corporate Profile and Key Financial Indicators

### III. Basic Information and Changes

Registered address of the Company	No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, Guangdong Province
Historical change of the registered address of the Company	In August 1991, the registered address of the Company was 1/F, New Energy Building, Nanyou Industrial Zone, Shenzhen. In October 1993, it was changed to 1/F, Block C, Shenfang Industrial Building, Huaqiang North Road, Futian District, Shenzhen. In August 1998, it was changed to 8/F-11/F, Block A, Huaqiang Jiahe Building, Shenzhen. In May 2002, it was changed to 38/F-45/F, Block A, Jiangsu Building, Futian District, Shenzhen. In November 2018, it was changed to No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen.
Office address of the Company	No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, Guangdong Province
Postal code	518046
Principal place of business in Hong Kong	48/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong
Company's website	<a href="https://www.cmschina.com">https://www.cmschina.com</a>
E-mail address	IR@cmschina.com.cn
Reference of changes during the Reporting Period	Nil

### IV. Update on Information Disclosure and Place for Document Inspection

Designated newspapers for information disclosure of the Company	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Websites for interim report publication	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> (the SSE website) <a href="https://www.hkexnews.hk">https://www.hkexnews.hk</a> (the Hong Kong Stock Exchange website)
Place for inspection of the Company's interim report	No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, Guangdong Province
Reference of changes during the Reporting Period	Nil

### V. Information on the Company's Shares

Class	Exchange at which the shares are listed	Stock abbreviation	Stock code	Previous stock abbreviation
A Shares	Shanghai Stock Exchange	CMS	600999	–
H Shares	Hong Kong Stock Exchange	CMS	06099	–

### VI. Other Relevant Information

Domestic accounting firm appointed by the Company	Name	KPMG Huazhen LLP
	Office address	8/F, KPMG Tower, Oriental Plaza, 1 East Chang An Avenue, Beijing
International accounting firm appointed by the Company	Name	KPMG Huazhen
	Office address	8/F, Prince's Building, 10 Chater Road, Central, Hong Kong
Domestic legal adviser appointed by the Company	Name	King & Wood Mallesons
	Office address	25/F, Guangzhou CTF Finance Centre, No. 6 Zhujiang East Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province
International legal adviser appointed by the Company	Name	Tian Yuan Law Firm LLP
	Office address	Suites 3304-3309, 33/F, Jardine House, One Connaught Place, Central, Hong Kong
A Share Registrar	Name	Shanghai Branch of China Securities Depository and Clearing Corporation Limited
	Office address	188 Yanggao South Road, Pudong New Area, Shanghai, China
H Share Registrar	Name	Computershare Hong Kong Investor Services Limited
	Office address	17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

## Chapter 2: Corporate Profile and Key Financial Indicators

### VII. Key Accounting Data and Financial Indicators of the Company

#### (I) Key accounting data

Unit: Thousand Yuan Currency: RMB

Key accounting data	January – June 2024	January – June 2023	Year-on-year increase/ decrease (%)
Total revenue, other income and gains	14,362,394	15,653,551	-8.25
Profit for the period attributable to shareholders of the Company	4,747,695	4,726,975	0.44
Profit for the period attributable to shareholders of the Company after deduction of non-recurring profit or loss	4,750,061	4,701,273	1.04
Net cash from operating activities	44,085,990	11,690,949	277.10
Total other comprehensive income for the period (net of tax)	506,359	415,201	21.96

	As at the end of June 2024	As at the end of 2023	Increase/ decrease (%)
Total assets	639,129,527	695,852,992	-8.15
Total liabilities	514,600,038	573,816,059	-10.32
Equity attributable to shareholders of the Company	124,451,717	121,961,428	2.04
Total owners' equity	124,529,489	122,036,933	2.04

## Chapter 2: Corporate Profile and Key Financial Indicators

### (II) Key financial indicators

Key financial indicators	The Reporting Period (January – June)	The Previous Period	Change of the Reporting Period against the Previous Period (%)
Basic earnings per share (RMB per share)	0.51	0.51	–
Diluted earnings per share (RMB per share)	0.51	0.51	–
Basic earnings per share after deduction of non-recurring profit or loss (RMB per share)	0.51	0.51	–
Weighted average return on net assets (%)	4.08	4.33	Decreased by 0.25 percentage point
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	4.08	4.31	Decreased by 0.23 percentage point

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

During the Reporting Period, the net capital and all risk control indicators of the Company complied with the requirements of the China Securities Regulatory Commission. As at the end of June 2024, the key risk control indicators, such as net capital of the Company, were as follows:

Unit: Yuan Currency: RMB

Items	As at the end of the Reporting Period	As at the end of last year
Net capital	82,001,064,827.79	79,370,429,988.47
Net assets	111,873,891,433.66	109,986,186,077.19
Sum of risk capital provisions	41,348,430,258.71	44,770,327,767.08
Total assets on-and off-balance sheet	388,931,716,693.97	412,072,315,933.07
Risk coverage ratio (%)	198.32	177.28
Capital leverage ratio (%)	14.65	13.12
Liquidity coverage ratio (%)	166.94	169.06
Net stable funding ratio (%)	152.57	138.25
Net capital/net assets (%)	73.30	72.16
Net capital/liabilities (%)	20.89	18.61
Net assets/liabilities (%)	28.50	25.78
Value of proprietary equity securities and security derivatives/net capital (%)	39.85	32.78
Value of proprietary non-equity securities and its derivatives/net capital (%)	362.51	357.81

## Chapter 3: Management's Discussion and Analysis

### I. Industry Condition and Principal Business of the Company during the Reporting Period

#### (I) Development of the industry and market during the Reporting Period

In the first half of 2024, the top-level design for the high-quality development of the domestic capital market was further improved, enhancing its role as a pivotal hub in the economy. The State Council issued the *Several Opinions of the State Council on Strengthening Supervision and Preventing Risks to Promote the High-quality Development of the Capital Market* (《國務院關於加強監管防範風險推動資本市場高質量發展的若干意見》) (hereinafter referred to as the New "National Nine Opinions"), a guiding document for the capital market. The New "National Nine Opinions" not only fully reflects the distinctive characteristics and internal requirements of finance with Chinese characteristics, but also focuses on the principal contradictions and prominent problems in the development of the capital market. It depicts the development blueprint of the capital market from the perspective of the overall situation, and makes systematic arrangements on major issues in the capital market such as investor protection, the quality of listed companies, and the development of industry institutions. It is a "new blueprint" and "road-map" to lead the high-quality development of the capital market. The CSRC, the SSE, and the SZSE have issued a number of supporting policies to form a "1+N" policy system, which further strengthens supervision from dividends, repurchases, reduction of shareholding, refinancing, margin financing loan, delisting, etc. Meanwhile, the CSRC issued four policy documents, including the *Opinions on Strengthening the Supervision of Securities Companies and Mutual Funds to Accelerate the Building of First-class Investment Banking and Investment Institutions (for Trial Implementation)* (《關於加強證券公司和公募基金監管加快推進建設一流投資銀行和投資機構的意見(試行)》), to make arrangements and deployments in enhancing the investment value of listed companies, ensuring the "gatekeeper" responsibilities of intermediaries, building first-class investment banking and investment institutions, cultivating long-term investment concepts, promoting fair and efficient transactions, preventing risks and other aspects, with an aim to jointly promote the high-quality development of the capital market. The high-quality development of the capital market helps boost the high-level circulation of science and technology, industry and capital, promote the new productive forces and improve the modern industrial system, provide residents with more comprehensive and professional wealth management services, continuously optimize the social financing structure, make the equity investment market bigger and stronger, meet the diversified financial service needs of various tech companies, and play a greater role in the self-reliance and strength of China's high-level science and technology.

In the first half of 2024, major market indices diverged. The SSE Composite Index and SZSE Component Index, ChiNext Index fell by 0.25%, 7.10% and 10.99%, respectively; the CSI 300 Index and Hang Seng Index rose by 0.89% and 3.94%, respectively; and the ChinaBond Composite Total Return Index rose by 3.76%. The average daily trading volume of stocks and funds in the A share market was RMB991.464 billion, representing a year-on-year decrease of 6.28%. The average daily trading volume of stocks in the Hong Kong market was HK\$110.4 billion, representing a year-on-year decrease of 4.42% year-on-year. According to the statistics from Wind, the equity financing in the A share market amounted to RMB100.827 billion (excluding share issuance for asset acquisition), representing a year-on-year decrease of 81.18%; and the total credit bonds issued amounted to RMB9.72 trillion (excluding treasury bonds, local government bonds, central bank bills, inter-bank deposit certificates and policy bank bonds), representing a year-on-year increase of 4.59%. According to the statistics from Bloomberg, the total proceeds raised from IPOs in the Hong Kong market amounted to US\$1.873 billion, representing a year-on-year decrease of 19.38%.

### (II) Principal business and operating models of the Company during the Reporting Period

For details, please refer to "III. Discussion and Analysis of Operations" in this chapter

## II. Analysis of Core Competitiveness during the Reporting Period

The Company is the largest securities firm of the SASAC. With its more than 30 years of development, the Company has established key competitiveness.

### 1. Strong "China Merchants" brand and shareholder background

As a member of China Merchants Group, the Company fully benefits from the brand influence of "China Merchants" and the industrial and financial resources within the group. Strongly supported by China Merchants Group and other substantial shareholders, the Company has continued to grow and develop and achieved A+H shares listing. It has always maintained a market-oriented operating mechanism and a sound corporate governance structure to provide a solid guarantee for the Company's steady and long-term development.

### 2. Efficient one-stop comprehensive financial service system

Focusing on the needs of the country, the general trend of the industry and the demands of clients, the Company continues to promote business transformation and development as well as forward-looking business strategy. The Company has built a modern investment banking business model and made continuous efforts to consolidate the characteristic competitiveness of wealth management and institutional business, actively expand fixed income, equity investment, derivatives trading, asset management and other businesses, develop a cross-market and multi-variety diversified business system so as to provide customers with one-stop high-quality comprehensive financial services and products.

### 3. Profound customer base and extensive channel network

Upholding a client-oriented approach, the Company relies on efficient and professional services and a wide range of operating sites to accumulate a solid client base. At present, the Company has 265 securities branches and 13 branches in China, and business agencies in Hong Kong (SAR), the United Kingdom, South Korea and other places, with its service network covering major capital markets around the world. The Company grasps the trend of online development, innovates the online client service model, and promotes the continuous growth of client scale to lay a solid foundation for its long-term development.

### 4. Growing financial technology capabilities

The Company attaches great importance to financial technology, and ranks among the forefront of the industry in terms of its investment in information system. The Company has carried out top-level design and integrated reconstruction from "organization, process, and IT" to comprehensively promote digital transformation, continuously enhance digital thinking and digital culture, and enhanced the empowerment ability of digital technologies in business development, product innovation, client service, operation management, etc., so as to realize the transformation from supporting business to leading business development.

## Chapter 3: Management's Discussion and Analysis

### 5. Effective, sound risk management culture

The Company has always firmly upheld the bottom-line thinking, and has continuously enhanced the ability to predict, respond to and dispose of major risks by improved the comprehensive risk management system. It has effectively prevented and resolved major financial risks and ensured that the total amount of risks is controllable, the structure is balanced, and the risk control indicators meet the standards. The Company has developed a culture of compliance and sound operation. It has established an internal control management system that comprehensively covers the headquarters, subsidiaries and branches of the Company, and has built a solid “three lines of defense” of before, during and post trading to ensure the long-term stable and healthy development of the Company.

### III. Discussion and Analysis of Operations

#### (I) General operations

In the first half of 2024, China's economy operated with overall stability and steady progress, continuing its positive recovery trend. New drivers and competitive advantages were rapidly cultivated, and high-quality development advanced solidly, with GDP growing by 5.0% year-on-year. With a complex external environment and insufficient domestic demand, the foundation for economic recovery and improvement still needs to be consolidated. 2024 marks the beginning of the Company's new five-year strategic plan and is a pivotal year for the Company's development during the 14th Five-Year Plan period. During the Reporting Period, in response to strict regulation, risk prevention, and fee rate cut, the Company proactively sought change, actively responded, explored new revenue streams, promoted transformation, and facilitated cost reduction and efficiency improvement, resulting in a positive development trend and a strong start to the new five-year strategy. Firstly, the Company's operating results outpaced the market. In the first half of 2024, the Company achieved total revenue, other income and gains of RMB14.362 billion, representing a year-on-year decrease of 8.25%, while the net profit attributable to shareholders of the parent company reached RMB4.748 billion, representing a year-on-year increase of 0.44%. Secondly, the transformation and reform efforts were solidly advanced, with sustained results. Wealth management and institutional business transformation entered a new stage, the construction of a modern investment banking continued to deepen, digital development accelerated, and the level of collaboration steadily improved. Significant progress was made in a series of major reforms crucial to the Company's long-term development. For the second consecutive year, after 2022, the Company was again honored as a “benchmarking” (標桿) enterprise in the “Double-hundred Enterprises” (雙百企業) special assessment by the SASAC in 2023. Thirdly, risk prevention and control were precise and effective, maintaining stable operations. No major risk or compliance incidents occurred during the Reporting Period, and various risk losses remained at a low level. Overall, risks were controllable, measurable, and bearable, with asset quality remaining excellent and all businesses operating normally and stably.

#### (II) Analysis of principal businesses

Operating with a client-oriented approach, the Company offers diverse and comprehensive financial products and services to individual, institutional and corporate clients, and engages in investment and trading. The principal business segments are wealth management and institutional business, investment banking, investment management as well as investment and trading.

### 1. *Wealth management and institutional business*

#### (1) **Brokerage and wealth management**

In the first half of 2024, a number of policies in the capital market were introduced to jointly promote the high-quality development of the capital market. The one-way trading volume of stocks and funds in A share market amounted to RMB116 trillion, representing a year-on-year decrease of 7.07%.

During the Reporting Period, the Company maintained a customer-centric approach, continuously deepening its wealth management business transformation. It effectively coordinated the development of new clients and the exploration of existing ones, actively promoting an integrated online and offline business model, and continuously improved service efficiency and client experience through the digitized service content, service process, and management mechanism. At the same time, it continuously strengthened the professional capacity building of the wealth advisor team, optimized the wealth advisor empowerment system, and improved the quality and efficiency of client service in an all-round way. As of the end of June 2024, the Company had 18.4306 million clients, representing a year-on-year increase of 7.53%; and clients' assets under custody amounted to RMB3.60 trillion, representing a decrease of 3.23% as compared to the end of 2023. According to the statistics from Analysys Qianfan, in the first half of 2024, the average monthly active users (MAU) of the CMS APP grew by 6.25% year-on-year, ranking 5th among securities firms, and the average daily visit duration per capita of APP users ranked the first among securities firms.

The Company continuously leverage the research advantages of securities firms and built a selected product system with "Private Fund 50" (私募50) and "Selected Mutual Fund" as the core; and established a complete "asset-strategy-product" research chain, optimized the process of product research, allocation and sales, and increased the scale of financial products, aiming to preserve and increase client wealth. In terms of the investment advisory business, the Company deepened its investment research capability, enriched its product portfolio, and fully promoted the upgrading of the "CMS Fund Investment Adviser" (e招投) and "CMS Private Banking" (智遠私行) service systems. "CMS Fund Investment Adviser" adhered to the two-wheel drive of managed and non-managed investment advisory business, and added inter-bank deposit certificates, selected pension fund portfolios, as well as on-exchange ETF portfolios according to market changes and client needs. Through the customized model, the Company focused on promoting the fund investment advisory business of institutional clients and continued to expand the application scenarios of advisory business. As of the end of the Reporting Period, the AUM of the "CMS Fund Investment Adviser" financial products was RMB6.314 billion, representing an increase of 35.61% as compared to the end of 2023; and the cumulative number of contracted clients was 70.8 thousand, representing an increase of 20.82% as compared to the end of 2023. In terms of corporate client service, the Company continued to enhance the brand influence of "CMS Enterprise" (招證企航) and implemented the "one enterprise, one policy" service model. Through the deep promotion of comprehensive financial services such as corporate wealth management, employee incentives, and transaction services, the number of corporate clients and the scale of corporate assets under custody grew steadily. As of the end of June 2024, the number of corporate clients and their assets under custody increased by 4.99% and 6.39% respectively, as compared to the end of 2023.

## Chapter 3: Management's Discussion and Analysis

Operating indicators	First half of 2024	First half of 2023	Year-on-year change
Trading volume of stocks and funds in the SSE, SZSE and BSE (RMB trillion) (Note 1)	10.64	13.07	-18.59%
Market share of trading volume of stocks and funds in the SSE, SZSE and BSE	4.59%	5.24%	Decreased by 0.65 percentage point
Net income from agency sale of financial products (RMB100 million)	3.48	3.45	0.87%
Number of wealth management advisors	1,430	1,343	6.48%
Number of wealth management clients (10 thousand) (Note 2)	50.51	54.98	-8.13%
Amount of assets of wealth management clients (RMB trillion)	1.23	1.45	-15.17%

Source: SSE, SZSE and BSE, internal statistics of the Company

- Notes:
1. Trading volume of stocks and funds represents two-way trading volume;
  2. Wealth management clients refer to individual clients with assets under custody amounting to RMB300,000 and above;
  3. The above data are data of the parent company.

In the first half of 2024, the futures brokerage business saw steady progress in the listing of new products in the futures market. Major domestic commodity futures exchanges adjusted their fee policies, and the futures industry continued to enhance its professional capabilities, contributing to the high-quality development of the real economy. During the Reporting Period, the cumulative trading volume of China's futures market amounted to 3.46 billion lots, representing a year-on-year decrease of 12.43%, and the cumulative turnover was RMB281.51 trillion, representing a year-on-year increase of 7.40%. As at the end of June 2024, clients' equity in the market amounted to RMB1.39 trillion, representing a decrease of 2.09% as compared to the end of 2023. In the first half of 2024, the fee income of the futures industry amounted to RMB10.355 billion, representing a year-on-year decrease of 2.53%. During the Reporting Period, China Merchants Futures proactively addressed challenges, strengthened its marketing and service capabilities, and ramped up efforts to expand its base of transaction-oriented clients. It consistently enhanced its ability to serve the real economy, actively pursued the development of industrial clients, and steadily advanced its risk management business. It also improved its asset management product system, building its CTA+ futures asset management, in order to continuously improve its capabilities in wealth management. As of the end of the Reporting Period, the clients' equity of China Merchants Futures amounted to RMB27.28 billion.

In terms of the overseas market, CMS International proactively planned for transformation, responded to the weakness of the Hong Kong stock markets, and enhanced the revenue-generating capacity in other markets and varieties. CMS International continuously improved the global trading capabilities of institutional clients, with institutional trading services now covering in 21 countries and regions. CMS International focused on building the capacity of ETF full-chain services and striving to unlock the potential of ETF business. Meanwhile, CMS International further strengthened its information technology and operational support capabilities. In the first half of 2024, the trading volume of Hong Kong stocks of CMS International was HK\$73.928 billion; its trading volume of US stocks was HK\$85.953 billion; and the commission income of US stocks and bonds increased significantly year-on-year. As of the end of June 2024, the clients' assets under custody of CMS International amounted to HK\$187.831 billion, representing an increase of 10.53% as compared to the end of 2023.

### **(2) Capital-based intermediary business**

In the first half of 2024, the CSRC further strengthened the counter-cyclical adjustment function of securities lending business, and gradually tightened the securities lending and margin financing loan business. It suspended the scale increase of margin securities loan and required securities firms to enhance the management of client trading behaviors, and continued to intensify the supervision of illegal activities such as improper arbitrage through securities lending transactions. As of the end of June 2024, the scale of margin securities loan in the A share market amounted to RMB30.322 billion, representing a decrease of 72.54% as compared to the end of 2023; the balance of margin financing and securities lending amounted to RMB1.48 trillion, representing a decrease of 10.3% as compared to the end of 2023, of which the balance of margin financing amounted to RMB1.45 trillion and the balance of securities lending amounted to RMB31.571 billion, representing a decrease of 8.23% and 55.9%, respectively, as compared to the end of 2023.

During the Reporting Period, the Company closely followed market changes, strengthened internal collaboration, actively innovated products and services, quickly responded to client needs, accelerated the building of client service system, and continued to devote more efforts in exploring and building pipeline of clients. The Company prudently carried out the stock pledge business, effectively balanced risks and returns, continuously optimized the business structure, and maintained excellent asset quality. As of the end of June 2024, the balance of the Company's margin financing and securities lending amounted to RMB74.923 billion, and the maintenance coverage ratio was 264.87%. The balance of stock pledge repo (including contribution from asset management plans) to be repurchased amounted to RMB21.352 billion, and the overall collateral coverage ratio was 194.17%, of which, the balance of contribution from self-owned capital amounted to RMB16.942 billion, and the overall collateral coverage ratio was 239.37%.

For the overseas markets, as of the end of June 2024, the balance of margin financing of CMS International amounted to HK\$3.354 billion, and the maintenance coverage ratio was 360.41%.

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Operating indicators	As at the end of June 2024	As at the end of 2023	Change
Balance of margin financing and securities lending (RMB100 million)	749.23	827.61	-9.47%
Market share of margin financing and securities lending	5.06%	5.01%	Increased by 0.05 percentage point
Of which: Balance of securities lending (RMB100 million)	13.91	34.16	-59.28%
Market share of balance of securities lending	4.41%	4.77%	Decreased by 0.36 percentage point
Balance of stock pledge repo (including contribution from asset management plans) (RMB100 million)	213.52	227.75	-6.25%
Balance of stock pledge repo by self-owned capital (RMB100 million)	169.42	185.29	-8.56%
Balance of overseas margin financing (HK\$100 million)	33.54	25.45	31.79%

Source: Internal statistics of the Company

### (3) Institutional client integrated services

The Company is committed to providing a package of comprehensive financial services such as research, trading services, custody and fund administrative services, OTC derivatives, margin financing loan, block trading and sale of investment banking products for professional institutional investors such as mutual funds, private funds, banks, trusts and insurance asset management companies and etc.

#### ① Institutional integrated services

In the first half of 2024, the New "National Nine Opinions" emphasized the need to vigorously promote the entry of medium and long-term funds into the market and continuously strengthen long-term investment forces, and as a result, the space for institutional business growth was expected to be further opened up. In addition, new regulations including the *Provisions on the Supervision of Programmatic Trading in the Securities Market (for Trial Implementation)* (《證券市場程序化交易監管規定(試行)》) and the *Regulations on the Administration of Securities Transaction Fees of Publicly Offered Securities Investment Funds* (《公開募集證券投資基金證券交易費用管理規定》) have been promulgated successively, which put forward new requirements for the institutional business of securities firms to develop in a more professional and market-oriented manner. As of the end of June 2024, the AUM of mutual funds in the market amounted to RMB31.08 trillion, representing an increase of 12.61% as compared to the end of 2023; and the scale of private securities investment funds amounted to RMB5.20 trillion, representing a decrease of 9.09% as compared to the end of 2023.

During the Reporting Period, the Company promoted the high-quality development of institutional client business in all respects, optimized and improved marketing services, and expedited the implementation of the institutional client manager system and the digital progress of institutional business so as to build a one-stop institutional client service system. To implement the institutional client manager system, the Company deepened the collaborative mechanism between the Company's headquarters and brokerage branches, optimized the assessment system of institutional client managers and business process, with an aim of improving the service quality. In terms of marketing services for institutional client group, the Company focused on services for core client group including mutual fund and insurance, and actively integrated research and services to improve the efficiency of client reach. Meanwhile, the Company made efforts to expand the scale of ETF and securities settlement business, and cultivated new growth driver for institutional business. Efforts were made to stabilize the private funds business scale under unfavourable conditions and also seek new growth driver, and improve the three-dimensional marketing system of "headquarters-branches-brokerage branches", so as to further enhance the advantages of comprehensive services for private fund clients. The Company continuously increased investment in the digital process of institutional business, strengthened the digital operation and management of institutional business, and deeply empowered business development. It launched the "CMS Wit" (招證機智) institutional service platform to enhance the one-stop service experience of institutional clients by building a unified brand, unified operation and integrated service model. As of the end of June 2024, the Company's transaction coverage ratio of key private funds managers with AUM of over RMB5 billion reached 80%, and the asset scale of transactions by private fund clients decreased by 7.95% as compared to the end of 2023.

### ② Research

As of the end of June 2024, CMS offers research coverage of 2,607 listed companies in China and overseas, and 93% of the total market capitalization of the constituent stocks of the CSI 300 Index, 94% of the total market capitalization of the constituent stocks of the ChiNext Board, and 79% of the total market capitalization of the constituent stocks of the STAR Market.

During the Reporting Period, in response to the industry changes and intense market competition, the Company focused on the goal of "making the research business an industry benchmark and effectively supporting the strategic transformation of the Company's core business". It focused on promoting the transformation of its research business by following the "three-growth-curve" development path, while simultaneously enhancing the quality of both internal and external services. Firstly, CMS reinforced professional capability building to provide even more high-quality research and investment services. This was achieved through organizing various characteristic research activities such as Listed Company Forums, Spring Investment Strategy Meetings, Intelligent Manufacturing Forums, and Low-Altitude Economy Special Forums, thus actively expanding the income of the first growth curve. During the Reporting Period, the overall ranking of research for the key institutional customers improved. Secondly, CMS actively implemented the "research +" model, strengthening research on industrial chain and primary market, adhering to value creation and empowering the Company's key businesses through in-depth research. Thirdly, CMS aimed to establish the "CMS Think Tank" (招證智庫) brand by conducting special research centered on policy, industrial chain, and the reform of Chinese SOEs, thus enhancing the brand influence of the research business in an all-round way. In addition, the Company is committed to the digital and intelligent transformation and upgrade of its research service support system, actively laying out plans for an AI research institute, and developing the research service brand "CMS Intelligent Research" (招商智研). It aims to build a one-stop intelligent research production and service platform, achieving comprehensive digital and intelligent coverage of the entire life-cycle of research.

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### ③ Custody and fund administrative services

In the first half of 2024, the Asset Management Association of China (AMAC) issued the *Guidelines for the Operation of Private Securities Investment Funds* (《私募證券投資基金運作指引》), and the ecosystem of private fund industry continued to be optimized.

During the Reporting Period, the Company proactively responded to changes in market condition and customer structure, and timely adjusted its client marketing and service strategies. Adhering to the business policy of "service oriented, expertise prioritized, innovation led and technology driven", the Company consolidated the advantages of traditional key clients, and vigorously developed new managers in the growth period. It actively explored new operating models to expand new business opportunities. To seize the opportunities of cross-border fund administrator business, the Company launched the "Partner+" offshore fund administrative outsourcing service brand to expedite the pace of the business to go global. The Company built digital and intelligent advantages, and innovated and operated services such as operation control center, super FOF, the "sound of risk" risk control service, and "channel +" private fund circle that connects the upstream and downstream of private equity institutions. The Company actively used AI large models to launch the custody GPT super assistant to empower institutional business and improve client satisfaction. On the basis of the industry's first private fund T0 valuation, the Company continued to upgrade the T0 operating model and service system to maintain the industry-leading edge in the face of fierce market competition.

As of the end of June 2024, the number of products under custody and fund administrative services of the Company amounted to 41.5 thousand, representing a decrease of 3.49% as compared to the end of 2023, and the size of which amounted to RMB3.28 trillion, representing a decrease of 5.48% as compared to the end of 2023. According to the statistics from the AMAC and Wind, as at the end of the Reporting Period, the Company's market share in terms of the number of private fund products under custody reached 21.82% and ranked 1st in the industry for ten consecutive years since its operation. The Company ranked 3rd in the securities industry in terms of the amount of mutual fund products under custody.

## 2. Investment banking business

The investment banking business of the Company includes equity financing, debt financing, and financial advisory businesses.

### (1) Equity financing

In the first half of 2024, affected by the counter-cyclical adjustment mechanism for new share issuance, the pace of issuance in the A share equity financing market slowed down, and the scale and number of financing decreased significantly. According to the statistics from Wind, the number of shares issued in the A share market was 135, and the total amount of equity financing (excluding share issuance for asset acquisition, same for below) was RMB100.827 billion, representing a year-on-year decrease of 66.75% and 81.18%, respectively. Of them, a total of 43 IPOs were completed in the A share market, raising proceeds of RMB30.272 billion, representing a year-on-year decrease of 86.16%. The proceeds raised from refinancing amounted to RMB70.555 billion, representing a year-on-year decrease of 77.74%.

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During the Reporting Period, both equity and IPO proceeds in Hong Kong market decreased year-on-year due to the slowdown in global IPO activity. According to the statistics from Bloomberg, 31 IPOs were completed in the Hong Kong stock market with raised proceeds of US\$1.873 billion, representing a year-on-year decrease of 19.38%. The amount of equity financing in the Hong Kong stock market was US\$6.350 billion, representing a year-on-year decrease of 45.22%.

During the Reporting Period, the underwriting amount of the Company's equity business decreased year-on-year; however, as the Company actively grasped the issuance time window, the value and number of equity projects underwritten ranked higher year-on-year. According to the statistics from Wind, in the first half of 2024, the Company ranked 7th and 10th in the industry in terms of the value and number of A share equity projects underwritten as a leading underwriter, in which, the Company ranked 8th and 7th in the industry in terms of the value of IPO and refinancing projects underwritten, respectively. According to the statistics from Bloomberg, in the Hong Kong stock market, the Company completed a total of 2 IPO projects, with an underwriting amount of US\$48.89 million. The Company continued to vigorously develop technological finance and green finance, and assisted 3 enterprises in related industries in completing A share equity financing, with an underwriting amount of RMB4.782 billion.

In the first half of 2024, the Company completed a number of market influential projects, including A share IPO project of DAMENG (達夢數據, the first share of domestic database), two of the top ten IPO projects in Hong Kong market, namely CHABAIDAO (茶百道, the first share of retailer of freshly made tea drinks of Hong Kong stock) and MIGAO GROUP (米高集團), the non-public offering of TUOPU (拓普集團, a leading enterprise in the field of auto parts), and the convertible bond project of COSONIC (佳禾智能, a leading enterprise in the electroacoustic product manufacturing field).

During the Reporting Period, the Company vigorously reserved high-quality IPO projects. The overall reserve of equity projects remained stable. According to the statistics from Wind and the Exchanges, as of the end of June 2024, 17 A share IPO projects underwritten by the Company were pending approval (including projects approved and to be registered), ranking 9th in the industry. Among them, 4 BSE IPO projects were pending approval. The Company continued to serve technological innovation enterprises in the growth stage, and actively promoted the business opportunity of companies in the "Gazelle Incubator Project" company database. As of the end of the Reporting Period, a total of 480 companies have been selected into the "Gazelle Incubator Project" company database, and a total of 48 companies have signed investment banking business agreements.

A share projects	First half of 2024		First half of 2023		Year-on-year change in amount (%)
	Lead underwriting amount (RMB100 million)	Number of projects	Lead underwriting amount (RMB100 million)	Number of projects	
IPOs	16.36	1	21.88	2	-25.23%
Refinancing	35.47	3	47.40	7	-25.17%
<b>Total</b>	<b>51.83</b>	<b>4</b>	<b>69.28</b>	<b>9</b>	<b>-25.19%</b>

Source: Statistics from Wind, using issue date as statistics caliber.

Note: Refinancing excludes share issuance for asset acquisition.

### (2) Debt financing

In the first half of 2024, affected by the macro economy and policies, the cost of bond issuance showed a downward trend, and the financing amount of the domestic bond market maintained stable growth. According to the statistics from Wind, the total domestic bonds (excluding central bank bills and inter-bank deposit certificates, same for below) issued amounted to RMB21.96 trillion, representing a year-on-year increase of 1.13%. Of them, the total credit bonds issued amounted to RMB9.72 trillion (excluding treasury bonds, local government bonds, central bank bills, inter-bank deposit certificates and policy bank bonds, same for below), representing a year-on-year increase of 4.59%. The total corporate bonds issued amounted to RMB1.87 trillion, representing a year-on-year decrease of 1.77%. The total financial bonds issued amounted to RMB4.95 trillion, representing a year-on-year decrease of 7.04%. The total ABS issued amounted to RMB766.781 billion, representing a year-on-year decrease of 11.01%.

During the Reporting Period, the Company strictly controlled the risks of bond business, deeply cultivated the credit bond business of central enterprises and local high-quality state-owned enterprises, strengthened the development of financial bonds, Internet financial ABS, REITs, panda bonds and other businesses, and enhanced its efforts in underwriting green bonds and technological innovation corporate bonds, so as to make steady progress in the market competitiveness of the bond business. According to the statistics from Wind, in the first half of 2024, the domestic bonds lead underwritten by the Company amounted to RMB171.444 billion, representing a year-on-year increase of 18.41%. Of them, the amount of credit bonds and financial bonds underwritten ranked 7th and 8th in the industry. Benefiting from the expansion of Internet financial ABS business, the competitiveness of the Company's ABS business was gradually improved. The underwriting amount of ABS business increased by 57.97% year-on-year, ranking 3rd in the industry, up 4 places year-on-year. The underwriting amount of credit ABS, NAFMII ABN, and enterprise ABS business ranked 1st, 1st, and 6th in the industry, respectively. The Company actively practiced the development concept of green finance and technological finance, and assisted in the issuance of multiple green bonds and technological innovation corporate bonds, with a total underwritten amount of RMB14.938 billion, representing a year-on-year increase of 71.75%. The Company focused on improving services for inclusive finance, further promoted rural revitalization construction, and assisted in the issuance of a number of "rural revitalization" and "Three Rural Issues" (三農)-themed bonds and inclusive finance-themed products, with an underwriting amount of RMB17.791 billion.

In the first half of 2024, the Company completed a number of market influential projects, including Huaneng Trust – 360 Micro Credit Phase-I Asset-Backed Special Plan (華能信託—三六零小貸第1期資產支持專項計劃), the first domestic AAA international rating exchange ABS, the 2024 Public Issuance of Rural Revitalization Corporate Bonds for Professional Investors (Phase I) of CCCC Financial Leasing (中交租賃2024年面向專業投資者公開發行鄉村振興公司債券(第一期)), China's first rural revitalization corporate bond of a leasing company, the Supply Chain Finance Green Asset-Backed Special Plan (Rural Revitalization) (Phase-I) of Beijing Energy International (京能國際供應鏈金融第1期綠色資產支持專項計劃(鄉村振興)), the first green ABS on supply chain for rural revitalization project in the power industry, the Shangri-La Asia Limited 2024 Medium-Term Notes (Series-I) (Bond Connect) (香格里拉(亞洲)有限公司2024年度第一期中期票據(債券通)), the first panda bond of Shangri-La, the 2024 Medium-Term Notes (Phase-II) (Sustainably-linked) of Beijing Energy International (京能國際2024年度第二期中期票據(可持續掛鉤)), the sustainably-linked panda perpetual bonds of Beijing Energy International, and the Public Offering of Belt and Road Renewable Corporate Bonds to Professional Investors of Xiamen ITG Group (Phase-I) (廈門國貿2024年面向專業投資者公開發行「一帶一路」可續期公司債券(第一期)).

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Domestic bonds	First half of 2024		First half of 2023		Year-on-year change in amount
	Lead underwriting amount (RMB100 million)	Number of issuance (tranche)	Lead underwriting amount (RMB100 million)	Number of issuance (tranche)	
Enterprise bonds	1.56	1	2.00	1	-22.00%
Corporate bonds	347.43	111	377.68	101	-8.01%
Financial bonds	633.68	63	548.87	54	15.45%
Short-term financing bonds	22.84	6	28.48	8	-19.80%
Medium-term notes	146.06	40	100.67	25	45.09%
Private placement notes	10.21	4	42.53	11	-75.99%
Asset-backed securities	549.16	390	347.64	252	57.97%
Others	3.50	1	0.00	0	-
<b>Total</b>	<b>1,714.44</b>	<b>616</b>	<b>1,447.87</b>	<b>452</b>	<b>18.41%</b>

Source: Statistics from Wind, using issue date as statistics caliber.

Note: Bond underwriting includes bonds issued as a principal. "Others" include local government bonds, international agency bonds, government-backed agency bonds, standardized notes, exchangeable bonds and project revenue notes.

### (3) Financial advisory

In the first half of 2024, global M&A activity showed a recovery trend, and the value of M&A transactions rebounded year-on-year. According to the statistics from Bloomberg, a total of 26.3 thousand transactions were announced in the global M&A market, and the total transaction value amounted to US\$1.94 trillion, representing a year-on-year increase of 15%. Transactions in China's M&A market has slowed down. According to the statistics from Wind, 3,728 transactions were announced in China's M&A market (excluding overseas M&A), and the transaction value amounted to RMB717.137 billion, representing a year-on-year decrease of 23.52%. 1,875 transactions were completed, and the transaction value amounted to RMB331.159 billion, representing a year-on-year decrease of 50.57%.

According to the statistics from Wind and the Exchanges, during the Reporting Period, the Company completed 2 A share market M&A and restructuring projects, namely the absorption and merger of Chongqing Department Store and the disposal of equity of Bank of Zigong by Sichuan Zigong Conveying Machine Group, with a transaction amount of RMB4.9 billion, ranking 4th and 7th in the industry in terms of amount and number of transactions, respectively. As of the end of June 2024, the Company had one M&A and restructuring project under review, ranking 3rd in the industry.

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### 3. Investment management

The Company engages in securities asset management business and private equity fund management business through its subsidiaries, namely China Merchants Securities Asset Management Co., Ltd. and China Merchants Zhiyuan Capital Investment Co., Ltd. The Company engages in mutual fund management business through its associates, namely Boseru Funds (of which the Company holds 49% of the equity) and China Merchants Fund (of which the Company holds 45% of the equity).

#### (1) Asset management business of securities companies

In the first half of 2024, the securities asset management industry accelerated the development of mutual funds, with securities companies increasingly focusing on active management. However, due to market conditions, the number of registered fixed-income products grew year-on-year, while equity products saw a year-on-year decline. Securities companies expedited the establishment of asset management subsidiaries and applying for public fund licenses, intensifying industry competition. According to the statistics from the Asset Management Association of China, as at the end of June 2024, the AUM of private funds of securities companies and their asset management subsidiaries amounted to RMB5.80 trillion, representing an increase of 9.30% as compared with the end of 2023.

During the Reporting Period, CMS Asset Management continued to build active management capabilities, strengthened the investment research system, and improved the performance of multiple products. Efforts were made to promote product marketing and issuance according to client demand, and led to steady growth of AUM. In April 2024, the Company was officially approved to carry out mutual fund management business. To take the opportunity of obtaining a mutual fund license, the Company actively promoted the application and issuance preparation of the first batch of mutual fund products, orderly advanced the registration of existing large collective products to mutual funds, optimized product layout, and expedited channel expansion to promote the steady development of mutual fund business. During the Reporting Period, the Company submitted application materials for five mutual fund products. At the same time, the Company tapped the potential of institutional business, and deeply cultivated the financial needs of banks and corporate clients so as to enhance its sales generation ability. As of the end of June 2024, the AUM of CMS Asset Management amounted to RMB302.159 billion, representing an increase of 2.48% as compared to the end of 2023.

Items	AUM (RMB100 million)		Net income from asset management business (RMB100 million)	
	As at the end of June 2024	As at the end of 2023	First half of 2024	First half of 2023
Collective asset management	1,301.64	1,151.96	2.37	2.63
Separately managed account	1,049.98	1,071.02	1.15	1.18
Specialized asset management	669.97	725.56	0.23	0.19
<b>Total</b>	<b>3,021.59</b>	<b>2,948.54</b>	<b>3.75</b>	<b>4.00</b>

Source: Internal statistics of the Company

### (2) Private equity fund management

In the first half of 2024, China's equity investment industry faced multiple challenges, and the market continued to slow down. Regulatory authorities have introduced a number of policies to guide venture capital investment and the high-quality development of capital markets so as to contribute to the development of technology pioneering enterprises. According to the data of Zero2IPO Research, there were 1,817 new funds in China's equity market, raising a total of RMB622.939 billion, representing a year-on-year decrease of 49.2% and 22.6%, respectively. The number of investment cases was 3,033, with an investment amount of RMB196.703 billion in total, representing a year-on-year decrease of 37.6% and 38.7%, respectively, with more than half of them invested in technology-based enterprises. The number of exit cases was 746, representing a year-on-year decrease of 63.5%, and the number of IPOs of invested companies continued to shrink, and the number of other types of exit transactions also decreased.

During the Reporting Period, CMS Zhiyuan Capital continued to implement the guiding principles of the Central Financial Work Conference, focused on key areas, strove to do well in five major fields, i.e. technological finance, green finance, inclusive finance, pension finance and digital finance, and actively supported the development of strategic emerging industries, so as to help cultivate new quality productive forces. In the first half of 2024, CMS Zhiyuan Capital actively promoted the transformation and upgrading of traditional industries and the development of regional economy, and completed the filing of new funds with an amount of RMB1.7 billion. In terms of investment, it deeply cultivated key tracks such as scientific and technological innovation and green and low-carbon, and completed the investment in 3 enterprises, with an investment amount of RMB217 million. The amount of exiting proceeds amounted to RMB271 million. In terms of post-investment management, CMS Zhiyuan Capital took full advantage of the platform and channel advantages of China Merchants Group, and leveraged on the integration of industry and finance to empower the invested enterprises. According to the statistics from the AMAC, in the second quarter of 2024, the average monthly private AUM of CMS Zhiyuan Capital amounted to RMB20.896 billion, ranking 8th in the securities industry.

### (3) Fund management

In the first half of 2024, the transformation and upgrading in domestic economy, as well as the continuous adjustment of real estate industry presented multiple challenges for economic recovery. The New "National Nine Opinions" anchored the goal of becoming a financial power, guided the capital market to better serve the growth of the real economy, cultivate new quality productive force, and escort high-quality economic development, and launched a new round of further deepening reform comprehensively. The reform of the financial regulatory system was accelerated, the fees of asset management products were reduced, ETFs were rapidly expanded, and some deposits were transferred to the off-balance sheet of banks, all of which brought opportunities and challenges for the development of the mutual fund industry. According to the statistics from the Asset Management Association of China, as at the end of June 2024, AUM of mutual funds in the market amounted to RMB31.08 trillion, representing an increase of 12.61% as compared to the end of 2023, reaching a record high.

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### ① Bosera Funds

During the Reporting Period, Bosera Funds carried out the guiding principles of the central government, strictly implemented the requirements of "1+N" regulatory system of the New National Nine Opinions, and vigorously promoted reform and innovation, so as to enhance its core competitiveness. It adhered to the political and people-centric nature of finance, oriented at serving the people, the new quality productive forces, and the elderly industry, and strove to do well in the five major fields. Bosera Funds focused on improving client service capabilities, digital intelligent process capabilities, and risk management capabilities, accelerated new businesses development, and developed along the upstream and downstream of the wealth management chain to make every effort to improve quality and efficiency. Bosera Funds adhered to technology-led and innovation-driven strategies and operated with benchmarking management, with focus on improving core competitiveness. It made every effort to enhance the investment capabilities of "fixed-income +" and annuities, expand the scale of ETF and index products, and consolidate and improve the performance of equity investment and fixed-income investment, as a way to build a benchmark enterprise in the digital and intelligent asset management industry with high quality.

As of the end of the Reporting Period, the AUM of Bosera Funds amounted to RMB1,698.7 billion (including the assets managed by subsidiaries), representing an increase of 8.55% as compared to the end of 2023. Of them, the AUM of mutual funds (excluding feeder funds) amounted to RMB1,077.3 billion, representing an increase of 13.44% as compared to the end of 2023. The AUM of non-monetary mutual funds amounted to RMB571.3 billion, representing an increase of 7.46% as compared to the end of 2023. According to the statistics from Wind, as of the end of June 2024, Bosera Funds ranked 6th in the industry in terms of AUM of non-monetary mutual funds, and ranked 2nd in terms of AUM of bond mutual funds.

### ② China Merchants Fund

During the Reporting Period, China Merchants Fund persisted on the inclusive financial positioning of mutual funds, and developed in accordance with the requirements of "high-quality development" of mutual funds, continuously improved quality and efficiency, consolidated its fundamentals, upheld fundamental principles, broke new ground, operated under strict management, and generally maintained a momentum of steady progress. In terms of investment research, China Merchants Fund deeply practiced the investment research values of "duty, focus, and openness", continued to strengthen the investment and research integration mechanism, and promoted the building of investment research platforms. In terms of client, it continued to deepen investor companionship, actively promoted fee reduction, steadily carried out investment advisory business, practiced the concept of finance for the people, and strove to increase the clients' satisfaction. In term of product, China Merchants Fund further enriched product line, improved product structure, accelerated international footprint, and was approved for the first REITs business of China Merchants Fund. In terms of risk management, China Merchants Fund improved the risk management system in all fronts, and steadily promoted risk control and compliance and operated steadily to better control business risks, with no major compliance risk events occurring during the Reporting Period.

As of the end of the Reporting Period, the AUM of China Merchants Fund (including the assets managed by subsidiaries) amounted to RMB1,608.6 billion, representing an increase of 3.75% as compared to the end of 2023. Of which, AUM of mutual funds (excluding feeder funds) amounted to RMB888.2 billion, representing an increase of 3.20% as compared to the end of 2023; and AUM of non-monetary mutual funds amounted to RMB566.5 billion, representing a decrease of 1.57% as compared to the end of 2023. According to the statistics from Wind, as of the end of June 2024, China Merchants Fund ranked 7th in the industry in terms of AUM of non-monetary mutual funds, and ranked 4th in terms of AUM of bond mutual funds.

### 4. Investment and trading

In the first half of 2024, the domestic macro economy operated steadily, the cultivation of new quality productive forces was quickened, the economy's dependence on the real estate chain was rapidly reduced, the transformation of old growth drivers into new ones was accelerated, and external demand continued to recover. The proactive fiscal policy was moderately strengthened to improve quality and efficiency, the prudent monetary policy was flexible, moderate, precise and effective, and the liquidity in the financial system was reasonably abundant. The A share market showed a deep V trend. As solid progress was made in high-quality development and the structural transformation was continuously deepened, the financing cost of the real economy declined, the bond market remained upward fluctuation, and the ChinaBond Composite Total Return Index increased by 3.76%. The performance of major overseas developed economies was generally stable. The U.S. economy moved from overheating to balance, with generally eased inflationary pressure. Overseas central banks began to cut interest rates or entered the observation stage before cutting interest rates. U.S. bond interest rates fluctuated upward, and the Chinese dollar bond investment-grade index rose by 2.21%.

During the Reporting Period, the Company thoroughly implemented the investment strategy of "being large-scale while maintaining stability", enhanced asset allocation capabilities, coordinated resource allocation of investment business, investment decision-making and risk management in a top-down approach, adjusted and optimized the investment structure in a timely manner in line with changes in market situation, enhanced its business strategies to effectively improve the investment returns in a steady manner, and improved the platformization and digital intelligence of its trading, risk control and research capabilities. As of the end of June 2024, the Company's financial assets amounted to RMB369.511 billion, representing a decrease of 1.36% as compared to the end of 2023.

For equity investment, the Company continued to improve the investment research system, and adhered to the principle of absolute returns. We vigorously promoted a high-dividend investment strategy led by SOEs, actively explored diversified investment strategies, paid close attention to the macro environment and national policies, upheld the long-term trend in industrial development, and selected industry leaders.

For equity derivatives investment, the Company actively developed demand-driven business, continuously expanded capital-based intermediary trading business, including listed derivatives market making and securities market making, and strengthened quantitative strategy and other market-neutral investment business. For listed derivatives market making, the Company deepened the application of AI, enhanced fundamental research, and continued to improve price discovery and risk management capabilities. As of the end of June 2024, the number of market making qualifications for listed derivatives increased to 94, ranking first among securities companies. During the Reporting Period, the number of awards for listed derivatives market making business ranked first among securities companies. For securities market making business, the Company continued to expand market making projects, with the number of fund market making projects and the number of market making projects on the STAR Market reaching 454 and 39 respectively, maintaining a leading position in the market in terms of competitiveness in market making. The Company was granted the comprehensive AA rating by the SSE and SZSE in 2023, and won a number of honors in the fields of fund market making and stock market making on the STAR Market. For OTC derivatives, the Company operated strictly in accordance with regulatory policies and guidelines, maintained business risk neutrality and overall risks controllable. During the Reporting Period, the Company continuously improved its OTC derivatives infrastructure and fully leveraged internal synergies, leading to a further enhancement in service capabilities for institutional clients.

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For fixed-income investment, in terms of directional strategy, the Company fully leveraged its advantages of investment research, accurately grasped the allocation and swing trading opportunities of the domestic bond market. During the Reporting Period, the Company's return of domestic fixed-income investment significantly outperformed the ChinaBond Composite Wealth Index. Meanwhile, the Company continuously improved credit risk management capabilities and had no investment related credit risk events. For market-neutral strategy, the Company continued to enrich and optimize its strategies, enhanced the empowerment of financial technology, and better captured opportunities such as interest rate spreads of different products and changes in the shape of the yield curve, so as to obtain stable income. In terms of market making, the Company comprehensively carried out market making business of interbank bonds, derivatives, CFFEX treasury bond futures, exchange bonds, bond ETFs and other products, and its competitive advantage was continuously enhanced. In terms of overseas bond investment business, the Company attached great importance to investment opportunities in the overseas fixed-income market under the domestic low interest rate environment. The Company prudently carried out swing trading, expanded the overseas market-neutral strategy, and steadily boosted business scale. It significantly outperformed the market benchmark in investment return, and obtained good absolute returns in the circumstance of rising U.S. bond interest rates and weak markets. In terms of client demand business, the Company steadily promoted OTC derivatives businesses such as fixed-income return swaps and options. The trading volume of OTC derivatives in the first half of the year increased as compared with the whole year of 2023. In addition, the Company continued to strengthen the digital development of the investment research system. The fixed-income quantitative research platform comprehensively digitalized macro research, trading mining, and portfolio management, and the credit management system enabled the full-cycle management of the investment research process, which greatly improved the research capability and investment efficiency.

For foreign exchange, in the first half of 2024, the Company officially launched client business. As the first batch of institutions to participate in the direct processing of transaction settlement in the foreign exchange trading center and the foreign exchange bilateral agency settlement service of Shanghai Clearing House, the Company achieved comprehensive development of proprietary trading and client business, making the market influence continuously maintain the forefront of brokers.

For alternative investment, with focus on investment opportunities in the fields of technological finance, green finance and digital finance, CMS Investment continued to conduct in-depth research on key industries such as green dual carbon, chip semiconductors, and medical and health care, and actively explored high-quality potential enterprises with core independent competence and in line with the national strategy, and adhered to high-quality investment standards. It invested RMB100 million in projects in the first half of 2024. It attached great importance to post-investment management and prudently disposed of risky projects, with an exit amount of approximately RMB370 million.

## IV. Financial Analysis

### 1. Analysis of financial statements

#### 1.1 Analysis of the profitability of the Company during the Reporting Period

In the first half of 2024, the Company's total revenue, other income and gains amounted to RMB14.362 billion, representing a year-on-year decrease of 8.25%; and profit for the period attributable to shareholders of the Company amounted to RMB4.748 billion, representing a year-on-year increase of 0.44%.

Unit: RMB'000

Items	Current period		Previous period		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Fee and commission income	4,453,006	31.00%	5,269,094	33.66%	-816,088	-15.49%
Interest income	5,031,862	35.03%	5,423,377	34.65%	-391,515	-7.22%
Investment gains, net	4,753,132	33.09%	3,918,188	25.03%	834,944	21.31%
Other income and gains, net	124,394	0.87%	1,042,892	6.66%	-918,498	-88.07%
<b>Total revenue, other income and gains</b>	<b>14,362,394</b>	<b>100.00%</b>	<b>15,653,551</b>	<b>100.00%</b>	<b>-1,291,157</b>	<b>-8.25%</b>

Fee and commission income amounted to RMB4.453 billion, representing a year-on-year decrease of 15.49%. Among which, the income from securities and futures brokerage business amounted to RMB3.493 billion, representing a year-on-year decrease of 12.96%, mainly attributable to the decrease in the trading volume of stocks and funds in the SSE, SZSE and BSE, and the year-on-year decrease in net fee income from agency trading of securities of the Company; the income from underwriting and sponsorship business amounted to RMB259 million, representing a year-on-year decrease of 40.07%, mainly attributable to the year-on-year decrease in income from IPOs of the Company; and the income from asset management business amounted to RMB347 million, representing a year-on-year decrease of 7.16%, mainly attributable to the year-on-year decrease in management fee income of CMS Asset Management, a subsidiary of the Company.

Interest income amounted to RMB5.032 billion, representing a year-on-year decrease of 7.22%, of which interest income from margin financing and securities lending decreased year-on-year as a result of the year-on-year decrease in the size and interest rate of margin financing and securities lending of the Company.

Investment gains, net amounted to RMB4.753 billion, representing a year-on-year increase of 21.31%, mainly attributable to a higher year-on-year increase in revenue from fixed-income investments.

Other income and gains, net amounted to RMB124 million, representing a year-on-year decrease of 88.07%, mainly attributable to the year-on-year decrease in revenue from commodities business under China Merchants Futures, a subsidiary of the Company.

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Unit: RMB'000

Items	Current period		Previous period		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Depreciation and amortization	422,275	4.16%	376,281	3.36%	45,994	12.22%
Staff costs	3,113,689	30.69%	3,225,897	28.77%	-112,208	-3.48%
Fee and commission expenses	945,118	9.32%	1,137,763	10.15%	-192,645	-16.93%
Interest expenses	4,564,829	44.99%	4,489,749	40.04%	75,080	1.67%
Tax and surcharges	49,626	0.49%	53,318	0.48%	-3,692	-6.92%
Other operating expenses	1,012,274	9.98%	1,782,982	15.90%	-770,708	-43.23%
Impairment losses under expected credit loss model, net of reversal	37,692	0.37%	147,068	1.31%	-109,376	-74.37%
<b>Total expenses</b>	<b>10,145,503</b>	<b>100.00%</b>	<b>11,213,058</b>	<b>100.00%</b>	<b>-1,067,555</b>	<b>-9.52%</b>

In the first half of 2024, the total expenses of the Company amounted to RMB10.146 billion, representing a year-on-year decrease of 9.52%, of which:

Fee and commission expenses amounted to RMB945 million, representing a year-on-year decrease of 16.93%, mainly attributable to the year-on-year decrease in fee and commission expenses of the securities and futures brokerage business.

Interest expenses amounted to RMB4.565 billion, representing a year-on-year increase of 1.67%, of which interest expenses of the financial assets sold under repurchase agreements and short-term debt instruments increased year-on-year, partially offset by the year-on-year decrease in the interest expenses of the bonds payable.

Staff costs amounted to RMB3.114 billion, representing a year-on-year decrease of 3.48%, of which salaries, bonus and allowances, contributions to retirement benefits and other social welfare decreased year-on-year.

Impairment losses under expected credit loss model, net of reversal amounted to RMB38 million, representing a year-on-year decrease of 74.37%, mainly attributable to the year-on-year decrease in impairment loss of financial assets held under resale agreements.

Other operating expenses amounted to RMB1.012 billion, representing a year-on-year decrease of 43.23%, mainly attributable to the year-on-year decrease in expenses of commodity business under China Merchants Futures, a subsidiary of the Company.

Other expenses included depreciation and amortization, tax and surcharges.

## 1.2 Analysis of segment revenues, other incomes and gains

Unit: RMB'000

Business segment	Current period		Previous period		Percentage change
	Amount	Percentage	Amount	Percentage	
Wealth management and institutional business	7,432,796	51.75%	8,524,753	54.46%	Decreased by 2.71 percentage points
Investment banking	301,677	2.10%	492,187	3.14%	Decreased by 1.04 percentage points
Investment management	513,994	3.58%	586,064	3.74%	Decreased by 0.16 percentage point
Investment and trading	5,647,794	39.32%	4,700,654	30.03%	Increased by 9.29 percentage points
Others	496,794	3.46%	1,383,819	8.84%	Decreased by 5.38 percentage points

Segment revenue, other income and gains from the wealth management and institutional business amounted to RMB7.433 billion, representing a year-on-year decrease of 12.81%; segment revenue, other income and gains from the investment banking business amounted to RMB302 million, representing a year-on-year decrease of 38.71%; segment revenue, other income and gains from the investment management business amounted to RMB514 million, representing a year-on-year decrease of 12.30%; segment revenue, other income and gains from the investment and trading business amounted to RMB5.648 billion, representing a year-on-year increase of 20.15%; and segment revenue, other income and gains from other businesses amounted to RMB497 million, representing a year-on-year decrease of 64.10%.

In terms of revenue composition, the proportion of the wealth management and institutional business, the investment banking business, the investment management business and other businesses decreased by 2.71 percentage points, 1.04 percentage points, 0.16 percentage point and 5.38 percentage points, respectively, and the proportion of the investment and trading business increased by 9.29 percentage points.

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### 1.3 Analysis of assets and liabilities

As at the end of June 2024, the Company's total assets amounted to RMB639.13 billion, representing a decrease of RMB56.723 billion, or 8.15%, as compared to the end of 2023. Excluding accounts payable to brokerage clients, total assets amounted to RMB547.752 billion, representing a decrease of RMB30.249 billion, or 5.23%, as compared to the end of 2023, among which financial assets<sup>1</sup> decreased by RMB5.093 billion as compared to the end of 2023, financial assets held under resale agreements decreased by RMB14.148 billion as compared to the end of 2023, and advances to customers decreased by RMB5.447 billion as compared to the end of 2023.

The Company's asset quality and liquidity remained sound, and its net current assets amounted to RMB129.875 billion. The Company's cash and bank balances and clearing settlement funds, financial assets, advances to customers and financial assets held under resale agreements, and interests in associates and joint ventures accounted for 18.60%, 57.81%, 17.81% and 1.87% of total assets, respectively. As compared to the end of last year, the proportion of the Company's cash and bank balances and clearing settlement funds, financial assets, advances to customers and financial assets held under resale agreements, and interests in associates and joint ventures decreased by 2.62 percentage points, increased by 3.98 percentage points, decreased by 1.36 percentage points and increased by 0.18 percentage point, respectively.

As at the end of June 2024, the Company's total liabilities amounted to RMB514.6 billion, representing a decrease of RMB59.216 billion, or 10.32%, as compared to the end of 2023. Excluding accounts payable to brokerage clients, total liabilities amounted to RMB423.222 billion, representing a decrease of RMB32.742 billion, or 7.18%, as compared to the end of 2023. Among which, short-term debt instruments decreased by RMB13.585 billion as compared to the end of 2023, and bonds payable decreased by RMB18.237 billion as compared to the end of 2023.

The Company's liabilities are mainly denominated in RMB, HKD and USD. For details of the Company's borrowing rates, please refer to Note 33 "Short-term borrowings", Note 34 "Short-term debt instruments", Note 35 "Placements from banks and other financial institutions", Note 42 "Long-term borrowings due within one year", Note 43 "Long-term borrowings", Note 48 "Bonds payables due within one year" and Note 49 "Bonds payables" to the consolidated financial statements of this report.

Among total liabilities, the Company's financial assets sold under repurchase agreements, short-term borrowings and placements from banks and other financial institutions accounted for 32.03%; accounts payable to brokerage clients accounted for 17.76%; bonds payable accounted for 20.16%; short-term debt instruments accounted for 8.44%; and financial liabilities at fair value through profit or loss and derivative financial liabilities accounted for 12.47%. As compared to the end of last year, the proportion of financial assets sold under repurchase agreements, short-term borrowings and placements from banks and other financial institutions increased by 1.37 percentage points; the proportion of accounts payable to brokerage clients decreased by 2.78 percentage points; the proportion of bonds payable decreased by 1.10 percentage points; the proportion of short-term debt instruments decreased by 1.50 percentage points; and the proportion of financial liabilities at fair value through profit or loss and derivative financial liabilities increased by 3.50 percentage points.

<sup>1</sup> Financial assets = Debt instruments at fair value through other comprehensive income + Debt instruments at amortized cost + Financial assets at fair value through profit or loss + Equity instruments at fair value through other comprehensive income + Derivative financial assets

## Chapter 3: Management's Discussion and Analysis

As at the end of June 2024, excluding accounts payable to brokerage clients, the gearing ratio of the Company was 77.27%, representing a decrease of 1.62 percentage points as compared to the end of 2023.

As at the end of June 2024, equity attributable to shareholders of the Company amounted to RMB124.452 billion, representing an increase of RMB2.490 billion as compared to the end of 2023. Among which, profit for the period attributable to shareholders of the Company amounted to RMB4.748 billion; dividends recognized as distribution amounted to RMB2.192 billion; and distribution to holders of other equity instruments amounted to RMB572 million.

### 1.4 Cash flows

Unit: RMB'000

Items	Current period	Previous period	Change	Percentage change
Net cash generated from operating activities	44,085,990	11,690,949	32,395,041	277.10%
Net cash (used in)/generated from investing activities	-10,628,298	1,324,784	-11,953,082	-902.27%
Net cash used in financing activities	-35,330,742	-19,838,819	-15,491,923	-
Net decrease in cash and cash equivalents	-1,873,050	-6,823,086	4,950,036	-

In the first half of 2024, excluding the impact of changes in cash held on behalf of customers, the Company's cash and cash equivalents amounted to RMB27.966 billion, of which cash and cash equivalents denominated in RMB accounted for 77.52%. The Company's cash and cash equivalents are mainly denominated in RMB, HKD and USD.

In the first half of 2024, the Company's net decrease in cash and cash equivalents amounted to RMB1.873 billion. Among which, net cash from operating activities amounted to RMB44.086 billion; net cash used in investing activities amounted to RMB10.628 billion; and net cash used in financing activities amounted to RMB35.331 billion.

Net cash from operating activities increased by RMB32.395 billion as compared to the first half of 2023, mainly attributable to the increase of RMB65.608 billion in net cash from financial assets/liabilities at fair value through profit or loss, partially offset by the decrease of RMB33.691 billion in net cash from accounts payables to brokerage clients.

Net cash from investing activities decreased by RMB11.953 billion as compared to the first half of 2023, mainly attributable to the decrease of RMB12.858 billion in net cash from financial assets at fair value through other comprehensive income.

Net cash from financing activities decreased by RMB15.492 billion as compared to the first half of 2023, mainly attributable to the decrease of RMB36.615 billion in net cash as a result of repayment of bonds and short-term debt instruments, partially offset by the increase of RMB20.967 billion in net cash from the issuance of bonds and repayment of short-term borrowings.

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### 2. Overseas assets

Overseas assets amounted to RMB44.358 billion, accounting for 6.94% of total assets.

#### (IV) Analysis of investment

### 1. General analysis of external equity investments

During the Reporting Period, the Company did not purchase or sell any external equity investment.

### 2. Financial assets measured at fair value

Unit: RMB10,000

Asset class	Opening amount	Profit or loss from changes in fair value for the current period	Cumulative changes in fair value included in equity	Impairment provision for the current period	Purchase amount for the current period	Disposal/redemption amount for the current period	Other changes	Closing amount
Bonds	26,193,872.35	153,796.17	82,148.02	453.11	141,175,241.37	140,190,365.56	-264.00	27,414,428.35
Funds	4,166,274.23	1,573.38	213.64	-	38,545,722.79	38,866,174.08	409.66	3,848,019.62
Stocks	3,893,475.83	-14,373.29	-11,934.17	-	19,683,637.88	20,839,256.73	8,049.81	2,719,599.33
Derivatives	-25,984.69	243,381.42	-	-	-	-	71,523.87	288,920.60
Others	2,469,696.66	-11,942.76	-	-	1,552,648.21	2,057,826.45	223.27	1,952,798.93
Total	36,697,334.38	372,434.92	70,427.49	453.11	200,957,250.25	201,953,622.82	79,942.61	36,223,766.83

### 3. Securities investment

As the Company is a securities company principally engaging in proprietary trading business with frequent and wide varieties of transactions, and has disclosed the investment categories, fair value changes, investment gains and other details in "Chapter 9: Financial Report", the Company thus will not disclose the relevant details of securities herein.

### (V) *Analysis of principal subsidiaries and companies in which the Company has a non-controlling interest*

#### 1. **Analysis of subsidiaries**

##### (1) *China Merchants Securities Asset Management Co., Ltd.*

CMS Asset Management is a wholly-owned subsidiary of China Merchants Securities with a registered capital of RMB1 billion. It is principally engaged in securities asset management and publicly offered security investment funds management.

As of the end of June 2024, the total assets of CMS Asset Management amounted to RMB5.855 billion and the net assets amounted to RMB5.472 billion. In the first half of 2024, it recorded total revenue, other income and gains of RMB452 million and net profit of RMB168 million.

##### (2) *China Merchants Securities International Company Limited*

CMS International is a wholly-owned subsidiary of China Merchants Securities with a paid-up capital of HK\$6.454 billion. Through its subsidiaries, CMS International is principally engaged in securities and futures contracts brokerage, listing sponsorship, financial advisory, corporate finance, investment management, asset management, market research and other businesses as permitted by regulatory rules of the place where its subsidiaries operate.

As of the end of June 2024, the total assets of CMS International amounted to HK\$48.645 billion and the net assets amounted to HK\$9.649 billion. In the first half of 2024, it recorded total revenue, other income and gains of HK\$1.154 billion and net profit of HK\$214 million.

##### (3) *China Merchants Futures Co., Limited*

China Merchants Futures is a wholly-owned subsidiary of China Merchants Securities with a registered capital of RMB3.598 billion. Its principal businesses include commodity futures brokerage, financial futures brokerage, futures investment consultation and asset management. As of the end of June 2024, China Merchants Futures has four futures branches in Beijing, Guangzhou, Shanghai and Hangzhou, one branch office in Henan and one risk management subsidiary, i.e. China Merchants Securities Capital Investment Co., Ltd. (招證資本投資有限公司).

As of the end of June 2024, the total assets of China Merchants Futures amounted to RMB34.906 billion and the net assets amounted to RMB5.160 billion. In the first half of 2024, it recorded total revenue, other income and gains of RMB680 million and net profit of RMB146 million.

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### (4) *China Merchants Zhiyuan Capital Investment Co., Ltd.*

CMS Zhiyuan Capital is a wholly-owned subsidiary of China Merchants Securities with a registered capital of RMB2.1 billion and a paid-up capital of RMB1.8 billion. It is principally engaged in private equity investment funds and related consultancy and advisory services and other businesses as permitted by regulatory authorities.

As of the end of June 2024, the total assets of CMS Zhiyuan Capital amounted to RMB4.139 billion and the net assets attributable to shareholders of the parent company amounted to RMB2.090 billion. In the first half of 2024, it recorded total revenue, other income and gains of RMB15 million and loss attributable to shareholders of the parent company of RMB31 million.

### (5) *China Merchants Securities Investment Co., Ltd.*

CMS Investment is a wholly-owned subsidiary of China Merchants Securities with a registered capital of RMB10.1 billion and a paid-up capital of RMB7.1 billion. It is principally engaged in alternative investment businesses such as financial products and equity investment other than those listed in the List of Securities Investments for Proprietary Trading of Securities Companies (《證券公司證券自營投資品種清單》).

As of the end of June 2024, the total assets of CMS Investment amounted to RMB10.500 billion and the net assets amounted to RMB9.922 billion. In the first half of 2024, it recorded total revenue, other income and gains of RMB34 million and net profit of RMB20 million.

## 2. Analysis of companies in which the Company has a non-controlling interest

### (1) *Bosera Asset Management Co., Limited*

The Company holds 49% equity interest in Bosera Funds. Bosera Funds was established on July 13, 1998 as one of the first five mutual fund management companies in mainland China. Its business scope includes fund raising, sales of funds, asset management and other businesses permitted by the CSRC.

As of the end of June 2024, Bosera Funds recorded total assets of RMB12.535 billion and net assets attributable to shareholders of the parent company of RMB9.455 billion. In the first half of 2024, it recorded operating income of RMB2.215 billion and net profit attributable to shareholders of the parent company of RMB756 million.

### (2) *China Merchants Fund Management Co., Ltd.*

The Company holds 45% equity interest in China Merchants Fund. China Merchants Fund was established on December 27, 2002. Its business scope includes fund management, promotion and establishment of funds and other businesses approved by the CSRC.

As of the end of June 2024, China Merchants Fund recorded total assets of RMB14.783 billion and net assets of RMB9.605 billion. In the first half of 2024, it recorded operating income of RMB2.532 billion and net profit of RMB847 million.

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

As of June 30, 2024, the Group consolidated 47 structured entities, including mainly asset management schemes, investment funds and limited partnership. Under the circumstance that the Group is involved in a structured entity as manager and investor, the Group comprehensively assesses whether its potential variable returns will be significantly affected by the returns attributable to its investment and the remuneration as a manager and whether the Group is a principal responsible person of the entity. As of June 30, 2024, the total assets of the consolidated structured entities amounted to RMB30.745 billion.

### **(VII) Financing**

#### **1. Financing channels and financing capabilities**

The Company has established diversified financing channels, and engages in financing through onshore and offshore additional issuance, rights issue, perpetual subordinated bonds, subordinated bonds, corporate bonds, financial bonds, short-term financing bonds, income certificates, margin fund loan, interbank borrowing and repurchase, bank borrowings, etc. The Company arranges the types of financing according to its operation and business development needs, with an aim to optimize its financing structure.

#### **2. Liability structure**

As of the end of June 2024, total liabilities of the Company amounted to RMB514.600 billion. Excluding the amount of accounts payable to brokerage clients, total liabilities amounted to RMB423.222 billion. Of which, as of the end of June 2024, bonds payable amounted to RMB103.755 billion, accounting for 24.52% of liabilities; short-term debt instruments amounted to RMB43.441 billion, accounting for 10.26% of liabilities; long-term borrowings amounted to RMB2.117 billion, accounting for 0.50% of liabilities; financial assets sold under repurchase agreements amounted to RMB145.495 billion, accounting for 34.38% of liabilities; short-term borrowings amounted to RMB5.733 billion, accounting for 1.35% of liabilities; and placements from banks and other financial institutions amounted to RMB13.597 billion, accounting for 3.21% of liabilities. The Company had stable operation, good profitability, abundant liquidity replenishment channels and excellent asset quality, which provide a strong protection for the Company's solvency.

#### **3. Liquidity management**

In respect of liquidity management, the Company aims to ensure its liquidity safety and meet the needs of business development. In a normal operation environment, the Company aims to maintain sufficient capital to meet the needs of business development. In stressful situations, the Company aims to maintain sufficient buffer capacity to release cash flows and ensure the capital requirements in unconventional circumstances.

The Treasury Department of the Company is responsible for the allocation of capital, coordination of capital planning, management of capital positions and capital requirements, and daily monitoring of cash positions and cash flow gaps.

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By analyzing and monitoring the size and structure of assets and liabilities, the Company ensures that the size and duration of its assets and liabilities are able to meet its business development needs, while also maintains premium liquid assets at a reasonable and sufficient level. The Company has formulated a multiplier liquidity risk indicator limit management system based on its risk appetite, and monitors the performance of each risk indicator on a daily basis. The Company monitors and analyzes the development of each business in a timely manner, and on such basis, uses risk assessment approaches such as sensitivity analysis, stress test and VaR analysis to dynamically monitor the liquidity risk of business development, and takes corresponding risk management measures. The Company has established an internal risk reporting system so that it can be promptly aware of the liquidity risk of each business and take corresponding measures to ensure the safety, stability and sustainability of each business. The Company has formulated an emergency management system to deal with the shortage of funds, and organizes emergency plans and conducts regular drills and evaluations. The Company actively expands its financing channels, and meets various needs for capital in its business process through diverse financing approaches. In the first half of 2024, the Company's liquidity risk indicators performed well. It had adequate liquid assets, and the liquidity of asset allocation continued to maintain at a high level.

### *(VIII) Business plan for the second half of 2024*

In the second half of 2024, the Company will continue to focus on the "five key areas" of technological finance, green finance, inclusive finance, pension finance and digital finance. It will proactively analyze market changes, actively overcome challenges posed by unfavorable external operating environments, and maintain strategic focus to strive to achieve annual targets, ensuring a strong start to the new five-year strategic development plan.

In terms of the wealth management and institutional business segments, the Company will closely monitor market expectations and product structural characteristics, optimize asset allocation across major classes, and comprehensively review and continuously refine the existing product portfolio. It will also continue to enhance the online service model to improve service quality and efficiency, further grow assets under management (AUM) in the wealth management business, expand key products like ETFs and brokerage settlements, and cultivate new growth drivers in the institutional business. The Company will actively respond to external challenges, such as public fund fee reforms, strengthen the analyst team, enhance research capabilities, and improve the quality and efficiency of research operations. Additionally, the Company will further develop its institutional digital platforms to enhance customer experience and consolidate its leading position in the custody industry.

In terms of the investment banking segment, the Company will continue its efforts to build a robust and modern investment bank. The Company will strengthen the platform support for client development, and enhance the expansion of SOEs business. Additionally, the Company will bolster its channel development by establishing a localized, regularized and systematic "One Bank, Three Investment Units" (一商三投)<sup>2</sup> synergy model, and solidify its project pipeline foundation. In addition, the Company will concentrate its resources on strategic sectors like TMT (Technology, Media, and Telecommunications) and biomedicine, to promote professional transformation and continue to improve its technology and financial service capabilities. We will continue to increase efforts to develop superior varieties such as asset securitization and public offering REITs, with an aim to increase market share.

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<sup>2</sup> One Bank, Three Investment Units: Bank, Investment banking, Research and Investment

In terms of the investment and management segment, CMS Asset Management will proactively work towards the successful launch of its first batch of public offering products. It will focus on building its core investment and research capabilities, enhancing its active management proficiency, and establishing itself as a stable securities asset management institution characterized by a balanced development of both public and private funds. CMS Zhiyuan Capital will strengthen its investment capability, aiming to increase investment returns. It will also strengthen post-investment management, actively addressing the challenges posed by the slowdown in IPO issuance, and will vigorously expand its project exit channels.

In terms of the investment and trading segment, the Company will continue to enhance investment returns and ensure the stability of those returns. In fixed income investments, the Company will leverage its professional expertise, actively seize new opportunities, and develop new strategies, optimizing resource allocation while maintaining risk control. In derivative investments, the Company will unwaveringly advance its capital intermediary trading business, actively seeking new growth drivers, and boosting income from neutral strategies. In equity investments, the Company will adhere to an absolute return philosophy and improve its diverse investment strategies, with the goal of achieving long-term stable returns that can withstand market fluctuations. CMS Investment will continue to focus on investment in strategic emerging industries and future-oriented industries, adhere to the principle of "making investment in carefully selected high-quality targets", and steadily improve investment capacity. It will take refined measures for post-investment management, and strictly dispose risky projects.

### V. Other Disclosures

#### (I) Potential Risks

During the Reporting Period, the Company continued to explore new risk management practices and approaches to ensure its long-term and sustainable development. Details of the risk management profile and relevant measures in relation to the market risks, credit risks, operational risks, liquidity risks and other risks during the business operation of the Company are as follows:

##### 1. Risk management

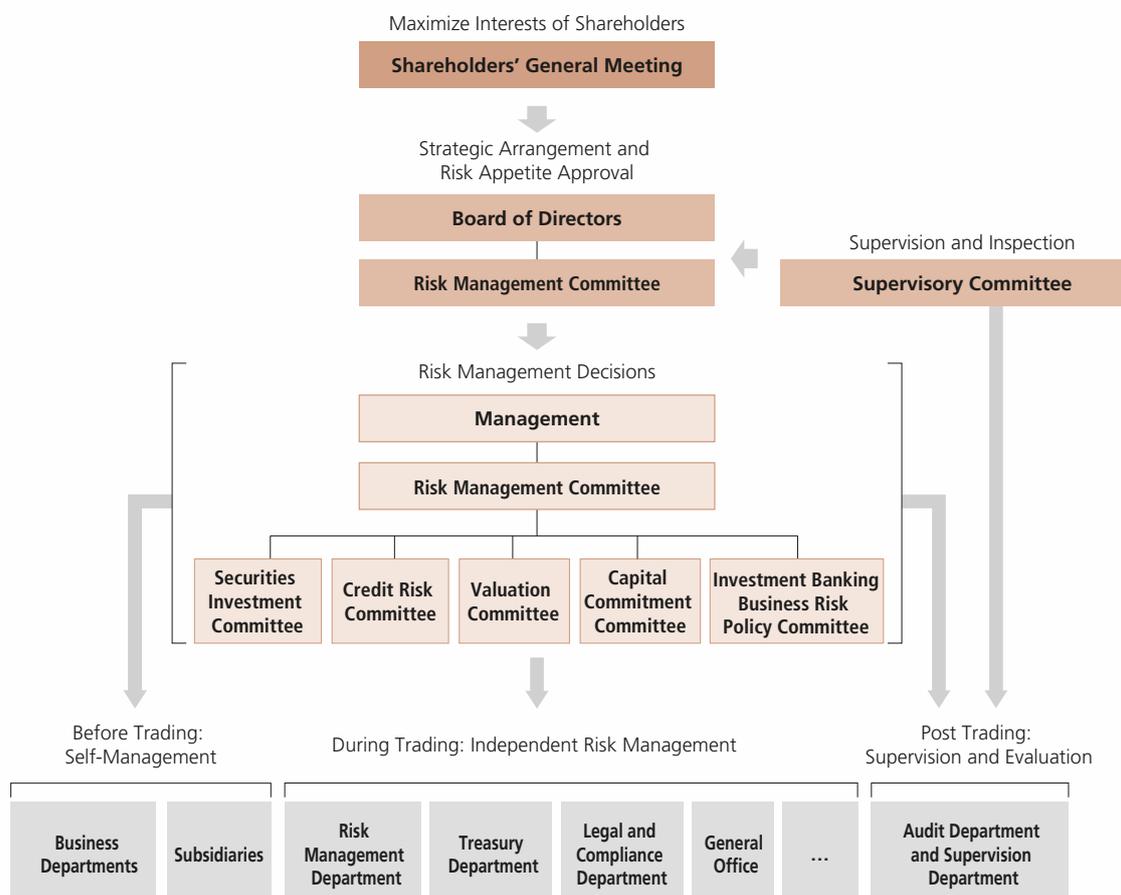
#### (1) Risk management structure

Since inception, the Company has been committed to establishing an innovative and insightful risk management system that is aligned with its operation strategies and deeply rooted in its core business lines comprehensively. Sound corporate governance and effective risk management and internal control system have been put in place to cope with the risks in the securities market faced by the Company.

In accordance with the Guidelines for Internal Control of Securities Companies (《證券公司內部控制指引》) and the Norms for the Overall Risk Management of Securities Companies (《證券公司全面風險管理規範》), and taking into account its operational needs, the Company has taken the lead in establishing a modern five-level risk management structure, consisting of strategic arrangements of the Board, supervision and inspection of the Supervisory Committee, risk management decision of the senior management and the Risk Management Committee, risk control and supervision of relevant departments in charge of risk management and the direct management of other departments, branches and wholly-owned subsidiaries.

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The chart below sets out the risk management organizational structure of the Company:



The overall risk management responsibilities of each department/position in the risk management organizational structure of the Company are as follows:

- ① The Board and its Risk Management Committee are responsible for reviewing and approving the overall risk management system, risk appetite, risk tolerance and various risk limit indicators of the Company, convening quarterly meetings to review quarterly risk reports and thoroughly assessing the risk management of the Company.
- ② The Supervisory Committee is responsible for supervising and examining the operation of the overall risk management system of the Company.

- ③ The senior management is fully responsible for the risk management in the Company's business operation. They regularly review risk assessment reports, formulate risk management measures and establish risk limit indicators. The Risk Management Committee was set up under the senior management as the highest risk management decision-making body at the operation level. The Company has also appointed a Chief Risk Officer to oversee the formation of the overall risk management system, monitor, evaluate and report the enterprise risk level, and provide risk management advice for business decision-making of the Company. In addition, the Securities Investment Committee, Credit Risk Committee, Valuation Committee, Capital Commitment Committee and Investment Banking Business Risk Policy Committee were set up under the Risk Management Committee and responsible for making collective decisions based on experts' suggestions on issues relating to securities investment, credit risk, securities valuation, capital commitment risks and investment banking business risk within their respective scope of authorization. The risk management of subsidiaries is managed by the enterprise risk management system of the Company through vertical management approach. The person-in-charge of risk management of subsidiaries shall be nominated, appointed, removed and appraised by the Chief Risk Officer of the Company.
- ④ As the department in-charge of coordinating the Company's management over market, credit and operational risks, the Risk Management Department is responsible for managing the market risks and credit risks, as well as assisting and guiding other business departments in managing operational risks of the Company. As the department in-charge of the liquidity risk management of the Company, the Treasury Department is responsible for managing liquidity risks and the formation of the liquidity risk management system. The Legal and Compliance Department is responsible for managing the compliance and legal risks as well as money laundering risks of the Company and assisting the Chief Compliance Officer in reviewing, supervising and examining the compliance over the business operations and practice of the Company and its employees, and promoting the implementation of work in relation to anti-money laundering. The Risk Management Department and the General Office are responsible for managing the reputational risks of the Company and other departments of the Company perform front-line responsibilities for reputation risk management. The Audit Department is responsible for auditing and examining the effectiveness and execution of the risk management procedures of the Company as well as conducting an overall evaluation of the internal control system of the Company at least once a year.
- ⑤ Each of the business departments, branches and wholly-owned subsidiaries of the Company is directly responsible for risk management and supervision of their respective business and management fields.

The Company has established a "three lines of defense" system of risk management to identify, assess, address, monitor, inspect and report risks. The first line of defense is the departments and branches which conduct effective self-regulated risk management; the second line of defense is the relevant risk-control functions that carry out professional measures on risk management; and the third line of defense is post-event supervision and evaluation conducted by the Audit Department and Supervision Department.

### (2) Risk management system

Guided by the Overall Risk Management System of China Merchants Securities Co., Ltd. (《招商證券股份有限公司全面風險管理制度》) and the Rules of Procedures for Risk Management Committee of the Board of China Merchants Securities Co., Ltd. (《招商證券股份有限公司董事會風險管理委員會工作規則》), the Company has developed a risk management system that covers various risk exposures including overall, market, credit, operational, liquidity, reputation and money laundering risks and specifies the boundaries and general principles of each risk category.

### (3) Quantitative risk management indicator system

The Company has on a top-down basis established a quantitative risk management indicator system covering risk appetite, risk tolerance, economic capital and risk limit, so as to prioritize businesses with higher risk-adjusted returns for resource allocation. This approach has effectively improved the risk management and the corporate value of the Company.

- ① Coherent risk appetite and tolerance indicators: Risk appetite framework establishes the fundamental attitude of the Board and the senior management towards the balance between risk and return based on the analysis of various risk exposures of the Company. Risk tolerance refers to quantitative limit indicators reflecting the effectiveness of risk management set by the Company for each specific business segment based on risk appetite and the characteristics of different business segments, in order to specify the maximum tolerance range for risk management results. After years of effort, the Company has developed clear risk appetite descriptions covering risk types such as overall risk, market risk, credit risk, operational risk and liquidity risk, based on which a risk appetite indicator system and a risk tolerance indicator system were established. The Company sets its targets of risk appetite and risk tolerance at the beginning of each year and determines economic capital budget and business authorization accordingly. The Company monitors and reports risk appetite and risk tolerance on a monthly basis, and continuously reviews the risk management based on the results.
- ② Scientific economic capital management model: The Company took the lead to introduce an economic capital management model in the securities industry in 2006, and kept on optimizing the methodologies on economic capital measurement and improving the economic capital management process. Our economic capital management covered market risk, credit risk and operational risk. The Company has developed internal models to measure market risk and credit risk of the economic capital that are sufficiently sensitive to risk factors and practically sound. It measured operational risks according to the standards under the Basel Accords. The measurement of economic capital is generally used in areas such as risk monitoring, quantitative assessment and performance assessment.
- ③ Business authorization management system with the core of risk limits: Within the statutory business scope, the Company granted business authorization at different levels based on the risk rating of the decision-making matters. The Company granted authorization prudently based on the risk management capability, implementation of business authorization and actual risk management results of each business department, so as to improve decision-making efficiency while keeping the risks under control. Unauthorized operations are strictly prohibited. Authorized persons at each level must exercise their power and undertake business activities only within the authorized scope, and must not exceed their authorities.

- ④ Comprehensive stress testing mechanism: The Company established the Administrative Regulations for Stress Testing of China Merchants Securities Co., Ltd. (《招商證券股份有限公司壓力測試管理規範》), which specified the division of duties among departments in stress test and determined the methods and procedures of stress test. The Company conducts routine or ad hoc stress test on liquidity risk, credit risk and market risk, as well as net capital and other risk limit indicators, based on business and market development. With this approach, the Company can effectively evaluate changes in the operation and risk profiles under extreme circumstances.

#### **(4) Risk management culture**

The Company adheres to a sound risk management culture and has integrated risk control and compliance into the corporate culture of China Merchants Securities, emphasizing that compliance and risk control are the lifeline of the Company and proposing that “professional compliance and risk control can not only hold the bottom line, but also facilitate business expansion”. Through promotion platforms at different levels, the Company carried out professional training and salon activities covering key risk areas, risk management policies and major risk warning cases, and established a risk case column to promote its risk management culture, so as to ensure all the employees to exercise risk management. The Company safeguarded the effectiveness of its comprehensive risk management system through a performance appraisal system and an accountability mechanism which cover all employees and are linked to the effectiveness of risk management.

#### **(5) Risk management IT system**

The Company fully understood the importance of the digitalization in modern risk management. With the innovative establishment of the platform for intelligent integrated risk management of the Group, CMS-RISK, through which each subordinate systems is integrated to provide timely and effective identification, measurement, monitoring and reporting for various types of risks with reference to the experience drawn from international leading investment banks, the Company realized the idea of vertically managing risks which were associated with cross-border businesses of the parent company and its subsidiaries, globalization and multiple currencies in T+1 days. The platform focused on ensuring the accurate calculation and submission of regulatory reports and data, as well as effectively realizing the Company's internal risk monitoring and measurement analysis. On this basis, various digital means were used to gradually improve the efficiency of risk management.

The platform for intelligent integrated risk management of the Group automatically captures, calculates and integrates various basic data through construction of risk models, measurement of risk indicators, statistical analysis of historical data and other methodologies, and realizes the accurate submission of various regulatory reports and the monitoring and early warning of all risk limits of the parent company and its subsidiaries. Through the risk data collection of the Group, internal and external data sources such as business data and information data can be integrated, thereby continuously optimizing the functions of data collection, theme model design, data standards and data quality check as well as the risk data management mechanism, and realizing the integrated collection of risk information of the parent company and its subsidiaries. All subordinate risk systems include more than 10 modules such as risk cockpit, consolidated net capital monitoring indicator management system, market risk management system, credit risk management system, operational risk management system, comprehensive risk management system, negative information client system, internal credit rating engine for bonds, market risk measurement engine, economic capital measurement engine, all of which are built upon the data collection and integrated on the same platform through the risk management cockpit, thereby realizing single sign-on and unified authority management. The Company's overall risk profile can be displayed through a unified risk control view.

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The Group's intelligent integrated risk management platform and each subordinate system have industry-leading level of risk data governance. They have sound system scalability. This has significantly improved the efficiency of risk management and the digital capabilities of risk control. In the future, the Group will transform towards the direction of application integration, risk control tools and intelligence to build a comprehensive, flexible and stable digital risk control platform, and will continue to explore the possibility of applying various types of artificial intelligence models in the field of risk control, thereby laying a solid foundation for the business development and innovation of the Company.

### 2. *Market risks and corresponding measures*

#### (1) **Overview**

The market risk of the Company is the risk of losses on its investment portfolio due to adverse changes in market conditions. The investment portfolio of the Company includes portfolios covering equity, fixed-income, commodity, foreign exchange and equity investment. Major market risks of the Company include:

- ① equity risk: attributable to portfolio risk exposure to changes in prices and volatility of equity securities such as stocks, stock portfolio and stock index futures;
- ② interest rate risk: attributable to portfolio risk exposure to yield curve of fixed-income investment, interest rate movements and credit spreads;
- ③ commodity risk: attributable to portfolio risk exposure to changes in spot commodity prices, futures price, forward commodity prices and volatility;
- ④ exchange rate risk: attributable to portfolio risk exposure to changes in spot exchange rate, forward exchange rate, spot price and volatility;
- ⑤ equity investment risk: attributable to the risk exposure to changes in fair value of equity investment projects and private equity funds investment.

#### (2) **Market risk management approaches**

In order to manage the market risk, the Company has adopted the following measures:

- ① a comprehensive, multi-currency and cross-market risk management system;
- ② generic and specific market risk management methods.

Through these measures, the Company has robustly controlled the market risk. However, the usage and effectiveness of such measures are subject to certain limitations and various factors, such as hedging effectiveness, changes in market liquidity and relevance of hedging prices. Therefore, based on market development and changes in the portfolio as well as real-time and accurate assessment of market risk, the Company has continuously improved and adjusted the risk management measures to actively manage market risk.

### **(3) Responsibilities for managing market risk**

The Company collectively allocates the economic capital in accordance with a series of risk appetite and tolerance indicators set by the Board. By considering the risk and return associated with each type of investment and for the purpose of relevance and diversification, the Company allocates the overall risk limitation to different business departments and business lines and formulates corresponding business authorization. Directly confronted with the market risk, the front-office business departments are responsible for risk management as the first line of defense. The person-in-charge and the investment manager conduct trades and front-line risk management within the scope of authorization by virtue of their in-depth knowledge and extensive experience in the relevant markets and products. They dynamically control the market risk exposures to the securities held by the Company and actively take risk management measures to reduce or hedge against such risks. The Risk Management Department, which is a department responsible for supervision and management independent from the business departments and reports to the Chief Risk Officer, uses professional risk management tools and methods for controlling, evaluating and managing different levels of market risk from investment strategies, business departments and business lines and the Company. Different risk reports and analysis and assessment reports of corresponding levels are delivered on a daily, monthly and quarterly basis to the operation management and the responsible officers of the business departments and business lines of the Company. When a risk indicator is approaching or exceeds the threshold values, the Risk Management Department will send an early warning or risk warning to the operation management as well as the responsible officers of the relevant business departments and business lines of the Company in a timely manner. Based on the review opinions from the management of the Company and committee, the business departments will be urged to take corresponding measures. The Risk Management Department will continuously communicate with the respective business departments and business lines with regard to the latest market conditions, current risk exposures and possible extreme stress situations.

### **(4) Measurement of market risk**

The Company uses a series of risk measurement approaches to measure and analyze potential market risk losses under different market situations. The Company mainly employs VaR as the risk measurement instrument to measure potential losses from regular market fluctuation in the short-term. Stress test is also used to assess possible losses under extreme circumstances.

## Chapter 3: Management's Discussion and Analysis

### ① VaR

The Company employs VaR, a common instrument used by international financial institutions, as its major tool for risk measurement. VaR analysis is a statistical technique that estimates the potential losses that could occur in portfolio positions due to movements in market prices over a specified time period and at a given level of confidence. The Company uses a VaR with a confidence level of 95% and a holding period of one day as major indicators for measuring the market risk. Historical market data is used in the VaR model. It also takes into account the impact of relevant risk factors in various risk types such as equity, interest rate, commodity and exchange rate on the portfolio position of the Company. In this way, movement in the market risk arising from changes in securities prices, interest rate/yield curve, commodity prices and exchange rate, etc. can be measured and the diversified effects of the portfolio are also considered.

With an ongoing expansion of the businesses, the Company continues to refine the VaR model actively, including adding risk factors in the new market and optimizing the computation. In addition, the Company examines the accuracy of the VaR computation model continuously through methods such as a backtesting. For certain particular investment portfolio of the Company (such as "equity investment including direct equity investment, equity funds investment and structured equity investment") lack of liquidity, VaR may not be considered as an effective measure for risk calculation. Therefore, the Company has followed the industry practice to forecast the potential effect by assuming that the value of assets invested drops for a certain percentage.

### ② Stress test

Stress test is an integral and complementary instrument in the VaR risk measurement. Potential losses on the portfolio position under extreme circumstances were evaluated through stress test. Potential losses from a single risk factor or specific stressful circumstance were also assessed. Through analysis of risk and return, the Company examined the compliance of various key regulatory indicators as well as the bearing on the Company. For non-linear options portfolios, the Company established a stress test matrix based on the subject and the fluctuation ratio and conducted daily stress test so as to control significant tail risks.

### ③ Sensitivity analysis

The Company has also conducted sensitivity analysis on certain risk factors, including interest rate and exchange rate, to analyze their potential effects by measuring the possible changes in the assets and liabilities portfolio when the specific risk factor is assumed to have changed by a certain rate while all other factors remain constant.

### (5) Market risk limit management system

The Company has already established relevant risk limit indicator system at different levels of departments, business lines and trading strategies, in order to control the fluctuation of profit and loss and market risk exposure. The risk limit of the Company is determined with reference to the risk appetite and tolerance after taking into account the investment features, risks and effects on overall risk exposures of different operations. The risk limit is adjusted based on the market environment, business development needs and risks of the Company. The risk limit of the Company mainly comprises size, concentration ratio, quantitative risk value (including VaR and Greeks, etc.), stop-loss and other indicators. The Company has implemented a classified review system and respective sub-limit indicators within the risk limit are applied to business departments, business lines and investment strategies. The operation management is able to effectively manage the overall risk exposure of the Company with risk indicators at the Company level. Business departments, business lines and investment strategies are able to enter into transactions effectively within the scope of sub-limit indicators. Sub-risk limit indicators, therefore, do not serve as maximum risk tolerance for the corresponding business but mainly a mechanism which reports any increasing risks in risk management when certain conditions are fulfilled. The Risk Management Department independently monitors each risk limit of the Company on a daily basis. The department will warn or remind the operation management, relevant business departments and business lines in a timely manner if the risk limit is to be reached or is exceeded. Such business departments and business lines will issue analysis reports and propose appropriate measures and, according to the specific condition, reduce risk exposures or increase risk threshold based on the authorization system. The Company has continuously optimized the risk limit system and enriched the risk limit system for the Company, business departments, business lines and trading strategies based on the existing indicators and pursuant to the business development and risk management of the Company. Specific rules or guidelines have been set up and the limit system was further optimized.

## Chapter 3: Management's Discussion and Analysis

### 3. Credit risks and corresponding measures

#### (1) Overview

The credit risk of the Company refers to the risk of economic loss caused by the failure of a borrower or counterparty to fulfill their contractual obligations. Our credit risk arises primarily from the following four businesses:

- ① financing businesses such as securities lending, stock pledge repo and margin financing in which clients breach the contract and cannot repay the debts owed to the Company;
- ② investment in bonds, trusts and other credit products in which the issuer or the borrower breaches the contract, generating the risk that the principal and the interest cannot be paid;
- ③ risk of non-performance of payment or repayment obligations by counterparties in OTC derivatives business such as OTC option, income swap, forward contract, and counterparties in bond intermediary business such as reverse repurchase and negotiated forwards;
- ④ brokerage business in which clients default after brokers trade and settle securities, futures and other financial products on behalf of the clients due to their lack of funds on the settlement date.

#### (2) Credit risk management approaches

In order to effectively control credit risk, the Company has adopted the following measures:

- ① prudent and proactive credit risk management culture;
- ② an institutional system covering all stages and a risk policy system based on risk limits;
- ③ industry-leading credit risk management quantitative tools;
- ④ an internal credit rating system with the best practice in the industry;
- ⑤ full coverage of the substantive assessment of credit risk.

The Company has adopted the following measures including credit risk limit, internal credit rating, quantitative management of collaterals and credit risk measurement model to manage credit risk:

### ① Credit risk limit

The Company has adopted a classified credit risk limit system to control credit risk exposure. In accordance with the risk appetite and risk tolerance set by the Board, the Risk Management Department has monitored, reported and issued warning on the implementation of each limit indicator, including business scale limit, low-rating bonds investment ratio, the value of margin financing granted to a single client and the market value of a single collateral to total market value ratio, which were formulated based on credit features and subject to relevant adjustments based on market condition, business development needs and risk profile of the Company.

### ② Internal credit rating

The Company has developed several internal credit rating models and comprehensive internal credit rating systems based on the characteristics of different industries and target customers, to rate the credit standings of borrowers or bond issuers and their debts. Internal credit rating results are gradually employed in business authorization, limit forecast, limit approval, risk monitoring, asset quality management, etc. The internal credit rating has become an important instrument for credit business decisions and risk management.

### ③ Quantitative management of collaterals

The Company has paid great attention to the protection of collaterals for the Company's debts. The Company has strengthened collateral management by establishing negative collateral lists mechanism and collateral conversion rate models and adjusting collateral types and conversion rate periodically to safeguard the Company's right of credit. The adjustment mechanism on conversion rate is determined based on intrinsic value (financial statements) and market factors (market price fluctuation, increase, etc.). The Company has also founded a centralized collateral monitoring mechanism and key collaterals assessment mechanism.

### ④ Credit risk measurement model

The Company has taken into account each credit transaction with factors such as client mix, single liability amount, duration of borrowing, collateral coverage ratio and concentration of collaterals when conducting credit rating, borrower qualification assessment and collateral quantitative management on its counterparties. The aforementioned factors will be reflected as parameters such as probability of default (PD), loss given default (LGD) and maturity (M) to calculate the possible default loss for each credit transaction and aggregate the overall credit risk of the Company. The Company also combines stress testing and sensitivity analysis as supplementary measurement to credit risk.

### (3) Responsibilities for managing credit risk

The Risk Management Committee of the Board is responsible for the review and approval of credit risk appetite. The Risk Management Committee of the Company is responsible for the review of overall risk management on credit business and development of major high-risk and innovative credit business. The Risk Management Committee of the Company and its Credit Risk Committee are responsible for the approval for the loan provision policy. All business departments of the Company are responsible for the particular operation, management and monitoring of credit-related business. The Risk Management Department of the Company is responsible for the research and establishment of credit risk management system, determination of credit risk appetite and tolerance, formulation of loan provision policy of the Company and independent monitoring and warning on credit risk.

### (4) Credit risk management on principal businesses

For margin financing and securities lending, stock pledge repo, stock repurchase business and other financing businesses, the Company has established a multi-faceted business approval management system and a sound full-process risk management system covering all stages in advance of, during and after an event by virtue of client due diligence, credit approval, post-loan evaluation, approval of and dynamic adjustment to collaterals, mark-to-market system, forced liquidation and disposal on default.

For investment businesses such as bond investment, trust products and other credit products, the Company has implemented access management for investable bonds by establishing a bond pool. Bonds entering the pool must be assessed by professional credit assessors and comply with internal and external credit rating access standards, industry access standards, product access standards and financial access standards. Concentration risk is controlled through investment graded approval and authorization, and the latest risk information of issuers is monitored in real time through the public opinion monitoring system.

For OTC derivatives and bond intermediary business, the Company has formulated a set of management measures and rules in relation to the appropriateness of investors, due diligence, approval for credit extension, measurement of risk exposure, margin collection and mark-to-market, liquidation disposal, underlying securities management and follow-up on default of clients, in order to strengthen the management before, during and after trading.

For brokerage business, the Company has controlled the risk of default of clients through indicators such as the minimum rating of the underlying bonds, position concentration and leverage ratio for brokerage business that may be responsible for guaranteed settlement. With regard to the trading of securities and other financial products for overseas clients, the Company has effectively controlled the relevant credit risk by strengthening the management over credit grant and client deposits.

## (5) Risk exposure of the Company's investment in onshore and offshore bonds at the end of the Reporting Period

Unit: RMB10,000

	June 30, 2024	December 31, 2023
Onshore bonds		
PRC sovereign bonds	15,899,245	16,340,998
AAA	10,233,665	8,850,588
AA+	517,627	444,999
AA	79,622	60,185
AA-	-	-
Below AA-	153	153
A-1	-	-
Non-rated	18,441	60,081
<b>Sub-total</b>	<b>26,748,753</b>	<b>25,757,004</b>
Offshore bonds		
PRC sovereign bonds	381	379
A	459,208	389,537
B	240,076	116,101
C	-	-
D	-	-
Non-rated	14,454	-
Sub-total	714,119	506,017
<b>Total</b>	<b>27,462,872</b>	<b>26,263,021</b>

Note 1: The above data is provided on a consolidated basis;

Note 2: PRC sovereign bonds represent the rating of bonds issued by the government of the PRC. AAA~AA- and below AA- represent debt ratings. If there is no debt rating, issuer's rating would be used instead, where AAA is the highest rating, and A-1 is the highest rating for short-term financing bonds. Non-rated represents that the credit rating agency has not rated the issuer or debt.

## Chapter 3: Management's Discussion and Analysis

Credit rating of offshore bonds was derived from the lowest of Moody's, Standard & Poor's and Fitch Rating, if any. The bonds which are not rated by the above agencies are classified as Non-rated. Including in A rating are the bonds comprising Aaa~A3 rating of Moody's, AAA~A- rating of Standard & Poor's and AAA~A- rating of Fitch; including in B rating are the bonds comprising Baa1~B3 rating of Moody's, BBB+~B- rating of Standard & Poor's and BBB+~B- rating of Fitch; including in C rating are the bonds comprising Caa1~C rating of Moody's, CCC+~C rating of Standard & Poor's and CCC+~C rating of Fitch; and including in D rating are the bonds comprising D rating of Standard & Poor's and D rating of Fitch.

### 4. Operational risks and corresponding measures

#### (1) Overview

Operational risks refer to the risks arising from imperfect or problematic internal procedures, employees and systems or external events.

Operational risk events mainly include the following seven categories: internal fraud, external fraud, employment policy and safety of working environment, customers, products and business activities, damage of physical assets, interruption of business operation and shutdown of IT system, and execution, settlement and process management.

#### (2) Operational risk management

Operational risk management has been the focus among all types of risk management. Through development of mechanisms such as prior coordination, whole process monitoring and information collection after loss from operational risks, a refined operational risk management cycle has been established. In order to effectively manage operational risks, the Company has adopted the following measures:

- ① The Company has established comprehensive systems for operational risk management in accordance with the New Basel Accord and our strategic development needs, and effectively led the operation of various businesses through measurement and allocation of operational risk-based economic capital;
- ② The Company has established a scientific system on the basis of operational risk appetite, tolerance and management policy. The Company improved the operational risk governance structure on a continuous basis;
- ③ The Company has established a system of pre-risk identification and assessment covering all business procedures of all units, subsidiaries and branches by using operational risk and self-assessment management tools with procedure rationalization as the focus, facilitating the formation of operational risk manuals for each unit;
- ④ The Company has continued to set up a system of key indicators of operational risks to further enhance the in-process monitoring capabilities of operational risks based on risk-prone areas of different business features and operations by formulating risk management standards and conducting management by classification;

- ⑤ The Company has established an operational risk event management mechanism, collected and summarized the internal and external operational risk events encountered by the Company, analyzed reasons of the events and formulated alleviation plans, as well as strengthened the following-up of and improvements in the operational risk events;
- ⑥ The Company paid great attention to the control of substantive risks, and carried out various special operational risk inspections and management improvements focusing on areas with high and frequent operational risks according to the characteristics of different businesses;
- ⑦ The Company has promoted the systematic application of three major operational risk management tools on risk identification and assessment, risk monitoring and events collecting and reporting by establishing an operational risk system, so as to effectively improve the efficiency of the Company's operational risk management and its management level;
- ⑧ The Company paid great attention to the training and promotion of culture relating to operational risk management. The Company emphasized the importance of conducting risk identification and control before introducing innovative products and innovative businesses. Through various kinds of trainings and promotions, operational risk management covers all the departments and branches of the Company.

### **5. *Liquidity risks and corresponding measures***

#### **(1) Overview**

The Company's exposure to liquidity risks mainly arises from failure to obtain sufficient funds at reasonable costs and in a timely manner to repay due debts, perform other payment obligations and satisfy other capital needs for normal business operation. If there are material and adverse changes in operating condition in the future and the Company is not able to maintain its gearing ratio at a reasonable level, and its operation experiences unusual changes, it may not be able to repay the principal of, or interest on, relevant debts in full when due.

Possible liquidity risk events and factors of the Company include cash flow strains, persistent high financing costs, downgraded regulatory rating, blocked financing channels and difficulties in servicing concentrated mature debts.

#### **(2) Responsibilities for managing liquidity risks**

The management of the Company is responsible for reviewing the significant event on liquidity risk management and making related decision, and a treasury operating mechanism for centralized management and control of liquidity risks has been established, and the Treasury Department is responsible for daily risk management of liquidity of the Company. The Company conducts dynamic management of the funding scale for each business and formulates financing plans by taking into account of factors such as liabilities and business development of the Company as well as the market condition.

### (3) Liquidity risk management approaches

In order to prevent liquidity risks, the Company has adopted the following measures:

- ① The Company has established high-quality current asset reserves and a minimum excess reserve quota system. It has formulated liquidity contingency plans to store minimum excess reserve in the capital plan and reserved treasury bonds, policy financial bonds and other highly liquid assets which can be liquidated at any time under extreme circumstances to cover unexpected expenses;
- ② The Company has actively developed management for financing gaps. By using management tools such as a cash flow gap, sensitivity analysis and stress testing, it can identify potential risks at an early stage and arrange financing and adjust the pace of fund usage for business purposes in advance so as to effectively manage the payment risks;
- ③ The Company has continuously expanded its financing channels and balanced the distribution of debt maturity so as to avoid the payment risks caused by a single financing channel or concentrated maturity of debts;
- ④ The Company has established an internal risk reporting system to promptly monitor the liquidity risks in the operation of each business and at each branch. In addition, it has taken measures to promote the safe, sound and sustainable operation of the aforementioned business and branches.

### 6. *Reputational risks and corresponding measures*

#### (1) Overview

The reputational risks of the Company refer to the risks of formation of negative opinion on the Company by investors, issuers, regulatory authorities, self-regulatory organizations, the public and the media as a result of the business act or external events of the Company and the violation of integrity requirements, professional ethics, business norms, rules and regulations by the staff, thereby damaging the Company's brand value, posing detrimental impact to its normal operations and even affecting market stability and social stability.

#### (2) Reputational risk management

In terms of reputational risk management, the Company has continuously improved the standards of various financial services, actively fulfilled social responsibilities, maintained good customer satisfaction and market image, cultivated a sound reputational risk management culture, established the awareness of reputational risk prevention among all employees, actively prevented reputational risks and addressed reputation incidents, and prevented the escalation of general reputation incidents into major reputation incidents, so as to minimize reputation loss and reduce negative impacts.

### **7. *Dynamic monitoring over risk control indicators and the establishment of a mechanism on capital replenishment***

The Company strictly implements the relevant requirements of regulatory authorities and has established dynamic monitoring over risk control indicators and replenishment mechanism on net capital and liquidity, covering system establishment, arrangement and staff deployment, to ensure that the risk control indicators are within the supervision limit consistently, and the details are as follows:

The Company has established a monitoring system over risk control indicators, achieving T+1 dynamic monitoring and automatic advance warning functions over all risk control indicators. The Company has formulated the "Administrative Measures for Risk Control Indicators of China Merchants Securities Co., Ltd." (《招商證券股份有限公司風險控制監管指標管理辦法》) and "Administrative Regulations for Stress Testing of China Merchants Securities Co., Ltd." (《招商證券股份有限公司壓力測試管理規範》) to formally set up the mechanism for the management of risk control indicators and stress tests over the indicators. The Company has designated staff to perform regular monitoring over the risk control indicators and immediately report and handle abnormalities. The Company has set up a net capital replenishment mechanism and replenished net capital through, among others, equity financing and issuance of subordinated debts and continuously conducts stress tests and analysis of the risk control indicators over a period of time in the future.

During the Reporting Period, all risk control indicators including net capital and liquidity of the Company continuously satisfied the regulatory requirements and the Company has not recorded any non-compliance with the regulatory requirements. As at the end of the Reporting Period, the net capital of the Company amounted to RMB82.001 billion.

# Chapter 4: Corporate Governance

## I. Shareholders' General Meetings

Meeting	Date of meeting	Website designated for the disclosure of resolutions	Disclosure date of resolutions	Resolutions of meeting
2024 first extraordinary general meeting	January 18, 2024	Hong Kong Stock Exchange website	January 18, 2024	Considered and approved the resolution on the proposed amendments to the Articles of Association of China Merchants Securities Co., Ltd.; resolution on the proposed amendments to the Rules of Procedure for General Meetings of China Merchants Securities Co., Ltd.; resolution on the proposed amendments to the Rules of Procedure for Board Meetings of China Merchants Securities Co., Ltd.; resolution on the proposed amendments to the Rules of Procedure for the Supervisory Committee of China Merchants Securities Co., Ltd.; resolution on the proposed amendments to the Rules for Independent Directors of China Merchants Securities Co., Ltd.; resolution on the election of non-independent Directors of the eighth session of the board of directors of the Company; resolution on the election of independent Directors of the eighth session of the board of directors of the Company; and resolution on the election of shareholders' representative Supervisors of the eighth session of the Supervisory Committee of the Company.
2024 first A Shareholders class meeting	January 18, 2024	Hong Kong Stock Exchange website	January 18, 2024	Considered and approved the resolution on the proposed amendments to the Articles of Association of China Merchants Securities Co., Ltd.; resolution on the proposed amendments to the Rules of Procedure for General Meetings of China Merchants Securities Co., Ltd.; resolution on the proposed amendments to the Rules of Procedure for Board Meetings of China Merchants Securities Co., Ltd.; and resolution on the proposed amendments to the Rules of Procedure for the Supervisory Committee of China Merchants Securities Co., Ltd.
2024 first H Shareholders class meeting	January 18, 2024	Hong Kong Stock Exchange website	January 18, 2024	Considered and approved the resolution on the proposed amendments to the Articles of Association of China Merchants Securities Co., Ltd.; resolution on the proposed amendments to the Rules of Procedure for General Meetings of China Merchants Securities Co., Ltd.; resolution on the proposed amendments to the Rules of Procedure for Board Meetings of China Merchants Securities Co., Ltd.; and resolution on the proposed amendments to the Rules of Procedure for the Supervisory Committee of China Merchants Securities Co., Ltd.
2023 annual general meeting	June 28, 2024	Hong Kong Stock Exchange website	June 28, 2024	Considered and approved the working report of the Board of the Company for 2023, the working report of the Supervisory Committee of the Company for 2023, the duty report of independent Directors of the Company for 2023, the annual report of the Company for 2023, the final accounts report of the Company for 2023, the resolution on the profit distribution plan of the Company for 2023, the resolution on the authorization for interim profit distribution of the Company for 2024, the resolution on the budget for proprietary investment of the Company for 2024, the resolution on the contemplated ordinary related party transactions of the Company for 2024, the resolution on the guarantee authorization scheme for the year 2024 of China Merchants Securities International Company Limited and its wholly-owned subsidiaries, the resolution on the Shareholders' return plan (2024-2026) of the Company, the resolution on the grant of the general mandate to the Board to issue additional H Shares of the Company, the resolution on the engagement of the auditors of the Company for 2024, the resolution on the election of Ms. CHEN Xin as an independent non-executive Director of the eighth session of the board of directors of the Company, the resolution on the adjustment to the number of members of the Supervisory Committee of the Company, and the resolution on the proposed amendments to the Articles of Association of China Merchants Securities Co., Ltd.

## II. Changes in Directors, Supervisors and Senior Management of the Company

Name	Position	Change	Date of Change	Reason
XIAO Houfa (肖厚發)	Independent non-executive Director	Resigned	January 18, 2024	Resigned due to change of session of the Board
XIONG Wei (熊偉)	Independent non-executive Director	Resigned	January 18, 2024	Resigned due to change of session of the Board
HU Honggao (胡鴻高)	Independent non-executive Director	Resigned	January 18, 2024	Resigned due to change of session of the Board
HE Min (何敏)	Employee representative Supervisor	Resigned	January 18, 2024	Resigned due to change of session of the Supervisory Committee
MA Boyin (馬伯寅)	Non-executive Director	Elected	January 18, 2024	Elected at the shareholders' general meeting
ZHANG Mingwen (張銘文)	Non-executive Director	Elected	January 18, 2024	Elected at the shareholders' general meeting
YIP, Ying Chi Benjamin (葉熒志)	Independent non-executive Director	Elected	January 18, 2024	Elected at the shareholders' general meeting
ZHANG Ruijun (張瑞君)	Independent non-executive Director	Elected	January 18, 2024	Elected at the shareholders' general meeting
CAO Xiao (曹嘯)	Independent non-executive Director	Elected	January 18, 2024	Elected at the shareholders' general meeting
WANG Jianping (王劍平)	Employee representative Supervisor	Elected	January 18, 2024	Elected at the employee representatives' meeting and effective from the date of the general election of the Supervisory Committee
HU Yu (胡宇)	Chief Risk Officer	Resigned	February 26, 2024	Resigned due to retirement
	Chief Compliance Officer	Resigned	March 1, 2024	
ZHANG Xing (張興)	Chief Risk Officer	Appointed	February 26, 2024	Appointed by the Board
	Chief Compliance Officer	Appointed	March 4, 2024	Appointed by the Board and received the No Objection Letter from the regulatory authority
XIANG Hua (向華)	Independent non-executive Director	Resigned	June 28, 2024	Expiration of term of office and election of a new independent Director at shareholders' general meeting
CHEN Xin (陳欣)	Independent non-executive Director	Elected	June 28, 2024	Elected at the shareholders' general meeting

## Chapter 4: Corporate Governance

Name	Position	Change	Date of Change	Reason
ZOU Qun (鄒群)	Shareholder representative Supervisor	Resigned	June 28, 2024	Resigned due to adjustment of the number of members of the Supervisory Committee
WANG Jianping (王劍平)	Employee representative Supervisor	Resigned	June 28, 2024	Resigned due to adjustment of the number of members of the Supervisory Committee
XIONG Kai (熊開)	Vice President	Resigned	August 12, 2024	Resigned due to personal reasons

For details, please refer to the relevant announcements published by the Company on the Hong Kong Stock Exchange website on January 18, February 1, February 26, March 5, June 12, June 28, August 12, 2024.

### Details of changes in Directors, Supervisors and senior management of the Company

During the Reporting Period, a total of eight Directors, Supervisors and senior management of the Company resigned, accounting for 27.59% of the total number of Directors, Supervisors and senior management as at the beginning of the Reporting Period.

Pursuant to Rule 3.09D of the Hong Kong Listing Rules, Mr. YIP, Ying Chi Benjamin and Mr. CAO Xiao (both appointed as independent non-executive Directors of the Company on January 18, 2024) obtained the legal opinion referred to in Rule 3.09D on January 12, 2024. Mr. MA Boyin and Mr. ZHANG Mingwen (both appointed as non-executive Directors of the Company on January 18, 2024), and Ms. ZHANG Ruijun (appointed as an independent non-executive Director of the Company on January 18, 2024) obtained the legal opinion referred to in Rule 3.09D on January 16, 2024. Ms. CHEN Xin (appointed as an independent non-executive Director of the Company on June 28, 2024) obtained the legal opinion referred to in Rule 3.09D on June 18, 2024. Each of the above appointed Directors has confirmed that he/she understands his/her responsibilities as a Director of the Company.

Other changes in positions of Directors, Supervisors and senior management of the Company from the date of disclosure of the Company's Annual Report for the year 2023 to the Latest Practicable Date were as follows:

1. ZHANG Jian, a non-executive Director, ceased to serve as the director of Digitalization Center of China Merchants Group Limited since April 2024;
2. DENG Weidong, a non-executive Director, ceased to serve as the Chief Strategy Officer and Head of Strategic Development Department/Technological Innovation Department of China Merchants Group Limited since March 2024; ceased to be a director of China Merchants Taiping Bay Development Investment Co., Ltd. (招商局太平洋灣開發投資有限公司) since May 2024; and ceased to be vice chairman and a director of China Merchants Energy Shipping Co., Ltd. (招商局能源運輸股份有限公司) (a company listed on SSE, stock code: 601872) since August 2024;
3. MA Boyin, a non-executive Director, has resigned as a supervisor of China Great Wall Securities Co., Ltd. (長城證券股份有限公司) (a company listed on SZSE, stock code: 002939) since August 2024, and will perform his duties until the election of a new supervisor at the shareholders' general meeting;
4. ZHANG Mingwen, non-executive Director, has served as the chairman of COSCO SHIPPING Development Co., Ltd. (a company listed on the SSE, stock code: 601866; a company listed on the Hong Kong Stock Exchange, stock code: 02866) since April 2024;

5. ZHANG Ruijun, an independent non-executive Director, has served as an independent director of Yonyou Network Technology Co., Ltd. (a company listed on the SSE, stock code: 600588) since July 2024;
6. CAO Xiao, an independent non-executive Director, ceased to serve as an independent director of Huaan Securities Co., Ltd. (華安證券股份有限公司) (a company listed on the SSE, stock code: 600909) since May 2024;
7. XIANG Hua, an independent non-executive Director (resigned on June 28, 2024), has served as a director of Lion Global Financial Limited and Lion Global Digital Finance Open-end Fund Company (獅瀚環球數字金融開放式基金型公司) since May 2024; the deputy chief executive officer of Lion Global Financial Limited since June 2024;
8. WANG Zhangwei, a shareholder representative Supervisor, has resigned as a director of China Great Wall Securities Co., Ltd. (長城證券股份有限公司) (a company listed on SZSE, stock code: 002939) since August 2024, and will perform his duties until the election of a new director at the shareholders' general meeting;
9. YIN Hongyan, an Employee Representative Supervisor, ceased to serve as the director of the human resources department of the Company since May 2024, has concurrently served as the director of the Wealth Management and Institutional Business Department of the Company since May 2024, and ceased to be the director of the Shenzhen Merchants Securities Foundation since June 2024;
10. WANG Jianping, an Employee Representative Supervisor (resigned on June 28, 2024), has concurrently served as the general manager of the Strategic Development Department since May 2024; and
11. ZHANG Xing, the Chief Compliance Officer and Chief Risk Officer, ceased to serve as the Chief Risk Officer of China Merchants Securities Investment Co., Ltd. and China Merchants Zhiyuan Capital Investment Co., Ltd. since May 2024, and has concurrently served as the general manager of the Risk Management Department of the Risk Management Center of the Company since May 2024.

Save as disclosed above, as of the Latest Practicable Date, as confirmed by the Directors, Supervisors and chief executives of the Company, there is no information that is required to be disclosed under Rule 13.51B(1) of the Hong Kong Listing Rules.

### III. Basic Information of Directors, Supervisors and Senior Management of the Company

As of the Latest Practicable Date, the names and positions of all Directors, Supervisors and senior management of the Company are as follows:

Name	Position(s)
HUO Da (霍達)	Chairman of the Board, Executive Director, Chief Information Officer
ZHANG Jian (張健)	Non-executive Director
DENG Weidong (鄧偉棟)	Non-executive Director
LIU Weiwu (劉威武)	Non-executive Director
WU Zongmin (吳宗敏)	Executive Director, President
LI Xiaofei (李曉霏)	Non-executive Director

## Chapter 4: Corporate Governance

Name	Position(s)
MA Boyin (馬伯寅)	Non-executive Director
HUANG Jian (黃堅)	Non-executive Director
ZHANG Mingwen (張銘文)	Non-executive Director
DING Lusha (丁璐莎)	Non-executive Director
YIP, Ying Chi Benjamin (葉熒志)	Independent non-executive Director
ZHANG Ruijun (張瑞君)	Independent non-executive Director
CHEN Xin (陳欣)	Independent non-executive Director
CAO Xiao (曹嘯)	Independent non-executive Director
FENG Jinhua (豐金華)	Independent non-executive Director
ZHU Eric Liwei (朱立偉)	Shareholder representative Supervisor
WANG Zhangwei (王章為)	Shareholder representative Supervisor
MA Yunchun (馬蘊春)	Shareholder representative Supervisor
PENG Luqiang (彭陸強)	Shareholder representative Supervisor
YIN Hongyan (尹虹艷)	Employee representative Supervisor
CHEN Jun (陳鑿)	Employee representative Supervisor
LIU Jie (劉傑)	Vice President (chief financial officer), Secretary to the Board, Joint Company Secretary, Authorized Representative
ZHAO Bin (趙斌)	Vice President
ZHANG Haochuan (張浩川)	Vice President
LIU Rui (劉銳)	Vice President
ZHANG Xing (張興)	Chief Compliance Officer, Chief Risk Officer

### IV. Employees of the Parent Company and Major Subsidiaries

#### (I) Employees

	Unit: person
Number of employees of the parent company	11,278
Number of employees of major subsidiaries	982
Total number of employees	12,260
Number of resigned and retired employees with expenses borne by the parent company and major subsidiaries	59

### (II) Remuneration policy

The Company practices the principles of implementing the concept of stable operation, ensuring the bottom line requirements of compliance, promoting the formation of positive incentives and enhancing the long-term value of the Company, integrates the cultural concept of “compliance, integrity, professionalism and stability” into remuneration management, establishes a sound remuneration system, continuously improves the remuneration incentive and restraint mechanism, gathers and attracts outstanding talents, and promotes the stable operation and high-quality development of the Company.

The general remuneration policy of the Company is formulated by the Board mainly based on the remuneration of benchmark companies as well as the performance of major operational indicators and the risk control and compliance of the Company. The total remuneration are allocated according to the market-oriented and performance-based principles, which shall consist of fixed remuneration determined based on the market remuneration data provided by professional management consulting company and the ranking of the Company among its major competitors, and bonus determined at the discretion of the Company mainly according to the achievement of key performance indicators, strategic tasks, and objectives in terms of innovation and synergy, use of economic capital, implementation of comprehensive risk management and compliance management as well as the market rate.

During the Reporting Period, total staff remuneration expenses (including Directors’ remuneration) amounted to RMB3.114 billion. For further details, please refer to Note 9 to the consolidated financial statements of this report.

### (III) Training program

Focusing on its strategy goals and closely following the needs of business development and talent training, the Company has formulated annual training program, and strives to build a strong core talent team. In the first half of 2024, the Company implemented training programs in various forms, including online and offline, and organized nearly 300 internal and outsourced training programs, covering a total of 200,000 hours of employee training and a total of 180,000 person-times. The training focused on political awareness, macroeconomics, compliance and risk control, cutting-edge technology, wealth management, investment and research skills, leadership, digital transformation, etc., which has effectively facilitated the improvement of employee capabilities. At the same time, the Company promoted the resource construction of the mobile learning platform, and launched 170 new online courses to support the flexible and independent learning needs of employees.

### V. Proposals on Profit Distribution or Conversion of Capital Reserve

#### Proposals on profit distribution and conversion of capital reserve for the interim period

Whether to distribute or convert	Yes
Number of bonus shares for every 10 shares	0
Dividends for every 10 shares (RMB) (tax inclusive)	1.01
Number of shares converted for every 10 shares	0

#### Explanation of proposals on profit distribution or conversion of capital reserve

The Company will not allocate profit to the statutory reserve in the interim period of 2024. Based on the total share capital registered on the equity registration date for equity distribution, a cash dividend of RMB1.01 (tax inclusive) for every 10 shares will be distributed to all shareholders; no bonus shares will be distributed; and no capital reserve will be converted to share capital.

Based on the total number of shares of the Company of 8,696,526,806 shares as of June 30, 2024, the total distributed profit is RMB878,349,207.41. If the Company's total share capital changes on the equity registration date for equity distribution, the Company will keep the total distribution unchanged and adjust the distribution per share accordingly.

Such cash dividend shall be denominated and declared in RMB and paid to holders of A Shares in RMB and to holders of H Shares in Hong Kong dollar. The actual amount of dividend paid in Hong Kong dollar shall be determined based on the average exchange rate of RMB to Hong Kong dollar published by the People's Bank of China for the five business days immediately before the date of the eighth meeting of the eighth session of the Board.

The Company's 2024 interim profit distribution plan was approved at the meeting of the Board held on August 30, 2024 upon authorization by the 2023 annual general meeting of the Company. The Company will distribute the 2024 interim cash dividend before October 30, 2024. The Company will make separate announcement regarding the record date of such H Share dividend distribution, the period of closure of register of members, the equity registration date for A Share dividend distribution and the specific payment date.

The profit distribution policy adopted by the Company is in compliance with laws and regulations as well as stipulations of the Plan on Shareholders' Returns of China Merchants Securities Co., Ltd. (2024-2026) and the Articles of Association. The dividend distribution basis and ratio were specific and clear, and the relevant decision-making procedures and arrangement were complete. The independent Directors have fully performed their responsibilities in the course of making decisions on profit distribution and the legitimate rights and interests of minority shareholders were safeguarded.

## VI. Information about the Company's Share Incentive Plan, Employee Stock Ownership Scheme or Other Employee Incentive Measures and Their Impacts

### Incentive events which have not been disclosed in the temporary announcements with subsequent progress

#### Employee stock ownership scheme

Summary of event	Reference
<p>The "Plan for Repurchasing A Shares of the Company by Centralized Bidding Transactions" was considered and approved at the 17th meeting of the sixth session of the Board, the 2019 first extraordinary general meeting, the 2019 first A Shareholders class meeting and the 2019 first H Shareholders class meeting of the Company. The Company intended to use all of the A Shares repurchased this time for the employee stock ownership scheme. The "Proposal for Employee Stock Ownership Scheme (Draft) of China Merchants Securities Co., Ltd. and its Summary" was considered and approved at the 25th meeting of the sixth session of the Board and the 2020 first extraordinary general meeting of the Company. The "Proposal on the Advanced Completion of A Share Repurchase of the Company" and the "Proposal on Defining the Price and Scale of Purchasing the Repurchased Shares of the Company's Employee Stock Ownership Scheme" were considered and approved at the 28th meeting of the sixth session of the Board and the 2020 first extraordinary general meeting of the Company, and the "Employee Stock Ownership Scheme (Draft) of China Merchants Securities Co., Ltd." and its summary were accordingly revised.</p> <p>The purpose of the employee stock ownership scheme of the Company is to (1) further improve the corporate governance structure, establish and enhance the benefit-sharing and risk-sharing mechanism among shareholders, the Company and its employees, promote the concept of common and sustainable development of the Company and individuals, and fully stimulate the enthusiasm of the senior management and key talents of the Company; (2) attract and retain outstanding talents and key employees, balance the long-term and short-term interests of the Company, and attract various talents more flexibly, so as to better promote the long-term, sustainable and sound development of the Company. Upon the implementation of the employee stock ownership scheme, the total number of shares held under the employee stock ownership scheme shall not exceed 10% of the total share capital of the Company, and the total number of shares held by any individual holder under the employee stock ownership scheme shall not exceed 1% of the total share capital of the Company.</p> <p>On January 21, 2020, the Company held the first meeting of holders of employee stock ownership scheme, and considered and approved the "Proposal on the Establishment of Employee Stock Ownership Scheme Management Committee of the Company" and the "Proposal on the Election of Members of the Employee Stock Ownership Scheme Management Committee of the Company".</p> <p>The participants of the employee stock ownership scheme are Directors, Supervisors, senior management, personnel at D-tier and above and other key employees who have entered into labor contracts with the Company and its wholly-owned subsidiaries.</p> <p>The Company engaged CMS Asset Management as the management authority for the employee stock ownership scheme, and signed the "CMS Asset Management – Asset Management Contract for Single Asset Management Scheme under the China Merchants Securities No. 1 Employee Stock Ownership Scheme" with CMS Asset Management on behalf of the employee stock ownership scheme. On March 6, 2020, the Company received the "Share Transfer Confirmation" issued by CSDC. On March 3, 2020, the Company completed the share transfer procedures for the employee stock ownership scheme. The employee stock ownership scheme holds 40,020,780 A Shares of the Company, accounting for 0.5974% of the total share capital of the Company, with a total of 995 participants.</p>	<p>The relevant announcements published by the Company on the Hong Kong Stock Exchange website on March 12, March 13, April 11, May 20, October 15, November 8 and December 26, 2019, and on January 14, January 15, January 22, March 5, July 6 and August 18, 2020.</p>

## Chapter 4: Corporate Governance

Summary of event	Reference
<p>Upon the completion of the Company's A+H Shares rights issue from July to August 2020, the employee stock ownership scheme holds 52,026,381 A Shares of the Company, accounting for 0.5982% of the total share capital of the Company. As of the Latest Practicable Date, the employee stock ownership scheme held 17,517,023 shares of the Company, accounting for 0.2% of the total share capital of the Company.</p> <p>The subscription price under the employee stock ownership scheme is RMB16.5912 per share, which is determined based on the average price of the shares repurchased by the Company (including transaction fees) for the implementation of the employee stock ownership scheme. The subscription price for the allotment of shares for the employee stock ownership scheme is RMB7.46. For details, please refer to the relevant announcements published by the Company on the SSE website.</p> <p>The source of funds for the Company's employees to participate in the scheme is the legal salary of the employees and self-raised funds obtained by other means permitted by laws and administrative regulations.</p> <p>According to the "China Merchants Securities Employee Stock Ownership Scheme (Revised Draft)", the relevant shares under the Company's employee stock ownership scheme shall be locked up from the date on which the Company announced the completion of such share transfer (March 6, 2020) for a period of 36 months.</p> <p>The employee stock ownership scheme shall last for 10 years, commencing from the date on which its was approved at the shareholders' general meeting (i.e. January 15, 2020). The scheme can be extended upon consideration at the meeting of holders under the employee stock ownership scheme and submission to the Board for consideration and approval. If the employee stock ownership scheme expires and has not been effectively extended, the employee stock ownership scheme shall be automatically terminated. The remaining term of the employee stock ownership scheme is approximately 5.4 years.</p>	

As at the Latest Practicable Date, shares under the employee stock ownership scheme were sold five times, with a total of 34,509,358 shares sold, 17,517,023 shares unsold and 298 holders, In addition, in the first half of 2024, none of the shares were granted, exercised, lapsed or cancelled. As at the Latest Practicable Date, details of the shares under the employee stock ownership scheme are as follows:

Name/category of holder	Number of shares held (shares)
HUO Da	531,210
YIN Hongyan	204,311
CHEN Jun	102,156
Total of other employees	16,679,346

### VII. Corporate Governance

#### (I) Compliance with code on securities transactions

The Company has adopted the Model Code as the code of conduct regarding the transactions of securities of the Company by all Directors, Supervisors and senior management. The Board inspects the corporate governance and its operation from time to time, in order to comply with the applicable requirements under the Hong Kong Listing Rules and safeguard the interests of shareholders. Upon inquiry, all Directors, Supervisors and senior management have strictly complied with the applicable requirements under the Model Code and the Management Rules on the Shares and Changes of Shareholdings of Directors, Supervisors and Senior Management in China Merchants Securities Co., Ltd. (《招商證券股份有限公司董事、監事和高級管理人員所持公司股份及其變動管理制度》). For details regarding the shareholdings of the Directors, Supervisors and senior management in the Company, please see “Interests and short positions in shares, underlying shares or debentures of the Company and its associated corporations of the Directors, Supervisors and chief executives” in “Chapter 7: Changes in Shares and Shareholders” of this report.

#### (II) Relevant information on corporate governance

The Company, being a company listed in the PRC and Hong Kong, manages its operation in strict compliance with the laws, regulations and normative documents of the domestic and overseas places where its shares are listed, and strives to protect and enhance its market presence. The Company has continuously improved its corporate governance structure in compliance with the Company Law, the Securities Law and the regulations and requirements of the CSRC, the SFC and the Hong Kong Stock Exchange. The corporate governance of the Company complies with the requirements of relevant applicable laws and regulations. The Company has established a corporate governance structure consisting of the shareholders’ general meeting, the Board, the Supervisory Committee and the management with separate duties and effective checks and balances in order to maintain its regulated operation.

During the Reporting Period, the Company strictly complied with the Corporate Governance Code under Appendix C1 of the Rules Governing the Listing of Securities on the Main Board of the Hong Kong Stock Exchange (hereinafter referred to as the “Code”). The Company complied with all code provisions and satisfied the requirements of most of the recommended best practices under the Code.

The corporate governance structure of the Company is sound and does not deviate from relevant requirements of the regulatory authorities where the Company’s shares are listed.

## Chapter 4: Corporate Governance

### (III) Specific Measures Regarding the Undertakings of Controlling Shareholder and De Facto Controller on Independence of Assets, Personnel, Finance, Organization and Business of the Company, and Solution, Progress and Plans for Subsequent Works

The Company manages its operation in strict compliance with the Company Law, the Articles of Association and other laws, regulations and rules, and is independent from the controlling shareholder in terms of assets, personnel, finance, organization, business and other aspects with an independent and complete business system and independent operation capabilities.

1. In terms of assets: the Company has a clear property right relationship with the controlling shareholder, and has complete and independent legal person assets. The Company has complete control over all of its assets, and there is no situation where assets and funds are being appropriated by the controlling shareholder and damages the interests of the Company.
2. In terms of personnel: the Company has developed a comprehensive system regarding the management of personnel and remuneration, and established an independent human resources management department that manages personnel and remuneration independent from the controlling shareholder. The Company has an independent team of employees, and its Directors, Supervisors and senior management are legally appointed in accordance with the Company Law, the Articles of Association and relevant laws, regulations and rules. Senior management of the Company serves and receives remuneration from the Company, and does not hold any position other than director and supervisor in the controlling shareholder and its subsidiaries.
3. In term of finance: the Company has an independent finance and accounting department with dedicated finance personnel, and established an independent accounting system and regulated financial management system to make financial decisions independently. The Company has independent bank accounts, and completes tax registration and fulfills its tax obligations independently according to the laws. There is no sharing of bank account or tax paid in mix with those of the controlling shareholder.
4. In terms of organization: the Company has established a sound organizational system that meets its operational needs. The system operates independently and stably without any subordination to departments of the controlling shareholder.
5. In terms of business: the Company has an independent and comprehensive business system. The Company conducts its businesses, audits and decision-making independently, and assumes liabilities and risks independently without reliance on the controlling shareholder or any other related parties.

# Chapter 5: Environment and Social Responsibility

## I. Information on Environmental Protection

### (I) Description of environmental protection measures taken by the Company other than key pollutant discharging units

#### 1. Reasons for not disclosing other environmental protection information

The Company has incorporated the concept of being green and low-carbon into its daily operations, and formulated energy-saving and environmental protection work plans, so as to reduce energy consumption, improve the utilization efficiency of resources and reduce waste emissions. The energy consumption and emissions from daily office work have a mild impact on the environment. The Company will disclose specific environmental data and management information in its 2024 social responsibility report (ESG report).

### (II) Information conducive to protecting the ecology, preventing pollution and fulfilling environmental responsibilities

The Company has been committed to protecting the ecology, preventing pollution and promoting the concept of green development in multiple dimensions. Through various media within the Company, focusing on energy conservation and environmental protection, the Company has vigorously publicized the importance of environmental protection, energy conservation and emission reduction, educated employees about the guidelines, policies, laws and regulations related to energy conservation and consumption reduction, and popularized tips for energy conservation and emission reduction. To promote resource tapping and energy saving, the Company issued the “Frugal Enterprise, Energy Saving (勤儉辦企節能有我)” initiative to strengthen the awareness of energy saving in the workplace and to reduce unnecessary waste in every details.

Actively responding to the relevant requirements of the Administrative Regulations on Domestic Garbage Sorting of Shenzhen (《深圳市生活垃圾分類管理條例》) promulgated by the Shenzhen Municipal Government, the Company has set up domestic garbage sorting stations, publicized garbage sorting knowledge through projection screens in the public area, guided employees to carry out domestic garbage sorting, and regularly contacted the urban management department to collect harmful garbage such as toner cartridges, toner drum units, fluorescent tubes and batteries. In the canteen of the headquarters building, two sets of oil-water separation equipment are used to separate dry and wet kitchen waste, which is disposed daily in accordance with the relevant requirements. The Company has advocated the Clean Your Plate campaign (光盤行動) and encouraged the use of less disposable tableware and the use of degradable lunch boxes to reduce environmental pollution.

The Company has earnestly implemented the new development concept and taken “dual carbon” as the key direction of developing investment banking business. During the Reporting Period, the Company completed a total of 33 green investment banking projects, with an underwriting amount of RMB8.736 billion and a total issuance amount of RMB30.843 billion. Among them, there was one green equity financing project, with an underwriting amount of RMB2.143 billion, and 32 green bond projects with an underwriting amount of RMB6.594 billion.

## Chapter 5: Environment and Social Responsibility

### (III) Measures adopted for reducing carbon emissions during the Reporting Period and their effects

#### 1. Practicing green operation

The Company has strengthened environmental protection publicity, and continued to put energy conservation and environmental protection posters and short films on the multimedia platform of elevator halls and canteens to popularize knowledge in this regard. Tableware packaging has been reduced. From 2024, the staff canteen no longer provides disposable tableware, and employees bring their own lunch boxes and containers to pack on demand to reduce carbon emissions. The Company has optimized the air-conditioning system by using the ice cold storage system to store cold during the nighttime valley electricity bill so as to reduce electricity costs and daytime air-conditioning energy consumption. The Company has optimized the lighting system. The property management unit inspects the office area during the lunch break and after work in the afternoon, and turn off the power in time. The parking lot is partially lit at night and only the necessary basic lighting is maintained.

#### 2. Continuously building a green and energy-saving data center

Covering an area of more than 9,000 square meters, the Weixin Data Center (威新數據中心) of the Company is designed and constructed in strict accordance with the national A-level computer room standards. Currently, the data center has a PUE (Power Usage Effectiveness) value of around 1.5. In order to improve energy efficiency, the data center adopts a cold aisle closure method to effectively reduce the mixing of hot and cold air and lower the loss of cooling capacity. The power components of chillers and precise air conditioning system in the data center are all controlled by intelligent frequency conversion to reduce power loss. In the process of operation, the Company adjusts the precise air conditioning parameters according to the heat dissipation needs of IT equipment, and optimizes the ventilation floor to improve energy efficiency. In terms of power supply, the data center uses high-frequency UPS and other high-efficiency equipment to achieve the goal of saving energy continuously during operation. Meanwhile, the Company has insulated the entire facade of the data center building to reduce cooling capacity loss due to heat transfer and save energy.

## II. Details of Consolidation and Advancement of Poverty Alleviation, Rural Revitalization and Other Activities

### (I) Poverty alleviation through finance

The Company has actively responded to the national rural revitalization strategy, resolutely fulfilled the social responsibility as a central enterprise, and further promoted the rural revitalization. According to the statistics from Wind, in the first half of 2024, the Company participated in the issuance of totally 7 bond products related to the themes of "rural revitalization" and "Three Rural Issues" as a lead underwriter, including the Supply Chain Finance Phase-I Green Asset-Backed Special Plan (Rural Revitalization) of Beijing Energy International (京能國際供應鏈金融第1期綠色資產支持專項計劃(鄉村振興)), the first green rural revitalization supply chain project in the power industry, the 2024 Public Issuance of Rural Revitalization Corporate Bonds by CCCC Financial Leasing Co., Ltd. to Professional Investors (Phase I) (中交融資租賃有限公司2024年面向專業投資者公開發行鄉村振興公司債券(第一期)), China's first rural revitalization corporate bond of a leasing company, the 2024 Public Issuance of Carbon Neutrality Green Technology Innovation and Rural Revitalization Corporate Bonds to Professional Investors by CGN Wind Energy Limited (Phase I) (中廣核風電有限公司2024年面向專業投資者公開發行碳中和綠色科技創新鄉村振興公司債券(第一期)), and the 2024 "Three Rural Issues" Special Financial Bonds of China Merchants Bank Co., Ltd. (2024年招商銀行股份有限公司「三農」專項金融債券), with a total issuance amount of RMB13.802 billion, among which the underwriting amount of CMS was RMB2.663 billion.

### (II) Poverty alleviation through charity

1. The Company donated RMB373.8 thousand to the Chongqing Xing'an Poverty Alleviation Foundation (重慶市興安幫扶基金會) to specifically support the Ayi Tudou (阿依土豆) Daliang Mountains education support project, providing teaching materials and stationery to assist the education and healthy growth of primary school students in remote and less developed areas, and improve quality education for local teenagers and children.
2. The Company continued to carry out the "Continuous Hope, Love and Warm Gannan" (廣續希望·愛暖甘南) education support activity. In April and May 2024, two batches of youth teaching groups were organized to go to Nimalong Wanquan Primary School (尼瑪龍完全小學) in Xiahe County, Gannan Tibetan Autonomous Prefecture, Gansu Province to carry out a month-long volunteer teaching activity. On the occasion of Children's Day, they donated holiday gifts such as story machines, laser printers, sports equipment, and books to the school, so as to help the development of rural education with practical actions.
3. The Company supported innovative financial products to play a role in helping rural households "control risks and maintain income". The Company donated RMB15 thousand to the Rural Revitalization Bureau (鄉村振興局) of Qichun County, Hubei Province, which was specially used for the "Agricultural Insurance + Weather Derivatives" (農業保險+天氣衍生品) project in Qichun, Hubei Province, to purchase tea planting meteorological index insurance for tea growers in Qichun, Hubei Province, so as to reduce the impact of blizzard and freezing rain on farmers, enhance their ability to resist the risk of cold waves, and provide solid risk guarantee for farmers.

### (III) Poverty alleviation through consumption

In the first half of 2024, the Company purchased agricultural products worth RMB2.3962 million through the Shenzhen Haijixing Poverty Alleviation (Consumption) Center (深圳海吉星消費幫扶中心) and the agricultural support platform of China Merchants Group as holiday gifts to employees, thereby consolidating and advancing poverty alleviation and facilitating the rural revitalization with practical actions.

## Chapter 6: Major Events

### I. Performance of Undertakings

#### (I) Undertakings of obligors, including the de facto controller, shareholders, related parties and acquirer of the Company and the Company, during or subsisting at the time of the Reporting Period

Background	Type	Party(ies)	Details	Effective time	Whether the undertakings have a performance deadline	Validity period	Whether the undertakings have been strictly performed in a timely manner	Reason for not performed in a timely manner	Follow-up actions, in case of undertakings not performed in a timely manner
Undertaking related to the initial public offering	To resolve horizontal competition	Jisheng Investment	Jisheng Investment has undertaken that it will not engage in any business which competes directly with the existing principal businesses of the Company and its subsidiaries (whether wholly-owned or not) in accordance with laws and administrative regulations.	November 2007	Yes	Upon the public offering and listing of the A Shares of the Company, and as long as Jisheng Investment is a shareholder of the Company.	Yes	-	-
	To resolve horizontal competition	China Merchants Group	China Merchants Group has undertaken that it and the legal entities beneficially controlled by it will not establish new securities companies or control other securities companies through acquisition in the PRC. For businesses of the same or similar nature to securities companies engaged by the non-securities companies controlled by China Merchants Group, the Company will make sufficient disclosure in accordance with laws upon the public offering and listing of the shares of the Company. China Merchants Group shall not harm the interests of the Company and other shareholders by virtue of its role of de facto controller of the Company.	November 2007	Yes	Upon the public offering and listing of the A Shares of the Company, and as long as China Merchants Group is the de facto controller of the Company.	Yes	-	-
	To resolve horizontal competition	CM Financial Holdings	CM Financial Holdings has undertaken that it and other entities controlled by it will not engage in any business which competes with the businesses of the Company.	May 2019	Yes	As long as CM Financial Holdings is the controlling shareholder of the Company.	Yes	-	-
Undertaking related to refinancing	Others	China Merchants Group, CM Financial Holdings	They have undertaken not to interfere in the operation and management activities of the Company beyond the authority; not to encroach upon the interests of the Company; not to deliver interests to other units or individuals free of charge or under unfair conditions, nor damage the interests of the Company by other means; if the CSRC makes other new regulatory provisions on remedial measures and their undertakings before the completion of the rights issue, and the aforesaid undertakings fail to meet such provisions of the CSRC, additional undertakings will be given in accordance with the latest provisions of the CSRC; in case of any loss caused to the Company or other shareholders due to violation of the aforesaid undertakings or refusal to perform the aforesaid undertakings, they shall be liable for compensation to the Company or other shareholders according to the laws.	March 2019	Yes	As long as China Merchants Group is the de facto controller of the Company; as long as CM Financial Holdings is the controlling shareholder of the Company.	Yes	-	-

Background	Type	Party(ies)	Details	Effective time	Whether the undertakings have a performance deadline	Validity period	Whether the undertakings have been strictly performed in a timely manner	Reason for not performed in a timely manner	Follow-up actions, in case of undertakings not performed in a timely manner
Other undertakings to minority shareholders	Others	China Merchants Group, China Ocean Shipping	When there is unusual price movement in the shares of the Company, they will not reduce their shareholdings in the Company and will increase their shareholdings in accordance with laws when appropriate.	July 2015	Yes	When there is unusual price movement in the shares of the Company.	Yes	-	-

## II. Material Litigations or Arbitrations

### There were no material litigations or arbitrations during the Reporting Period

Certain investors of China Security Co., Ltd. (中安科股份有限公司) (hereinafter referred to as “China Security”) commenced litigations against China Security and its directors, and its subsidiary, China Security & Fire Technology Co., Limited (中安消技術有限公司) (hereinafter referred to as “China Security & Fire Technology”) and intermediaries such as the Company, respectively, in the Shanghai Financial Court for civil compensation regarding relevant investment losses caused by false statements in the securities market, claiming China Security to compensate for their losses and bear the litigation expenses and requesting China Security & Fire Technology, directors and relevant personnel of China Security and relevant intermediaries to be jointly liable for the losses. On May 18, 2021, the Higher People’s Court of Shanghai made second trial judgments on the model cases involving two investors, ordering the Company to bear joint liability within the scope of 25% for the total losses of RMB228 thousand payable by China Security to the two investors. Moreover, as China Security changed its registered address to Wuhan in December 2021, the competent court for such series of subsequent cases has been changed to the Wuhan Intermediate People’s Court. As of June 30, 2024, the Company received litigation materials or information of a total of 6,369 investors from the Shanghai Financial Court (including the model cases and cases from Sinolink Securities). The Shanghai Financial Court made first trial judgments on all the cases, and ruled that the Company is jointly and severally liable for the losses of 6,368 investors to the extent of RMB223.4377 million, and that the Company does not need to bear any liability for the remaining one case from Sinolink Securities. The Intermediate People’s Court of Wuhan has issued a judgment in the first instance on the cases involving 1,656 investors, and ruled that the Company is jointly and severally liable for the losses of investors to the extent of RMB63.8674 million.

### III. Punishment and Remedial Measures on the Listed Company, its Directors, Supervisors, Senior Management, Controlling Shareholder and De Facto Controller Due to Suspected Violations of Laws and Regulations

In January 2024, the Company received the Decision on Taking Measures to Issue Warning Letter to China Merchants Securities Co., Ltd. (《關於對招商證券股份有限公司採取出具警示函措施的決定》) issued by the CSRC Anhui Office; in February 2024, the Shenzhen Nanshan Nanyou Avenue securities branch of the Company received the Decision of the CSRC Shenzhen Office on Taking Measures to Issue Warning Letter to Shenzhen Nanshan Nanyou Avenue Securities Branch of China Merchants Securities Co., Ltd. (《深圳證監局關於對招商證券股份有限公司深圳南山南油大道證券營業部採取出具警示函措施的決定》) issued by the CSRC Shenzhen Office; on February 9, 2024, the CSRC and the CSRC Shenzhen Office announced the results of the penalties imposed on a number of practitioners of China Merchants Securities for stock trading and other violations, and on the same day, the CSRC Shenzhen Office announced the Decision of the CSRC Shenzhen Office on Ordering China Merchants Securities Co., Ltd. to Increase the Number of Internal Compliance Inspections (《深圳證監局關於對招商證券股份有限公司採取責令增加內部合規檢查次數措施的決定》) and other related punishment. For details of the above matters, please refer to the 2023 Annual Report of China Merchants Securities Co., Ltd. disclosed by the Company on March 29, 2024.

In April 2024, the Shanghai Zhaojiabang Road securities branch of the Company received the Decision on Taking Measures to Issue Warning Letter to Shanghai Zhaojiabang Road Securities Branch of China Merchants Securities Co., Ltd. (《關於對招商證券股份有限公司上海肇嘉濱路證券營業部採取出具警示函措施的決定》) issued by the CSRC Shanghai Office, which stated that the business branch had problems such as individual employees agreeing to share investment income with customers during their tenure, and took administrative supervision measures to issue a warning letter to the business branch. The Company has sorted out and controlled the product sales qualifications of its marketing team, and required its branch offices to strengthen the training, management and accountability of practitioners before, during and after trading.

In April 2024, the Company received the Decision on Criticism against China Merchants Securities Co., Ltd. and Relevant Parties (《關於對招商證券股份有限公司及相關當事人給予通報批評處分的決定》) issued by the Shenzhen Stock Exchange, which stated that the Company, WANG Zhiwei (王志偉) and YIN Tao (尹濤), as sponsors and sponsor representatives of Jingyu Environmental (晶宇環境), had failed to verify the matters relating to the issuer's related parties, failed to verify the issuer's operation service business and failed to adequately verify matters relating to the issuer's gambling agreements in the course of their practice, and notified the criticism against the Company and its sponsor representatives. The Company has further strengthened the quality of its project by continuously revising the relevant systems in accordance with the changes in external regulations and management needs, and continuously carrying out business training to enhance the practitioners' awareness of due diligence and performance.

In August 2024, the Company received the Decision of the CSRC Shenzhen Office on Taking Measures to Issue Warning Letter to China Merchants Securities Co., Ltd. (《深圳證監局關於對招商證券股份有限公司採取出具警示函措施的決定》) issued by the CSRC Shenzhen Office, which stated that in the course of the Company's investment banking business, there were problems in the continuous supervision of some of the investment banking projects such as insufficient supervision of the regular operation of listed companies, insufficient prudent application and independent verification of the professional opinions of other securities service organizations and imperfect drafts, and took administrative supervision measures to issue a warning letter to the Company. The Company has further strengthened the management of continuous supervision, continuously improved the mechanism and system functions related to continuous supervision, and continuously carried out business training to enhance the practitioners' awareness of due diligence and performance.

#### IV. Integrity of the Company and Its Controlling Shareholder and De Facto Controller during the Reporting Period

During the Reporting Period, the Company and its controlling shareholder and de facto controller were not subject to any outstanding court order or large amount of overdue liabilities.

#### V. Material Contracts and their Performance

Material guarantees performed and outstanding during the Reporting Period

Unit: 100 Million Yuan Currency: RMB

Guarantees provided by the Company (excluding guarantees for subsidiaries)															
Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Amount of guarantee	Date of guarantee (date of agreement)	Effective date of guarantee	Expiry date of guarantee	Type of guarantee	Principal debt	Collateral (if any)	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Outstanding amount of guarantee overdue	Counter guarantee	Whether it is a guarantee for related parties	Relationship
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total guarantees provided during the Reporting Period (excluding guarantees for subsidiaries)															-
Total balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)															-
Guarantees for subsidiaries by the Company															
Total guarantees for subsidiaries during the Reporting Period															-3.93
Total balance of guarantees for subsidiaries as at the end of the Reporting Period (B)															61.20
Total guarantees of the Company (including guarantees for subsidiaries)															
Total guarantees (A+B)															61.20
Ratio of total guarantees to net assets of the Company (%)															4.92
Among which:															
Guarantees for shareholders, de facto controller and their related parties (C)															-
Debt guarantee provided directly or indirectly for companies with gearing ratio over 70% (D)															56.20

## Chapter 6: Major Events

Amount of guarantees in excess of 50% of the net assets (E)	–
Total amount of the above three types of guarantees (C+D+E)	56.20
Outstanding guarantees subject to joint and several liabilities	–

### Details of guarantees

1. On January 20, 2014, the provision of net assets guarantee of up to RMB500 million for CMS Asset Management was approved at the 2014 first extraordinary meeting of the fourth session of the Board. On September 27, 2016, the increase of net assets guarantee in favor of CMS Asset Management by no more than RMB3 billion in stages and authorization for the management of the Company to perform in stages, or terminate, such net assets guarantee within the above limit based on the actual operating condition of CMS Asset Management were approved at the 42th meeting of the fifth session of the Board.

The balance of net assets guarantee provided by the Company for CMS Asset Management as at the end of the Reporting Period amounted to RMB500 million.

2. On June 28, 2024, at the 2023 annual general meeting of the Company, it was considered and approved that the total amount of guarantees provided by CMS International and its wholly-owned subsidiaries in favor of the guaranteed parties within the term of authorization shall not exceed HK\$79.0 billion equivalent, of which, financing guarantees shall not exceed HK\$14.8 billion equivalent.

As at the end of the Reporting Period, the agreed amount of guarantees provided by CMS International and its wholly-owned subsidiaries was approximately RMB42.338 billion in total (with financing guarantees of approximately RMB6.389 billion). The balance of guarantees utilized and traded was approximately RMB5.620 billion in total.

### VI. Investor Relations Activities during the Reporting Period

The Company attaches great importance to investor relations management, actively carries out the management of investor relations, continuously enhances the transparency of the Company, and comprehensively introduces the business development advantages of the Company, so as to enable investors to have a better understanding of the Company. The Company has formulated the Standards for the Work of the Secretary to the Board (《董事會秘書工作規範》), Information Disclosure Management System (《信息披露事務管理制度》) and Investor Relations Management System (《投資者關係管理制度》), and has defined the relevant working mechanisms. The Company has designated the secretary to the Board to be responsible for investor relationship management and information disclosure, and received visits and consultations from shareholders, so as to establish a relatively complete and effective channel for communication with shareholders. In addition to the information disclosure channels stipulated by the laws, the Company mainly communicates with investors through shareholders' meetings, investor briefings, telephone, e-mail, online platforms, receptions and attendance to investor meetings.

During the Reporting Period, the Company organized the analyst and investor telephone conferences on 2023 annual results, participated in the "Collective Results Briefings of Listed Subsidiaries of China Merchants Group on 'Centennial CMS, Creating and Sharing the Future' (百年招商·創享未來)" organized by China Merchants Group Limited, and held a presentation on cash dividends for the Company. The Company made continuous and in-depth communications with a total of more than 200 person-times through various means such as the SSE e-Interaction platform, attendance at strategy meetings of securities companies, reception of researchers, investor hotlines and e-mail.

### VII. Purchase, Sale or Redemption of Securities of the Company

During the Reporting Period, neither the Company nor any of its controlled subsidiaries have purchased, sold or redeemed any securities of the Company or any of its controlled subsidiaries (including sales of treasury shares (as defined in the Hong Kong Listing Rules)).

As at the end of Reporting Period, the Company did not hold any treasury shares.

### VIII. Major Events after the Reporting Period

Save for those disclosed in "Events after the Balance Sheet Date" in "Chapter 9: Financial Report" of this report, there were no other major events after the Reporting Period.

### IX. Review of Interim Results

The Audit Committee of the Company has reviewed the interim results announcement for the six months ended June 30, 2024, the 2024 interim report and the unaudited interim financial information for the six months ended June 30, 2024 and did not raise any objection to the accounting policy and practices adopted by the Company. The external auditor of the Company has reviewed the unaudited interim financial information for the six months ended June 30, 2024 in accordance with International Standard on Review Engagements 2410.

### X. Material Acquisitions and Disposals

During the Reporting Period, the Group did not make any material acquisitions or disposals of any subsidiaries, associates and joint ventures.

# Chapter 7: Changes in Shares and Shareholders

## I. Changes in Share Capital

During the Reporting Period, the total number of shares and the share capital structure of the Company remained unchanged.

## II. Shareholders

### (I) Total number of shareholders:

Total number of holders of ordinary shares as of the end of the Reporting Period	140,729
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### (II) Shareholdings of the top ten shareholders and the top ten holders of tradable shares (or holders of unrestricted shares) as of the end of the Reporting Period

Unit: share

Shareholdings of the top ten shareholders (Excluding shares lent through margin financing)							
Name of shareholder (in full)	Changes during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Number of restricted shares held	Pledged, marked or locked-up		Nature of shareholder
					Status	Number	
China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司)	-	2,047,900,517	23.55	-	Nil	-	State-owned legal person
Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司)	-	1,703,934,870	19.59	-	Nil	-	State-owned legal person
HKSCC Nominees Limited	2,200	1,274,223,837	14.65	-	Nil	-	Overseas legal person
China Ocean Shipping Company Limited (中國遠洋運輸有限公司)	-	544,632,418	6.26	-	Nil	-	State-owned legal person
Hebei Port Group Co., Ltd. (河北港口集團有限公司)	-	343,282,732	3.95	-	Nil	-	State-owned legal person
CCCC Capital Holdings Co., Ltd. (中交資本控股有限公司)	-	272,219,361	3.13	-	Nil	-	State-owned legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	-	170,789,261	1.96	-	Nil	-	Unknown
Hong Kong Securities Clearing Company Limited	37,942,040	157,337,030	1.81	-	Nil	-	Overseas legal person
COSCO Shipping (Guangzhou) Co., Ltd. (中遠海運(廣州)有限公司)	-	109,199,899	1.26	-	Nil	-	State-owned legal person
China Construction Bank Corporation – Guotai CSI All Share brokerage ETF (中國建設銀行股份有限公司—國泰中證全指證券公司交易型開放式指數證券投資基金)	3,686,814	83,668,916	0.96	-	Nil	-	Others

## Chapter 7: Changes in Shares and Shareholders

Shareholdings of the top ten holders of unrestricted shares (Excluding shares lent through margin financing, the locked shares held by senior management)			
Name of shareholder	Number of tradable unrestricted shares held	Class and number of shares	
		Class	Number
China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司)	2,047,900,517	RMB ordinary shares	2,047,900,517
Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司)	1,703,934,870	RMB ordinary shares	1,703,934,870
HKSCC Nominees Limited	1,274,223,837	Overseas listed foreign shares	1,274,223,837
China Ocean Shipping Company Limited (中國遠洋運輸有限公司)	544,632,418	RMB ordinary shares	544,632,418
Hebei Port Group Co., Ltd. (河北港口集團有限公司)	343,282,732	RMB ordinary shares	343,282,732
CCCC Capital Holdings Co., Ltd. (中交資本控股有限公司)	272,219,361	RMB ordinary shares	272,219,361
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	170,789,261	RMB ordinary shares	170,789,261
Hong Kong Securities Clearing Company Limited	157,337,030	RMB ordinary shares	157,337,030
COSCO Shipping (Guangzhou) Co., Ltd. (中遠海運(廣州)有限公司)	109,199,899	RMB ordinary shares	109,199,899
China Construction Bank Corporation – Guotai CSI All Share brokerage ETF (中國建設銀行股份有限公司－國泰中證全指證券公司交易型開放式指數證券投資基金)	83,668,916	RMB ordinary shares	83,668,916
Description of the special account for repurchase among the top ten shareholders	Nil		
Description of the entrusting voting right, entrusted voting right and waiver of voting right of the above shareholders	Nil		
Description of the connected relationships or concerted actions among the above shareholders		Among the above top ten shareholders:	<ol style="list-style-type: none"> <li>1. CM Financial Holdings holds 100% of the equity interest in Jisheng Investment in aggregate. CM Financial Holdings and Jisheng Investment are both subsidiaries of China Merchants Group, the de facto controller of the Company;</li> <li>2. China Ocean Shipping and COSCO Shipping (Guangzhou) Co., Ltd. are both subsidiaries of China COSCO Shipping Corporation Limited.</li> </ol>

## Chapter 7: Changes in Shares and Shareholders

- Notes:
1. HKSCC Nominees Limited is the nominee holder of the shares held by the non-registered H Shareholders of the Company;
  2. Hong Kong Securities Clearing Company Limited is the nominee holder of the shares of the Company under the Northbound Trading Link of the Shanghai-Hong Kong Stock Connect;
  3. Given the fact that the shares of the Company could be used as underlying securities for margin financing and securities lending, the shareholding of the shareholders is calculated based on the aggregate of shares and interests held in their ordinary securities accounts and credit securities accounts.

### *Lending shares through margin financing by shareholders holding more than 5% of shares, top ten shareholders and top ten holders of unrestricted shares*

Unit: shares

Lending shares through margin financing by shareholders holding more than 5% of shares, top ten shareholders and the top ten holders of unrestricted shares								
Name of shareholder (in full)	Shareholding in ordinary account and credit account at the beginning of the period		Outstanding shares lent through margin financing at the beginning of the period		Shareholding in ordinary account and credit account at the end of the period		Outstanding shares lent through margin financing at the end of the period	
	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)
China Construction Bank Corporation – Guotai CSI All Share brokerage ETF (中國建設銀行股份有限公司—國泰中證全指證券公司交易型開放式指數證券投資基金)	79,982,102	0.9197	599,500	0.0069	83,668,916	0.9621	198,100	0.0023

### (III) Interests and short positions of the substantial shareholders and other persons in the shares and underlying shares

As at June 30, 2024, to the best knowledge of the Directors having made reasonable enquiries, the following persons (other than the Directors, Supervisors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

No.	Name of de facto controller and substantial shareholders	Class of shares	Nature of interest	Number of shares held (shares)	Percentage of total number of issued shares of the Company (%)	Percentage of total number of issued A Shares/H Shares of the Company (%)	Long positions <sup>7</sup> / short positions <sup>8</sup> / shares available for lending
1	China Merchants Group	A Shares	Interest held by controlled corporations <sup>1</sup>	3,751,835,387	43.14	50.55	Long position
		H Shares	Interest held by controlled corporations <sup>2</sup>	89,042,607	1.02	6.99	Long position
2	China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司)	A Shares	Beneficial owner and interest of corporation controlled by substantial shareholders <sup>3</sup>	3,751,835,387	43.14	50.55	Long position
		H Shares	Interest held by controlled corporations <sup>3</sup>	89,042,607	1.02	6.99	Long position
3	Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司)	A Shares	Beneficial owner	1,703,934,870	19.59	22.96	Long position
4	China Merchants Financial Holdings (Hong Kong) Company Limited	H Shares	Interest held by controlled corporations <sup>3</sup>	89,042,607	1.02	6.99	Long position
5	Best Winner Investment Limited	H Shares	Beneficial owner	89,042,607	1.02	6.99	Long position
6	China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司)	A Shares	Interest held by controlled corporations <sup>4</sup>	663,437,515	7.63	8.94	Long position
		H Shares	Interest held by controlled corporations <sup>5</sup>	207,797,720	2.39	16.30	Long position
7	China Ocean Shipping Company Limited (中國遠洋運輸有限公司)	A Shares	Beneficial owner	544,632,418	6.26	7.34	Long position
8	Hebei Port Group Co., Ltd. (河北港口集團有限公司)	A Shares	Beneficial owner	343,282,732	3.95	4.63	Long position
		H Shares	Beneficial owner	90,674,300	1.04	7.11	Long position

## Chapter 7: Changes in Shares and Shareholders

No.	Name of de facto controller and substantial shareholders	Class of shares	Nature of interest	Number of shares held (shares)	Percentage of total number of issued shares of the Company (%)	Percentage of total number of issued A Shares/H Shares of the Company (%)	Long positions <sup>7</sup> / short positions <sup>8</sup> / shares available for lending
9	PICC Life Insurance Company Limited (中國人民人壽保險股份有限公司)	H Shares	Beneficial owner	433,290,000	4.98	34.00	Long position
10	The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司)	H Shares	Interest held by controlled corporations <sup>6</sup>	433,290,000	4.98	34.00	Long position
11	COSCO SHIPPING Investment Holdings Co., Limited	H Shares	Beneficial owner	207,797,720	2.39	16.30	Long position

### Notes:

- China Merchants Group holds 100% of the equity interest in CM Financial Holdings and Jisheng Investment, and is deemed to be interested in the same number of A Shares which CM Financial Holdings (23.55%) and Jisheng Investment (19.59%) are interested in under the SFO.
- China Merchants Group holds 100% of the equity interest in Best Winner Investment Limited, and is deemed to be interested in the same number of H Shares which Best Winner Investment Limited (1.02%) is interested in under the SFO.
- CM Financial Holdings directly holds 23.55% of the shares of the Company. CM Financial Holdings holds 100% of the equity interest in Jisheng Investment, and is deemed to be interested in the same number of A Shares which Jisheng Investment (19.59%) is interested in under the SFO. Thus, CM Financial Holdings holds, directly and indirectly, an aggregate of 43.14% of the equity interest in the A Shares of the Company. CM Financial Holdings holds 100% of the equity interest in China Merchants Financial Holdings (Hong Kong) Company Limited, and China Merchants Financial Holdings (Hong Kong) Company Limited holds 100% of the equity interest in Best Winner Investment Limited. CM Financial Holdings and China Merchants Financial Holdings (Hong Kong) Company Limited are deemed to be interested in the same number of H Shares which Best Winner Investment Limited (1.02%) is interested in under the SFO.
- China COSCO Shipping Corporation Limited holds 100% of the equity interest in China Ocean Shipping and China Shipping Group Co., Ltd. (中國海運集團有限公司), and is deemed to be interested in the same number of A Shares which China Ocean Shipping (6.26%), COSCO Shipping (Guangzhou) Co., Ltd., a wholly-owned subsidiary of China Shipping Group Co., Ltd. (1.26%), COSCO SHIPPING Investment Holdings Co., Limited, a wholly-owned subsidiary of China Shipping Group Co., Ltd. (0.10%), and Guangzhou Sanding Oil Products Transport Co., Ltd. (廣州市三鼎油品運輸有限公司) (0.01%) are interested in under the SFO.

## Chapter 7: Changes in Shares and Shareholders

5. China COSCO Shipping Corporation Limited is deemed to be interested in the same number of H Shares which COSCO SHIPPING Investment Holdings Co., Limited, a wholly-owned subsidiary of China Shipping Group Co., Ltd. (中國海運集團有限公司) (2.39%), is interested in under the SFO.
6. The People's Insurance Company (Group) of China Limited directly and indirectly holds 80% of the equity interest in PICC Life Insurance Company Limited, and is deemed to be interested in the same number of H Shares which PICC Life Insurance Company Limited is interested in under the SFO.
7. A shareholder has a "long position" if it has an interest in shares, including interests through holding, selling or issuing financial instruments (including derivatives) under which such shareholder has the following rights and liabilities: (i) it has a right to buy the underlying shares; (ii) it is under an obligation to buy the underlying shares; (iii) it has a right to receive money if the price of the underlying shares increases; or (iv) it has a right to avoid or reduce a loss if the price of the underlying shares increases; and
8. A shareholder has a "short position" if it borrows shares under a securities borrowing and lending agreement, or if it holds, sells or issues financial instruments (including derivatives) under which such shareholder has the following rights and liabilities: (i) it has a right to require another person to buy the underlying shares; (ii) it is under an obligation to deliver the underlying shares; (iii) it has a right to receive money if the price of the underlying shares decreases; or (iv) it has a right to avoid or reduce a loss if the price of the underlying shares decreases.

Save as disclosed above, as at June 30, 2024, the Company was not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## Chapter 7: Changes in Shares and Shareholders

### III. Directors, Supervisors and Senior Management

#### Interests and short positions in shares, underlying shares or debentures of the Company and its associated corporations of the Directors, Supervisors and chief executives

As of June 30, 2024, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company or its associated corporations which would be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or interests or short positions which would be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange were as follows:

Directors/ Supervisors	Position	Class of shares	Nature of interest	Number of shares held (shares)	Percentage of total number of issued shares of the Company (%)	Percentage of total number of issued A Shares of the Company (%)	Long positions/ short positions/ shares available for lending
HUO Da (霍達)	Chairman of the Board, executive Director and Chief Information Officer	A Shares	Beneficial owner	531,210	0.006	0.007	Long position
YIN Hongyan (尹虹艷)	Employee representative Supervisor	A Shares	Beneficial owner	204,311	0.002	0.003	Long position
CHEN Jun (陳鋈)	Employee representative Supervisor	A Shares	Beneficial owner	102,156	0.001	0.001	Long position

### IV. Description of Restrictions on Equity or Assets and Credit Status of Controlling Shareholder or De Facto Controller

The controlling shareholder of the Company is China Merchants Finance Investment Holdings Co., Ltd., which directly and indirectly holds 44.17% of the shares of the Company, and is not subject to major restrictions. Other major assets of China Merchants Finance Investment Holdings Co., Ltd. are equity investment. There are no major restrictions, and it has good credit standing.

The de facto controller of the Company is China Merchants Group Limited, which indirectly holds 44.17% of the shares of the Company, and is not subject to major restrictions. Other major assets of China Merchants Group Limited are cash and bank balances, inventory and long-term equity investment. There are no major restrictions, and it is granted AAA credit rating with good credit standing.

## Chapter 8: Relevant Information of Bonds

### I. Corporate Bonds (Including Enterprise Bonds) and Non-financial Enterprise Debt Financing Instruments

#### (I) Corporate bonds (including enterprise bonds)

##### 1. General information of corporate bonds

As of the date of this report, the details of the outstanding corporate bonds are as follows:

Unit: 100 Million Yuan Currency: RMB

Name	Abbreviation	Code	Date of issuance	Value date	Latest sell-back date after August 31, 2024	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2014 Corporate Bonds publicly issued by China Merchants Securities Co., Ltd. (招商證券股份有限公司公開發行2014年公司債券)	14 China Merchants Bonds (14招商債)	122374.SH	May 26, 2015	May 26, 2015	-	May 26, 2025	55	5.08	Payment of interest annually, and payment of principal upon expiry	SSE	Everbright Securities	Everbright Securities	Offering to investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2021 Type Three Corporate Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第五期)(品種三))	21 China Merchants Securities 10 (21招證10)	188568.SH	August 11, 2021	August 12, 2021	-	August 12, 2026	20	3.41	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2021 Type One Subordinated Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第六期)(品種一))	21 China Merchants Securities C7 (21招證C7)	188997.SH	November 10, 2021	November 11, 2021	-	November 11, 2024	40	3.40	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2021 Type Two Subordinated Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第六期)(品種二))	21 China Merchants Securities C8 (21招證C8)	188998.SH	November 10, 2021	November 11, 2021	-	November 11, 2026	10	3.70	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2022 Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第一期))	22 China Merchants Securities G1 (22招證G1)	185286.SH	January 14, 2022	January 17, 2022	-	January 17, 2025	50	2.89	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

## Chapter 8: Relevant Information of Bonds

Name	Abbreviation	Code	Date of issuance	Value date	Latest sell-back date after August 31, 2024	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2022 Perpetual Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第一期)) <sup>Note</sup>	22 China Merchants Securities Y1 (22招證Y1)	185584.SH	March 23, 2022	March 24, 2022	-	-	43	3.95	Payment of interest annually if the option of deferring payment of interest is not exercised	SSE	GF Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2022 Perpetual Subordinated Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第二期)) <sup>Note</sup>	22 China Merchants Securities Y2 (22招證Y2)	185697.SH	April 18, 2022	April 19, 2022	-	-	47	3.77	Payment of interest annually if the option of deferring payment of interest is not exercised	SSE	GF Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2022 Perpetual Subordinated Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第三期)) <sup>Note</sup>	22 China Merchants Securities Y3 (22招證Y3)	185739.SH	April 25, 2022	April 26, 2022	-	-	40	3.77	Payment of interest annually if the option of deferring payment of interest is not exercised	SSE	GF Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2022 Perpetual Subordinated Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第四期)) <sup>Note</sup>	22 China Merchants Securities Y4 (22招證Y4)	185831.SH	June 7, 2022	June 8, 2022	-	-	20	3.72	Payment of interest annually if the option of deferring payment of interest is not exercised	SSE	GF Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2022 Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第二期))	22 China Merchants Securities G2 (22招證G2)	185393.SH	July 25, 2022	July 26, 2022	-	July 26, 2025	40	2.70	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2022 Type One Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第三期)(品種一))	22 China Merchants Securities G3 (22招證G3)	137653.SH	August 10, 2022	August 11, 2022	-	February 12, 2025	30	2.54	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

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Name	Abbreviation	Code	Date of issuance	Value date	Latest sell-back date after August 31, 2024	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2022 Type Two Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第三期)(品種二))	22 China Merchants Securities G4 (22招證G4)	137654.SH	August 10, 2022	August 11, 2022	-	August 11, 2025	50	2.59	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type One Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第一期)(品種一))	23 China Merchants Securities C1 (23招證C1)	138979.SH	February 27, 2023	March 1, 2023	-	September 11, 2025	14	3.45	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第一期)(品種二))	23 China Merchants Securities C2 (23招證C2)	138980.SH	February 27, 2023	March 1, 2023	-	March 1, 2026	8	3.55	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type One Subordinated Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第二期)(品種一))	23 China Merchants Securities C3 (23招證C3)	115086.SH	March 16, 2023	March 17, 2023	-	March 17, 2025	15	3.25	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Subordinated Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第二期)(品種二))	23 China Merchants Securities C4 (23招證C4)	115087.SH	March 16, 2023	March 17, 2023	-	March 17, 2026	17	3.40	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type One Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2023年公司債券(第一期)(品種一))	23 China Merchants Securities G1 (23招證G1)	115251.SH	April 14, 2023	April 17, 2023	-	April 17, 2025	40	2.89	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

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Name	Abbreviation	Code	Date of issuance	Value date	Latest sell-back date after August 31, 2024	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2023 Type Two Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2023年公司債券(第一期)(品種二))	23 China Merchants Securities G2 (23招證G2)	115252.SH	April 14, 2023	April 17, 2023	-	April 17, 2026	40	3.03	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Subordinated Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第三期)(品種二))	23 China Merchants Securities C6 (23招證C6)	115286.SH	April 18, 2023	April 19, 2023	-	April 19, 2026	33	3.30	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type One Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2023年公司債券(第二期)(品種一))	23 China Merchants Securities G3 (23招證G3)	115314.SH	April 24, 2023	April 25, 2023	-	May 14, 2026	28	3.03	Payment of interest annually in the first two interest-bearing years, and payment of interest for the remaining term together with the payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2023年公司債券(第二期)(品種二))	23 China Merchants Securities G4 (23招證G4)	115315.SH	April 24, 2023	April 25, 2023	-	April 25, 2028	22	3.17	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type One Subordinated Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第四期)(品種一))	23 China Merchants Securities C7 (23招證C7)	115379.SH	May 19, 2023	May 22, 2023	-	May 22, 2026	10	3.13	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Subordinated Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第四期)(品種二))	23 China Merchants Securities C8 (23招證C8)	115380.SH	May 19, 2023	May 22, 2023	-	May 22, 2028	10	3.39	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

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Name	Abbreviation	Code	Date of issuance	Value date	Latest sell-back date after August 31, 2024	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2023 Type One Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第三期)(品種一))	23 China Merchants Securities G5 (23招證G5)	115647.SH	July 12, 2023	July 13, 2023	-	July 13, 2025	16	2.58	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第三期)(品種二))	23 China Merchants Securities G6 (23招證G6)	115648.SH	July 12, 2023	July 13, 2023	-	July 13, 2026	34	2.72	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Corporate Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第四期)(品種二))	23 China Merchants Securities G8 (23招證G8)	115703.SH	July 21, 2023	July 24, 2023	-	June 18, 2026	35	2.70	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Corporate Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第五期)(品種二))	23 China Merchants Securities 10 (23招證10)	115790.SH	August 10, 2023	August 11, 2023	-	August 11, 2026	40	2.74	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type One Subordinated Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第五期)(品種一))	23 China Merchants Securities C9 (23招證C9)	240165.SH	October 27, 2023	October 30, 2023	-	October 30, 2026	20	3.20	Payment of interest annually, and payment of principal upon expiry	SSE	Huatai United Securities, CITIC Securities and Zhongtai Securities	Huatai United Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

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Name	Abbreviation	Code	Date of issuance	Value date	Latest sell-back date after August 31, 2024	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2023 Type Two Subordinated Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第五期)(品種二))	23 China Merchants Securities C10 (23招C10)	240166.SH	October 27, 2023	October 30, 2023	-	October 30, 2028	15	3.45	Payment of interest annually, and payment of principal upon expiry	SSE	Huatai United Securities, CITIC Securities and Zhongtai Securities	Huatai United Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Corporate Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第六期))	23 China Merchants Securities 11 (23招證11)	240335.SH	November 23, 2023	November 24, 2023	-	November 24, 2026	30	2.88	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type One Corporate Bonds (seventh tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第七期)(品種一))	23 China Merchants Securities 12 (23招證12)	240423.SH	December 18, 2023	December 19, 2023	-	June 19, 2025	25	2.80	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Corporate Bonds (seventh tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第七期)(品種二))	23 China Merchants Securities 13 (23招證13)	240424.SH	December 18, 2023	December 19, 2023	-	December 19, 2025	20	2.81	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Short-term Corporate Bonds (tenth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第十期)(品種二))	23 China Merchants Securities S21 (23招S21)	240437.SH	December 20, 2023	December 21, 2023	-	September 19, 2024	15	2.68	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行公司債券(第一期))	24 China Merchants Securities G1 (24招證G1)	240506.SH	January 17, 2024	January 18, 2024	-	January 18, 2027	30	2.74	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

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Name	Abbreviation	Code	Date of issuance	Value date	Latest sell-back date after August 31, 2024	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2024 Type One Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行次級債券(第一期)(品種一))	24 China Merchants Securities C1 (24招證C1)	240739.SH	March 19, 2024	March 20, 2024	-	March 20, 2027	9	2.64	Payment of interest annually, and payment of principal upon expiry	SSE	Huatai United Securities, CITIC Securities and Zhongtai Securities	Huatai United Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type Two Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行次級債券(第一期)(品種二))	24 China Merchants Securities C2 (24招證C2)	240740.SH	March 19, 2024	March 20, 2024	-	March 20, 2029	17	2.77	Payment of interest annually, and payment of principal upon expiry	SSE	Huatai United Securities, CITIC Securities and Zhongtai Securities	Huatai United Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type Two Short-term Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第三期)(品種二))	24 China Merchants Securities S6 (24招證S6)	240823.SH	March 27, 2024	March 28, 2024	-	September 6, 2024	20	2.21	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type Two Subordinated Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行次級債券(第二期)(品種二))	24 China Merchants Securities C4 (24招證C4)	240922.SH	April 18, 2024	April 19, 2024	-	April 19, 2029	20	2.55	Payment of interest annually, and payment of principal upon expiry	SSE	Huatai United Securities, CITIC Securities and Zhongtai Securities	Huatai United Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type Two Short-term Corporate Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第四期)(品種二))	24 China Merchants Securities S8 (24招證S8)	240934.SH	April 19, 2024	April 22, 2024	-	September 5, 2024	18	1.99	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type Two Short-term Corporate Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第五期)(品種二))	24 China Merchants Securities S10 (24招證S10)	241004.SH	May 16, 2024	May 17, 2024	-	October 11, 2024	22	1.97	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

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Name	Abbreviation	Code	Date of issuance	Value date	Latest sell-back date after August 31, 2024	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2024 Type One Short-term Corporate Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第六期)(品種一))	24 China Merchants Securities S11 (24招S11)	241078.SH	June 5, 2024	June 6, 2024	-	September 13, 2024	55	1.93	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type Two Short-term Corporate Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第六期)(品種二))	24 China Merchants Securities S12 (24招S12)	241079.SH	June 5, 2024	June 6, 2024	-	October 16, 2024	30	1.97	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type One Short-term Corporate Bonds (seventh tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第七期)(品種一))	24 China Merchants Securities S13 (24招S13)	241123.SH	June 12, 2024	June 13, 2024	-	October 11, 2024	10	1.93	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type Two Short-term Corporate Bonds (seventh tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第七期)(品種二))	24 China Merchants Securities S14 (24招S14)	241124.SH	June 12, 2024	June 13, 2024	-	April 10, 2025	50	2.05	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type Two Subordinated Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行次級債券(第三期)(品種二))	24 China Merchants Securities C6 (24招證C6)	241180.SH	June 26, 2024	June 27, 2024	-	June 27, 2029	20	2.32	Payment of interest annually, and payment of principal upon expiry	SSE	Huatai United Securities, CITIC Securities and Zhongtai Securities	Huatai United Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type One Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行公司債券(第二期)(品種一))	24 China Merchants Securities G2 (24招證G2)	241189.SH	June 27, 2024	July 1, 2024	-	July 1, 2027	10	2.15	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

## Chapter 8: Relevant Information of Bonds

Name	Abbreviation	Code	Date of issuance	Value date	Latest sell-back date after August 31, 2024	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2024 Type Two Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行公司債券(第二期)(品種二))	24 China Merchants Securities G3 (24招證G3)	241190.SH	June 27, 2024	July 1, 2024	-	July 1, 2028	60	2.25	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities and Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type One Short-term Corporate Bonds (eighth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第八期)(品種一))	24 China Merchants Securities S15 (24招S15)	241203.SH	July 10, 2024	July 11, 2024	-	February 20, 2025	10	1.95	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type Two Short-term Corporate Bonds (eighth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第八期)(品種二))	24 China Merchants Securities S16 (24招S16)	241204.SH	July 10, 2024	July 11, 2024	-	March 21, 2025	10	1.96	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type One Short-term Corporate Bonds (ninth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第九期)(品種一))	24 China Merchants Securities S17 (24招S17)	241383.SH	August 6, 2024	August 7, 2024	-	December 19, 2024	10	1.79	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type Two Short-term Corporate Bonds (ninth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第九期)(品種二))	24 China Merchants Securities S18 (24招S18)	241384.SH	August 6, 2024	August 7, 2024	-	March 20, 2025	20	1.85	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type Two Subordinated Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行次級債券(第四期)(品種二))	24 China Merchants Securities C8 (24招證C8)	241412.SH	August 7, 2024	August 8, 2024	-	August 8, 2029	30	2.12	Payment of interest annually, and payment of principal upon expiry	SSE	Huatai United Securities, CITIC Securities and Zhongtai Securities	Huatai United Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No



Securities S4", "24 China Merchants Securities S5", "24 China Merchants Securities S6", "24 China Merchants Securities S7", "24 China Merchants Securities S8", "24 China Merchants Securities S9", "24 China Merchants Securities S10", "24 China Merchants Securities S11", "24 China Merchants Securities S12", "24 China Merchants Securities S13", "24 China Merchants Securities S14", "24 China Merchants Securities S15", "24 China Merchants Securities S16", "24 China Merchants Securities S17", "24 China Merchants Securities S18", "24 China Merchants Securities C1", "24 China Merchants Securities C2", "24 China Merchants Securities C4", "24 China Merchants Securities C6", "24 China Merchants Securities C8" of the Company contain investor protection clauses. During the Reporting Period, such investor protection clauses have not been triggered. The Company has undertaken that, according to the consolidated financial statements, the unrestricted cash and bank balances at the end of each semi-annual period during the duration of the above bonds shall not be less than RMB5 billion. As of the end of June 2024, the Company's own cash and bank balances amounted to RMB16.869 billion, and the unrestricted cash and bank balances amounted to RMB15.947 billion, which met the undertaken amount.

### 3. Changes in and execution of guarantees, debt repayment plans and other repayment guarantee measures during the Reporting Period and their impacts

Current status	Execution	Whether there is any change	Status upon change	Reason for the change	Whether the change has been approved by the competent authority	Impact of the change on the rights and interests of bond investors
None of the surviving corporate bonds of the Company have credit enhancement measures, and the debt repayment plans are implemented in accordance with the commitments in the prospectus. The repayment guarantee measures include engaging a trustee-manager, formulating the Bondholders' Meeting Rules, setting up a special repayment working group, improving profitability, optimizing asset and liability structure, strictly fulfilling information disclosure obligations and maintaining strong shareholder support.	The Company has strictly executed the commitments on debt repayment plans and repayment guarantee measures in the prospectus, paid the interest and principal of corporate bonds in a timely manner, disclosed relevant information in a timely manner, and safeguarded the legitimate rights and interests of investors. The relevant plans and measures are consistent with the relevant commitments in the prospectus.	No	N/A	N/A	N/A	N/A

## Chapter 8: Relevant Information of Bonds

### (III) Proceeds from Corporate Bonds

Unit: 100 Million Yuan Currency: RMB

Full name	Abbreviation	Total proceeds	Balance of proceeds as at the end of the Reporting Period	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Whether the actual use is consistent with the agreed use
The 2024 Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行公司債券(第一期))	24 China Merchants Securities G1 (24招證G1)	30	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type One Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行公司債券(第二期)(品種一))	24 China Merchants Securities G2 (24招證G2)	10	0	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	Repaying the principal of due corporate bonds	Yes
The 2024 Type Two Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行公司債券(第二期)(品種二))	24 China Merchants Securities G3 (24招證G3)	60	0	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	RMB0.5 billion for repaying the principal of due corporate bonds, and RMB5.5 billion for supplementing the working capital of the Company	Yes
The 2024 Type One Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行次級債券(第一期)(品種一))	24 China Merchants Securities C1 (24招證C1)	9	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type Two Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行次級債券(第一期)(品種二))	24 China Merchants Securities C2 (24招證C2)	17	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type Two Subordinated Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行次級債券(第二期)(品種二))	24 China Merchants Securities C4 (24招證C4)	20	0	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Yes

## Chapter 8: Relevant Information of Bonds

Full name	Abbreviation	Total proceeds	Balance of proceeds as at the end of the Reporting Period	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Whether the actual use is consistent with the agreed use
The 2024 Type Two Subordinated Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行次級債券(第三期)(品種二))	24 China Merchants Securities C6 (24招證C6)	20	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type Two Subordinated Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行次級債券(第四期)(品種二))	24 China Merchants Securities C8 (24招證C8)	30	0	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	RMB1.9 billion for repaying the principal of due corporate bonds, and RMB1.1 billion for supplementing the working capital of the Company	Yes
The 2024 Type One Short-term Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第一期)(品種一))	24 China Merchants Securities S1 (24招證S1)	20	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type One Short-term Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第二期)(品種一))	24 China Merchants Securities S3 (24招證S3)	57	0	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	RMB4.0 billion for repaying the principal of due corporate bonds, and RMB1.7 billion for supplementing the working capital of the Company	Yes
The 2024 Type Two Short-term Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第二期)(品種二))	24 China Merchants Securities S4 (24招證S4)	20	0	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	Supplementing the working capital of the Company	Yes

## Chapter 8: Relevant Information of Bonds

Full name	Abbreviation	Total proceeds	Balance of proceeds as at the end of the Reporting Period	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Whether the actual use is consistent with the agreed use
The 2024 Type One Short-term Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第三期)(品種一))	24 China Merchants Securities S5 (24招證S5)	20	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type Two Short-term Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第三期)(品種二))	24 China Merchants Securities S6 (24招證S6)	20	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type One Short-term Corporate Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第四期)(品種一))	24 China Merchants Securities S7 (24招證S7)	21	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type Two Short-term Corporate Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第四期)(品種二))	24 China Merchants Securities S8 (24招證S8)	18	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type One Short-term Corporate Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第五期)(品種一))	24 China Merchants Securities S9 (24招證S9)	56	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type Two Short-term Corporate Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第五期)(品種二))	24 China Merchants Securities S10 (24招S10)	22	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type One Short-term Corporate Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第六期)(品種一))	24 China Merchants Securities S11 (24招S11)	55	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes

## Chapter 8: Relevant Information of Bonds

Full name	Abbreviation	Total proceeds	Balance of proceeds as at the end of the Reporting Period	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Whether the actual use is consistent with the agreed use
The 2024 Type Two Short-term Corporate Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第六期)(品種二))	24 China Merchants Securities S12 (24 招S12)	30	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type One Short-term Corporate Bonds (seventh tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第七期)(品種一))	24 China Merchants Securities S13 (24 招S13)	10	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type Two Short-term Corporate Bonds (seventh tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第七期)(品種二))	24 China Merchants Securities S14 (24 招S14)	50	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type One Short-term Corporate Bonds (eighth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第八期)(品種一))	24 China Merchants Securities S15 (24 招S15)	10	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type Two Short-term Corporate Bonds (eighth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第八期)(品種二))	24 China Merchants Securities S16 (24 招S16)	10	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type One Short-term Corporate Bonds (ninth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第九期)(品種一))	24 China Merchants Securities S17 (24 招S17)	10	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes
The 2024 Type Two Short-term Corporate Bonds (ninth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第九期)(品種二))	24 China Merchants Securities S18 (24 招S18)	20	0	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Yes

## Chapter 8: Relevant Information of Bonds

### (IV) Other matters to be disclosed in respect of certain types of bonds

#### *The Company is the issuer of renewable corporate bonds*

During the Reporting Period, the relevant information of the Company's perpetual subordinated bonds is as follows:

Unit: 100 Million Yuan Currency: RMB

Bond code	185584.SH	185697.SH	185739.SH	185831.SH
Bond abbreviation	22 China Merchants Securities Y1	22 China Merchants Securities Y2	22 China Merchants Securities Y3	22 China Merchants Securities Y4
Remaining balance	43	47	40	20
Renewal (Note)	Nil	Nil	Nil	Nil
Interest step-up (Note)	Nil	Nil	Nil	Nil
Interest deferral	The Company has fully paid the interest of the bonds.			
Mandatory interest payment	A mandatory interest payment has occurred within 12 months before the interest payment date: The Company held the 2022 annual general meeting on June 30, 2023, and considered and approved the Resolution on the Profit Distribution Plan of the Company for 2022 at the meeting, and paid the cash dividend of A Shares and H Shares on July 25, 2023 and August 4, 2023, respectively.			
Whether they are still included in equity and corresponding accounting treatment or not	Yes	Yes	Yes	Yes
Other matters	Nil	Nil	Nil	Nil

Note: As of the date of this report, the above bonds have not reached the exercise date of right of redemption, and have not triggered the exercise of (when specific conditions are met) issuer's option of redemption.

### (V) Significant events in relation to corporate bonds during the Reporting Period

#### 1. *Non-operating intercourse funds and fund lending*

##### **(1). The balance of non-operating intercourse funds and fund lending**

As at the beginning of the Reporting Period, the balance of the Company's consolidated intercourse funds receivable from and fund lending to other parties that are not directly attributable to production operations (hereinafter referred to as non-operating intercourse funds and fund lending): RMB0 billion;

During the Reporting Period, there was no non-compliance with the relevant covenants or undertakings set out in the prospectus in respect of non-operating intercourse funds or fund lending.

As at the end of the Reporting Period, the total amount of uncollected non-operating intercourse funds and fund lending: RMB0 billion.

##### **(2). The details of non-operating intercourse funds and fund lending**

As at the end of the Reporting Period, the proportion of uncollected non-operating intercourse funds and fund lending on a consolidated basis to the consolidated net assets of the Company was 0%, not exceeding 10% of the consolidated net assets.

## Chapter 8: Relevant Information of Bonds

### 2. Liabilities

#### (1). Interest-bearing liabilities and changes therein

##### 1.1 Debt structure of the Company

As of the beginning and the end of the Reporting Period, the balance of the Company's interest-bearing liabilities (on a non-consolidated basis) amounted to RMB339.989 billion and RMB296.129 billion, respectively, and the balance of the interest-bearing liabilities recorded a year-on-year decrease of 12.90% during the Reporting Period.

Unit: 100 Million Yuan Currency: RMB

Type of interest-bearing liabilities	Maturity time			Total	Percentage to the interest-bearing liabilities (%)
	Overdue	Within 6 months (inclusive)	Above 6 months		
Corporate credit bonds	–	445.55	875.67	1,321.22	44.62
Bank loans	–	–	–	–	–
Non-standard financing	–	77.51	26.76	104.28	3.52
Other interest-bearing liabilities	–	1,535.36	0.42	1,535.79	51.86
Of which: Placements from banks and other financial institutions	–	135.95	–	135.95	4.59
Financial assets sold under repurchase agreements	–	1,399.42	0.42	1,399.84	47.27
Total	–	2,058.43	902.86	2,961.29	100.00

Note: As of the beginning and the end of the Reporting Period, the perpetual subordinated bonds of issuer's parent company amounted to RMB15 billion, which are classified as equity instruments and are not included in interest-bearing liabilities. For details, please see "The Company is the issuer of renewable corporate bonds" in "Chapter 8: Relevant Information of Bonds".

As at the end of the Reporting Period, among the corporate credit bonds of the Company, the outstanding balance of corporate bonds was RMB132.122 billion, the outstanding balance of enterprise bonds was RMB0 billion, the outstanding balance of offshore bonds was RMB0 billion, and a total of RMB44.555 billion of corporate credit bonds will be due for repayment within six months.

## Chapter 8: Relevant Information of Bonds

### 1.2 Interest-bearing liabilities structure of the Company's consolidated accounts

As of the beginning and the end of the Reporting Period, the balance of the Company's interest-bearing liabilities within the scope of the Company's consolidated statements amounted to RMB356.855 billion and RMB314.138 billion respectively, and the balance of the Company's interest-bearing liabilities during the Reporting Period decreased by 11.97% year-on-year.

Unit: 100 Million Yuan Currency: RMB

Type of interest-bearing liabilities	Maturity time			Total	Percentage to the interest-bearing liabilities (%)
	Overdue	Within 6 months (inclusive)	Above 6 months		
Corporate credit bonds	–	481.40	885.63	1,367.03	43.52
Bank loans	–	59.18	19.31	78.49	2.50
Non-standard financing	–	78.17	26.76	104.93	3.34
Other interest-bearing liabilities	–	1,590.50	0.42	1,590.92	50.64
Of which: Placements from banks and other financial institutions	–	135.97	–	135.97	4.33
Financial assets sold under repurchase agreements	–	1,454.52	0.42	1,454.95	46.32
Total	–	2,209.25	932.13	3,141.38	100.00

Note: As of the beginning and the end of the Reporting Period, the perpetual subordinated bonds in the issuer's consolidated statements amounted to RMB15 billion, which are classified as equity instruments and are not included in interest-bearing liabilities. For details, please see "The Company is the issuer of renewable corporate bonds" in "Chapter 8: Relevant Information of Bonds".

At the end of the Reporting Period, among the corporate credit bonds of the Company's consolidated accounts, the outstanding balance of corporate bonds was RMB132.122 billion, the outstanding balance of enterprise bonds was RMB0 billion, the outstanding balance of offshore bonds was RMB4.581 billion, and a total of RMB48.140 billion of corporate credit bonds will be due for repayment within six months.

### 1.3 Offshore bonds

As of the end of the Reporting Period, the balance of offshore bonds issued within the scope of consolidated statements of the Company amounted to RMB4.581 billion, of which RMB3.585 billion were offshore bonds due within September to December 2024.

## Chapter 8: Relevant Information of Bonds

### (2). Principal liabilities and reasons for changes

For details of the principal liabilities of the issuer as at the end of the Reporting Period and the reasons for changes thereof, please refer to the relevant contents of "Assets and Liabilities" in "Chapter 3: Management's Discussion and Analysis".

### (VI) Key accounting data and financial indicators

Key indicators	As at the end of the Reporting Period	As at the end of last year	Change (%)	Reason for the change
Current ratio	1.36	1.41	-3.55	–
Quick ratio	1.36	1.41	-3.55	–
Gearing ratio (%)	77.27	78.89	Decreased by 1.62 percentage points	–

	The Reporting Period (January – June)	The Previous Period	Change (%)	Reason for the change
Net profit after deduction of non-recurring profit or loss (RMB100 Million)	47.50	47.01	1.04	–
EBITDA/debt ratio	2.54	2.79	-8.96	–
Interest coverage ratio	2.17	2.26	-3.98	–
Cash interest coverage ratio	10.16	3.12	225.64	Attributable to increase in net cash flows generated from operating activities after deducting the effect of net cash received/paid for agency trading of securities
EBITDA/interest coverage ratio	2.26	2.35	-3.83	–
Loan repayment ratio (%)	100.00	100.00	–	–
Interest payment ratio (%)	100.00	100.00	–	–

Note: Gearing ratio = (Total liabilities – Accounts payable to brokerage clients)/(Total assets – Accounts payable to brokerage clients).

# Chapter 9: Financial Report

## Review report to the board of directors of China Merchants Securities Co., Ltd.

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

HKSZO2400024

### Introduction

We have reviewed the interim financial report set out on pages 112 to 207 which comprises the condensed consolidated statement of financial position of China Merchants Securities Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") as of 30 June 2024 and the related condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim financial reporting ("IAS 34"), issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34.

Our responsibility is to express a conclusion, based on our review, on the interim financial statements and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of the interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at and for the six months ended 30 June 2024 are not prepared, in all material respects, in accordance with IAS 34.

### KPMG

*Certified Public Accountants*

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
30 August, 2024

## Condensed Consolidated Statement of Profit or Loss

for the six months ended June 30, 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	Six months ended June 30,	
		2024	2023
		(Unaudited)	(Unaudited)
Fee and commission income	4	4,453,006	5,269,094
Interest income	5	5,031,862	5,423,377
Investment gains or losses, net	6	4,753,132	3,918,188
Other income and gains or losses, net	7	124,394	1,042,892
<b>Total revenue, other income and gains</b>		<b>14,362,394</b>	<b>15,653,551</b>
Depreciation and amortization	8	(422,275)	(376,281)
Staff costs	9	(3,113,689)	(3,225,897)
Fee and commission expenses	10	(945,118)	(1,137,763)
Interest expenses	11	(4,564,829)	(4,489,749)
Tax and surcharges		(49,626)	(53,318)
Other operating expenses	12	(1,012,274)	(1,782,982)
Impairment losses under expected credit loss model, net of reversal	13	(37,692)	(147,068)
<b>Total expenses</b>		<b>(10,145,503)</b>	<b>(11,213,058)</b>
Share of results of associates and joint ventures		751,389	769,709
<b>Profit before income tax</b>		<b>4,968,280</b>	<b>5,210,202</b>
Income tax expenses	14	(218,318)	(480,610)
<b>Profit for the period</b>		<b>4,749,962</b>	<b>4,729,592</b>
Attributable to:			
Shareholders of the Company		4,747,695	4,726,975
Non-controlling interests		2,267	2,617
		<b>4,749,962</b>	<b>4,729,592</b>
Earnings per share attributable to shareholders of the Company (Expressed in RMB per share)			
<b>– Basic and diluted</b>	<b>15</b>	<b>0.51</b>	<b>0.51</b>

The notes on pages 122 to 207 form part of these financial statements.

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended June 30, 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>4,749,962</b>	<b>4,729,592</b>
<b>Other comprehensive (expense) income:</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Equity instruments designated as at fair value through other comprehensive income:		
Net fair value changes during the period	(102,132)	63,884
Income tax impact	6,065	(13,084)
Subtotal	(96,067)	50,800
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Debt instruments at fair value through other comprehensive income:		
Net fair value changes during the period	1,063,111	270,646
Reclassification adjustment to profit or loss	(356,184)	(28,620)
Impairment losses under expected credit loss model, net of reversal	4,531	(475)
Income tax impact	(176,256)	(65,653)
Subtotal	535,202	175,898
Share of other comprehensive income of associates, net of related income tax	29,176	7,903
Exchange differences arising from translation of foreign operations	38,048	180,600
<b>Other comprehensive income for the period (net of tax)</b>	<b>506,359</b>	<b>415,201</b>
<b>Total comprehensive income for the period (net of tax)</b>	<b>5,256,321</b>	<b>5,144,793</b>
<b>Attributable to:</b>		
Shareholders of the Company	5,254,054	5,142,176
Non-controlling interests	2,267	2,617
<b>Total</b>	<b>5,256,321</b>	<b>5,144,793</b>

The notes on pages 122 to 207 form part of these financial statements.

## Condensed Consolidated Statement of Financial Position

as at June 30, 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	As at June 30, 2024	As at December 31, 2023
		(Unaudited)	(Audited)
<b>Non-current assets</b>			
Property and equipment	16	1,565,966	1,539,591
Right-of-use assets	17	1,468,011	1,545,738
Goodwill		9,671	9,671
Other intangible assets		393,858	344,712
Interests in associates and joint ventures	18	11,949,160	11,751,540
Equity instruments at fair value through other comprehensive income	19	32,826,536	17,697,437
Financial assets held under resale agreements	21	1,115,329	1,278,800
Financial assets at fair value through profit or loss	27	10,548,519	10,574,027
Deferred tax assets	22	1,291,090	1,583,773
Other non-current assets	23	416,674	589,190
<b>Total non-current assets</b>		<b>61,584,814</b>	<b>46,914,479</b>
<b>Current assets</b>			
Advances to customers	24	78,219,495	83,666,020
Current tax assets		250,055	507,993
Accounts and other receivables	25	8,420,203	8,936,078
Debt instruments at fair value through other comprehensive income	26	69,338,028	70,798,037
Debt instruments at amortized cost	20	484,430	691,493
Financial assets held under resale agreements	21	34,512,822	48,497,394
Financial assets at fair value through profit or loss	27	246,635,380	268,163,690
Derivative financial assets	28	9,678,019	6,679,137
Other current assets		362,764	337,224
Deposits with exchanges and non-bank financial institutions	29	10,745,752	12,947,109
Clearing settlement funds	30	26,033,807	37,691,722
Cash and bank balances	31	92,863,958	110,022,616
<b>Total current assets</b>		<b>577,544,713</b>	<b>648,938,513</b>
<b>Total assets</b>		<b>639,129,527</b>	<b>695,852,992</b>

The notes on pages 122 to 207 form part of these financial statements.

## Condensed Consolidated Statement of Financial Position (Continued)

as at June 30, 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	As at June 30, 2024	As at December 31, 2023
		(Unaudited)	(Audited)
<b>Current liabilities</b>			
Short-term borrowings	33	5,732,735	6,182,840
Short-term debt instruments	34	43,441,208	57,025,735
Placements from banks and other financial institutions	35	13,597,400	27,061,392
Accounts payables to brokerage clients	36	91,377,933	117,852,233
Accrued staff costs	37	5,950,021	5,525,512
Other payables and accrued charges	38	37,052,029	40,083,641
Current tax liabilities		80,249	50,830
Financial liabilities at fair value through profit or loss	39	56,005,301	43,145,361
Derivative financial liabilities	28	6,788,813	6,938,983
Financial assets sold under repurchase agreements	40	145,494,590	142,684,754
Lease liabilities	41	300,415	344,454
Contract liabilities		43,006	55,486
Provisions		678	677
Long-term borrowings due within one year	42	916,656	185,793
Bonds payables due within one year	48	40,888,575	47,126,528
<b>Total current liabilities</b>		<b>447,669,609</b>	<b>494,264,219</b>
<b>Net current assets</b>		<b>129,875,104</b>	<b>154,674,294</b>
<b>Total assets less current liabilities</b>		<b>191,459,918</b>	<b>201,588,773</b>

The notes on pages 122 to 207 form part of these financial statements.

## Condensed Consolidated Statement of Financial Position (Continued)

as at June 30, 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	As at June 30, 2024	As at December 31, 2023
		(Unaudited)	(Audited)
<b>Equity</b>			
Share capital	44	8,696,526	8,696,526
Other equity instruments	45	15,000,000	15,000,000
Capital reserves		40,362,974	40,362,974
Investment revaluation reserve of financial assets at fair value through other comprehensive income	46	751,267	183,476
Translation reserve		359,189	321,141
General reserves	47	23,921,585	23,903,793
Retained profits		35,360,176	33,493,518
<b>Equity attributable to shareholders of the Company</b>		<b>124,451,717</b>	<b>121,961,428</b>
<b>Non-controlling interests</b>		<b>77,772</b>	<b>75,505</b>
<b>Total equity</b>		<b>124,529,489</b>	<b>122,036,933</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	22	519,465	558,414
Financial liabilities at fair value through profit or loss	39	1,359,317	1,390,155
Deferred income		103,080	104,452
Lease liabilities	41	881,809	911,064
Long-term borrowings	43	1,199,935	1,721,818
Bonds payables	49	62,866,823	74,865,937
<b>Total non-current liabilities</b>		<b>66,930,429</b>	<b>79,551,840</b>
<b>Total equity and non-current liabilities</b>		<b>191,459,918</b>	<b>201,588,773</b>

Approved and authorized for issue by the board of directors on August 30, 2024 and are signed on its behalf by:

**HUO Da**

*Executive Director, Chairman*

**WU Zongmin**

*Executive Director, President*

The notes on pages 122 to 207 form part of these financial statements.

## Condensed Consolidated Statement of Changes In Equity

for the six months ended June 30, 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Equity attributable to shareholders of the Company								Non-controlling interests	Total
	Share capital	Other equity instruments	Capital reserves	Investment revaluation reserve of financial assets at fair value through other comprehensive income	Translation reserve	General reserves	Retained profits	Subtotal		
	(Note 44)	(Note 45)		(Note 46)		(Note 47)				
At January 1, 2024 (Audited)	8,696,526	15,000,000	40,362,974	183,476	321,141	23,903,793	33,493,518	121,961,428	75,505	122,036,933
Profit for the period	-	-	-	-	-	-	4,747,695	4,747,695	2,267	4,749,962
Other comprehensive income for the period	-	-	-	468,311	38,048	-	-	506,359	-	506,359
<b>Total comprehensive income for the period</b>	-	-	-	<b>468,311</b>	<b>38,048</b>	-	<b>4,747,695</b>	<b>5,254,054</b>	<b>2,267</b>	<b>5,256,321</b>
Appropriation to general reserves	-	-	-	-	-	17,792	(17,792)	-	-	-
Distribution to holders of other equity instruments (note 50)	-	-	-	-	-	-	(572,240)	(572,240)	-	(572,240)
Dividends recognized as distribution (note 50)	-	-	-	-	-	-	(2,191,525)	(2,191,525)	-	(2,191,525)
Transfer to retained profits for cumulative fair value change of FVTOCI upon disposal (note 46)	-	-	-	99,480	-	-	(99,480)	-	-	-
Changes in other capital reserves of associates and joint ventures	-	-	-	-	-	-	-	-	-	-
At June 30, 2024 (Unaudited)	8,696,526	15,000,000	40,362,974	751,267	359,189	23,921,585	35,360,176	124,451,717	77,772	124,529,489

The notes on pages 122 to 207 form part of these financial statements.

## Condensed Consolidated Statement of Changes In Equity (Continued)

for the six months ended June 30, 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Equity attributable to shareholders of the Company								Non-controlling interests	Total
	Share capital	Other equity instruments	Capital reserves	Investment revaluation reserve of financial assets at fair value through other comprehensive income	Translation reserve	General reserves	Retained profits	Subtotal		
At January 1, 2023 (Audited)	8,696,526	15,000,000	40,346,871	(180,630)	238,056	22,278,999	28,779,256	115,159,078	82,488	115,241,566
Effect of changes in accounting policy	-	-	-	-	-	-	15,517	15,517	-	15,517
At January 1, 2023 (Restated)	8,696,526	15,000,000	40,346,871	(180,630)	238,056	22,278,999	28,794,773	115,174,595	82,488	115,257,083
Profit for the period	-	-	-	-	-	-	4,726,975	4,726,975	2,617	4,729,592
Other comprehensive income for the period	-	-	-	234,601	180,600	-	-	415,201	-	415,201
Total comprehensive income for the period	-	-	-	234,601	180,600	-	4,726,975	5,142,176	2,617	5,144,793
Appropriation to general reserves	-	-	-	-	-	18,569	(18,569)	-	-	-
Distribution to holders of other equity instruments	-	-	-	-	-	-	(572,240)	(572,240)	-	(572,240)
Dividends recognized as distribution	-	-	-	-	-	-	(1,608,857)	(1,608,857)	-	(1,608,857)
Transfer to retained profits for cumulative fair value change of FVTOCI upon disposal	-	-	-	(197)	-	-	197	-	-	-
Changes in other capital reserves of associates and joint ventures	-	-	20,100	-	-	-	-	20,100	-	20,100
At June 30, 2023 (Unaudited)	8,696,526	15,000,000	40,366,971	53,774	418,656	22,297,568	31,322,279	118,155,774	85,105	118,240,879

The notes on pages 122 to 207 form part of these financial statements.

## Condensed Consolidated Statement of Cash Flows

for the six months ended June 30, 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
<b>Operating activities</b>		
Profit before income tax	4,968,280	5,210,202
<b>Adjustments for:</b>		
Interest expenses	4,564,829	4,489,749
Share of results of associates and joint ventures	(751,389)	(769,709)
Depreciation and amortization	422,275	376,281
Impairment losses under expected credit loss model, net of reversal and other impairment losses, net	37,692	147,068
Gains on disposal of property and equipment, other intangible assets and other non-current assets, net	(89)	(829)
Foreign exchange (gains) losses, net	(10,395)	169,675
Gains on disposal of interests in an associate	–	(1,066)
Net realized losses from derecognition of financial liabilities measured at amortised cost	–	338
Net realized gains from disposal of financial assets at fair value through other comprehensive income	(356,184)	(28,620)
Dividend income and interest income on financial assets at fair value through other comprehensive income and debt instrument at amortized cost	(1,430,094)	(780,760)
Unrealized fair value changes in financial instruments at fair value through profit or loss	(1,303,853)	(1,461,308)
Unrealized fair value changes in derivative financial instruments	(2,847,457)	(260,732)
<b>Operating cash flows before movements in working capital</b>	<b>3,293,615</b>	<b>7,090,289</b>

The notes on pages 122 to 207 form part of these financial statements.

## Condensed Consolidated Statement of Cash Flows (Continued)

for the six months ended June 30, 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
<b>(continued)</b>		
Decrease (Increase) in advances to customers	5,080,612	(873,689)
Decrease (Increase) in other current assets	1,100,603	(1,118,127)
Decrease in financial assets held under resale agreements	14,135,794	12,111,966
Decrease (Increase) in financial instruments at fair value through profit or loss, net	35,442,008	(30,166,356)
Decrease (Increase) in deposits with exchanges and non-bank financial institutions	2,202,714	(702,125)
Decrease in pledged and restricted bank deposits	217,891	760,166
Decrease in clearing settlement funds	6,602,722	441,796
Decrease (Increase) in cash held on behalf of customers	20,039,741	(7,726,497)
(Decrease) Increase in accounts payables to brokerage clients	(26,416,794)	7,274,096
Increase in accrued staff costs	423,441	405,899
(Decrease) Increase in other current liabilities	(5,266,290)	9,500,020
Increase in financial assets sold under repurchase agreements	2,783,199	14,815,079
(Decrease) Increase in placements from banks and other financial institutions	(13,512,536)	2,222,115
Net cash from operations	46,126,720	14,034,632
Income taxes received (paid)	153,909	(261,837)
Interest paid	(2,194,639)	(2,081,846)
<b>Net cash from operating activities</b>	<b>44,085,990</b>	<b>11,690,949</b>

The notes on pages 122 to 207 form part of these financial statements.

## Condensed Consolidated Statement of Cash Flows (Continued)

for the six months ended June 30, 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
<b>(continued)</b>		
<b>Investing activities</b>		
Dividends and interest received from investments	2,009,238	1,381,405
Purchases of property and equipment, other intangible assets and other non-current assets	(159,554)	(150,008)
Proceeds from disposals of property and equipment, other intangible assets and other non-current assets	272	221
Proceeds on disposal of interest in an associate	–	3,466
Net purchase or proceeds from disposals or purchases of financial instruments at fair value through other comprehensive income	(12,710,507)	147,455
Net purchase or proceeds from purchases or disposals of debt instruments at amortized cost	232,253	(57,755)
<b>Net cash from (used in) investing activities</b>	<b>(10,628,298)</b>	<b>1,324,784</b>
<b>Financing activities</b>		
Dividends paid to shareholders and other equity instruments holders	(572,240)	(572,240)
Interest payment of bonds and short-term debt instruments	(2,794,814)	(3,532,985)
Interest payment of borrowings	(207,644)	(152,912)
Interest payment of lease liabilities	(17,759)	(21,418)
Repayment of bonds and short-term debt instruments	(89,206,209)	(52,591,071)
Repayment of lease liabilities	(170,049)	(169,699)
Proceeds from bonds and short-term debt instruments	57,943,322	41,636,480
Net repayment of short-term borrowings	(500,695)	(5,161,074)
Proceeds from long-term borrowings	195,346	726,100
<b>Net cash used in financing activities</b>	<b>(35,330,742)</b>	<b>(19,838,819)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,873,050)</b>	<b>(6,823,086)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>29,781,625</b>	<b>30,226,988</b>
Effect of foreign exchange rate changes	57,835	352,951
<b>Cash and cash equivalents at the end of the period</b>	<b>27,966,410</b>	<b>23,756,853</b>
<b>Net cash flows from operating activities including: interest received</b>	<b>4,675,565</b>	<b>4,572,549</b>

The notes on pages 122 to 207 form part of these financial statements.

## Notes to the Unaudited Interim Financial Report

(Expressed in thousands of Renminbi, unless otherwise stated)

### 1 CORPORATE INFORMATION

China Merchants Securities Co., Ltd. (the “Company”) was formerly established as a securities department of China Merchants Bank Co., Ltd.. On August 1, 1993, with the approval of People’s Bank of China (Shenzhen branch) and Shenzhen Administration for Industry and Commerce, the Company was duly established as the Securities Department of China Merchants Bank Co., Ltd. (招商銀行證券業務部). On August 26, 1994, the Securities Department of China Merchants Bank Co., Ltd. was renamed as Shenzhen CMB Securities Company (深圳招銀證券公司). On September 28, 1994, Shenzhen CMB Securities Company (深圳招銀證券公司) further changed its name to CMB Securities Company (招銀證券公司). On November 6, 1998, with the approval of People’s Bank of China and China Securities Regulatory Commission, CMB Securities Company (招銀證券公司) increased its paid-in capital and changed its name to Guotong Securities Limited Liability Company (國通證券有限責任公司).

After the completion of registration with Shenzhen Administration for Industry and Commerce, Guotong Securities Limited Liability Company (國通證券有限責任公司) restructured and changed its name to Guotong Securities Co., Ltd. (國通證券股份有限公司) on December 26, 2001 in accordance with The Approval to The Resolution about Managing The State-owned Shares of Guotong Securities Co., Ltd. (國通證券股份有限公司) (Cai Qi [2001] No. 723) issued by the Ministry of Finance of the People’s Republic of China (“PRC”), The Approval for Changing the Name of Guotong Securities Co., Ltd. (國通證券股份有限公司) (Zheng Jian Ji Gou Zi [2001] No. 285) issued by the China Securities Regulatory Commission, and The Approval for Equity Restructuring of Guotong Securities Co., Ltd. (國通證券股份有限公司) (Shen Fu Gu [2001] No. 49) issued by the Municipal Government of Shenzhen. On June 28, 2002, Guotong Securities Co., Ltd. (國通證券股份有限公司) was renamed as China Merchants Securities Co., Ltd. (招商證券股份有限公司).

On November 2, 2009, with the approval by China Securities Regulatory Commission ([2009] No. 1132), the Company launched its initial public offering of 358,546,141 A shares. On November 17, 2009, the Company started to be listed on the Shanghai Stock Exchange. The Company’s ultimate holding company is China Merchants Group Limited (“CMG”). CMG is a PRC enterprise regulated and directly managed by the State-Owned Assets Supervision and Administration Commission of the State Council. CMG is owned and controlled by the PRC Government.

On October 7, 2016, with the approval by China Securities Regulatory Commission ([2016] No. 1735), the Company issued RMB891,273,800 H Shares, which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

On July 20, 2020 and August 20, 2020, with the approval by China Securities Regulatory Commission ([2019] No. 1946 and [2020] No. 723), the Company completed the rights issue of A Share and H Share by issuing RMB1,702,997,123 A Shares and RMB294,120,354 H Shares, which were listed on the Shanghai Stock Exchange and the Main Board of The Hong Kong Stock Exchanges, respectively.

As at June 30, 2024, the Company’s registered capital was RMB8,696,526,806 and the Company has a total of 8,696,526,806 issued shares of RMB1 each.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 1 CORPORATE INFORMATION (continued)

The address of the registered office and principal place of business of the Company is No.111, 1st Fuhua Road, Futian District, Shenzhen, Guangdong, the PRC. The Company and its subsidiaries (collectively the "Group") are principally engaged in securities brokerage, securities financial advisory, financial advisory services relating to securities trading and investment activities, securities underwriting and sponsorship, proprietary trading, asset management, margin financing and securities lending, securities investment fund distribution, agency sales of financial products, securities investment management, stock options market-making business, listed securities market-making business, commodity futures brokerage, financial futures brokerage, futures investment consulting and other business approved by China Securities Regulatory Commission ("CSRC").

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is the same as functional currency of the Company. All condensed consolidated financial statements and notes to the condensed consolidated financial statements are presented in RMB and has been rounded to the nearest thousands, except when otherwise indicates.

### 2 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 3.

### 3 CHANGE IN ACCOUNTING POLICY

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2023.

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board to this interim financial report for the current accounting period:

- Amendments to IAS 1, Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")
- Amendments to IAS 1, Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3 CHANGE IN ACCOUNTING POLICY (continued)

- Amendments to IFRS 16, Leases: Lease liability in a sale and leaseback
- Amendments to IAS 7, Statement of cash flows and IFRS 7, Financial instruments: Disclosures – Supplier finance arrangements

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

#### **Amendments to IAS 1, Presentation of financial statements (“2020 and 2022 amendments”, or collectively the “IAS 1 amendments”)**

The IAS 1 amendments impact the classification of a liability as current or non-current, and are applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions in a full set of financial statements.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

#### **Amendments to IFRS 16, Leases: Lease liability in a sale and leaseback**

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right-of-use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3 CHANGE IN ACCOUNTING POLICY (continued)

#### Amendments to IAS 7, Statement of cash flows and IFRS 7, Financial instruments: Disclosures– Supplier finance arrangements

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. Since those disclosures are not required for any interim period presented within the annual reporting period in which the amendments are initially applied, the Group has not made additional disclosures in this interim financial report.

### 4 FEE AND COMMISSION INCOME

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Securities and futures brokerage business	3,493,282	4,013,331
Asset management and fund management business	346,575	373,300
Underwriting and sponsorship business	259,329	432,704
Financial advisory business	47,541	65,425
Investment advisory business	22,011	22,225
Other business	284,268	362,109
<b>Total</b>	<b>4,453,006</b>	<b>5,269,094</b>

### 5 INTEREST INCOME

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Advances to customers and securities lending	2,258,352	2,647,333
Exchanges and financial institutions balances, deposits and clearing settlement funds	1,377,266	1,473,149
Debt instruments at fair value through other comprehensive income ("FVTOCI")	887,877	738,928
Financial assets held under securities back-lending resale agreements	370,755	359,812
Other financial assets held under resale agreements	115,951	192,180
Debt instruments at amortized cost	21,661	11,975
<b>Total</b>	<b>5,031,862</b>	<b>5,423,377</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 6 INVESTMENT GAINS OR LOSSES, NET

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Dividend and interest income from financial assets at FVTPL	2,877,628	2,904,923
Net gains (losses) from financial assets at FVTPL	(1,180,706)	2,873,922
Dividend from financial assets at FVTOCI	520,554	29,857
Net gains from disposals of debt instruments measured at FVTOCI	356,184	28,620
Net gains on disposal of interests in an associate	–	1,066
Net losses on derecognition of debt instruments at amortized cost	–	(338)
Net (losses) gains from derivative financial instruments	3,825,500	(734,601)
Net losses from financial liabilities at FVTPL	(1,646,028)	(1,185,261)
<b>Total</b>	<b>4,753,132</b>	<b>3,918,188</b>

### 7 OTHER INCOME AND GAINS OR LOSSES, NET

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Refund from tax withholding and remittance	44,996	58,949
Foreign exchange gains (losses), net	17,970	(14,966)
Rental income	9,396	7,275
Government grants	883	30,673
Income from commodity trading	–	860,637
Others	51,149	100,324
<b>Total</b>	<b>124,394</b>	<b>1,042,892</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 8 DEPRECIATION AND AMORTIZATION

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Depreciation of right-of-use assets	176,704	176,503
Depreciation of property and equipment	115,526	100,072
Amortization of other non-current assets	88,004	93,435
Amortization of other intangible assets	42,041	6,271
<b>Total</b>	<b>422,275</b>	<b>376,281</b>

### 9 STAFF COSTS

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Salaries, bonus and allowances	2,526,032	2,530,443
Contributions to retirement benefits	306,677	364,569
Other social welfare	209,570	258,711
Others	71,410	72,174
<b>Total</b>	<b>3,113,689</b>	<b>3,225,897</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 10 FEE AND COMMISSION EXPENSES

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Securities and futures brokerage business	916,144	1,080,449
Underwriting and sponsorship business	14,569	44,590
Financial advisory business	7,709	6,800
Asset management and fund management business	6,289	1,383
Investment advisory business	407	4,541
<b>Total</b>	<b>945,118</b>	<b>1,137,763</b>

### 11 INTEREST EXPENSES

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Bonds payables	1,663,289	2,141,495
Financial assets sold under repurchase agreements	1,443,241	1,188,457
Short-term debt instruments	550,397	202,692
Placements from banks and other financial institutions	381,028	405,293
Accounts payables to brokerage clients	301,772	348,145
Borrowings	205,506	164,275
Lease liabilities	17,759	21,418
Others	1,837	17,974
<b>Total</b>	<b>4,564,829</b>	<b>4,489,749</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 12 OTHER OPERATING EXPENSES

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Electronic equipment operation expenses	248,583	200,417
Clearing fee	132,112	116,223
Business promotion expenses	125,707	107,575
Member fees of stock exchange	123,619	134,967
Postal and communications expenses	88,332	98,171
Business travel expenses	54,575	55,750
Rental and property management expenses	42,793	41,413
Securities and futures investor protection funds	41,626	39,416
General and administrative expenses	40,744	23,254
Cost of commodity trading	–	860,767
Others	114,183	105,029
<b>Total</b>	<b>1,012,274</b>	<b>1,782,982</b>

### 13 IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Impairment loss on financial assets held under resale agreements (note 21)	16,023	150,508
Impairment loss on debt instruments at amortized cost (note 20)	103	6,050
(Reversal of) Impairment loss on accounts and other receivables	(1,258)	53
Impairment loss (Reversal of) on advances to customers (note 24)	18,293	(9,068)
Impairment loss (Reversal of) on debt instruments at FVTOCI (note 26)	4,531	(475)
<b>Total</b>	<b>37,692</b>	<b>147,068</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 14 INCOME TAX EXPENSES

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
<b>Current tax:</b>		
– PRC Enterprise Income Tax	127,193	264,494
– Hong Kong Profits Tax	541	167
<b>Subtotal</b>	<b>127,734</b>	<b>264,661</b>
<b>Under (over) provision in respect of prior periods:</b>		
– PRC Enterprise Income Tax	9,626	22,574
– Hong Kong Profits Tax	(2,403)	–
<b>Subtotal</b>	<b>7,223</b>	<b>22,574</b>
<b>Deferred taxation:</b>		
– Origination and reversal of temporary differences (note 22)	83,361	193,375
<b>Total</b>	<b>218,318</b>	<b>480,610</b>

The Group is subject to the global minimum top-up tax under The Pillar Two Model Rules (also referred to as Global Anti-Base Erosion, GloBE) published by the Organisation for Economic Co-operation and Development. The Group has assessed the current implication arising from Pillar Two income taxes and the exposure to future Pillar Two income taxes, and determined it is not material.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 15 EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share attributable to shareholders of the Company is as follows:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
<b>Earnings for the purpose of basic earnings per share:</b>		
Profit attributable to shareholders of the Company	4,747,695	4,726,975
Less: Profit attributable to holders of perpetual subordinated bonds	(285,336)	(283,768)
	<b>4,462,359</b>	<b>4,443,207</b>
<b>Number of shares:</b>		
Weighted average number of ordinary shares	8,696,526	8,696,526
<b>Earnings per share:</b>		
Earnings per share (in RMB yuan)	0.51	0.51

Note: For the six months ended June 30, 2024 and 2023, there were no dilutive shares. Therefore, diluted earning per share is not presented.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 16 PROPERTY AND EQUIPMENT

	Leasehold land and buildings	Motor vehicles	Electronic and communication equipment	Office equipment	Construction in progress	Total
<b>Unaudited</b>						
<b>Cost</b>						
As at January 1, 2024	1,242,144	65,982	1,301,155	64,603	32,876	2,706,760
Additions	-	9	38,418	622	11,205	50,254
Other Transfer	-	-	-	97,915	-	97,915
Disposals	-	(2,442)	(287)	(137)	-	(2,866)
Transfer	-	-	-	-	(6,371)	(6,371)
Exchange differences	-	9	340	198	131	678
<b>As at June 30, 2024</b>	<b>1,242,144</b>	<b>63,558</b>	<b>1,339,626</b>	<b>163,201</b>	<b>37,841</b>	<b>2,846,370</b>
<b>Accumulated depreciation and impairment</b>						
As at January 1, 2024	370,569	50,030	690,373	56,197	-	1,167,169
Charge for the period	15,578	1,878	95,568	2,502	-	115,526
Disposals	-	(2,321)	(273)	(122)	-	(2,716)
Exchange differences	-	9	226	190	-	425
<b>As at June 30, 2024</b>	<b>386,147</b>	<b>49,596</b>	<b>785,894</b>	<b>58,767</b>	<b>-</b>	<b>1,280,404</b>
<b>Carrying values</b>						
<b>As at June 30, 2024</b>	<b>855,997</b>	<b>13,962</b>	<b>553,732</b>	<b>104,434</b>	<b>37,841</b>	<b>1,565,966</b>
<b>Audited</b>						
<b>Cost</b>						
As at January 1, 2023	1,277,180	60,688	1,154,429	66,373	32,650	2,591,320
Additions	165	9,729	217,712	1,275	77,455	306,336
Disposals	(35,201)	(4,453)	(71,750)	(3,523)	-	(114,927)
Transfer to other non-current assets	-	-	-	-	(77,474)	(77,474)
Exchange differences	-	18	764	478	245	1,505
<b>As at December 31, 2023</b>	<b>1,242,144</b>	<b>65,982</b>	<b>1,301,155</b>	<b>64,603</b>	<b>32,876</b>	<b>2,706,760</b>
<b>Accumulated depreciation and impairment</b>						
As at January 1, 2023	342,923	51,527	598,716	49,111	-	1,042,277
Charge for the year	31,856	2,716	159,542	10,078	-	204,192
Disposals	(4,210)	(4,231)	(68,436)	(3,408)	-	(80,285)
Exchange differences	-	18	551	416	-	985
<b>As at December 31, 2023</b>	<b>370,569</b>	<b>50,030</b>	<b>690,373</b>	<b>56,197</b>	<b>-</b>	<b>1,167,169</b>
<b>Carrying values</b>						
<b>As at December 31, 2023</b>	<b>871,575</b>	<b>15,952</b>	<b>610,782</b>	<b>8,406</b>	<b>32,876</b>	<b>1,539,591</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 17 RIGHT-OF-USE ASSETS

	Land and buildings	Leasehold land	Total
<b>Unaudited</b>			
<b>Cost</b>			
As at January 1, 2024	2,889,058	411,766	3,300,824
Additions	99,576	–	99,576
Disposals	(43,014)	–	(43,014)
Exchange differences	1,057	–	1,057
<b>As at June 30, 2024</b>	<b>2,946,677</b>	<b>411,766</b>	<b>3,358,443</b>
<b>Accumulated depreciation</b>			
As at January 1, 2024	1,701,983	53,103	1,755,086
Charge for the period	171,481	5,223	176,704
Disposals	(42,378)	–	(42,378)
Exchange differences	1,020	–	1,020
<b>As at June 30, 2024</b>	<b>1,832,106</b>	<b>58,326</b>	<b>1,890,432</b>
<b>Carrying values</b>			
<b>As at June 30, 2024</b>	<b>1,114,571</b>	<b>353,440</b>	<b>1,468,011</b>
<b>Audited</b>			
<b>Cost</b>			
As at January 1, 2023	2,653,881	432,600	3,086,481
Additions	369,455	–	369,455
Disposals	(137,538)	(20,834)	(158,372)
Exchange differences	3,260	–	3,260
<b>As at December 31, 2023</b>	<b>2,889,058</b>	<b>411,766</b>	<b>3,300,824</b>
<b>Accumulated depreciation</b>			
As at January 1, 2023	1,485,020	44,815	1,529,835
Charge for the year	339,449	10,843	350,292
Disposals	(124,434)	(2,555)	(126,989)
Exchange differences	1,948	–	1,948
<b>As at December 31, 2023</b>	<b>1,701,983</b>	<b>53,103</b>	<b>1,755,086</b>
<b>Carrying values</b>			
<b>As at December 31, 2023</b>	<b>1,187,075</b>	<b>358,663</b>	<b>1,545,738</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18 INTERESTS IN ASSOCIATES AND JOINT VENTURES

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Cost of unlisted investments in associates and joint ventures	4,576,535	4,576,535
Share of post-acquisition profits and other comprehensive income, net of dividends received	8,041,775	7,844,155
<b>Subtotal</b>	<b>12,618,310</b>	<b>12,420,690</b>
Less: Impairment loss	(669,150)	(669,150)
<b>Total</b>	<b>11,949,160</b>	<b>11,751,540</b>

The following list contains only the particulars of material associates using the equity method in the condensed consolidated financial statements:

Name of associate	Place of incorporation/ establishment	Equity interest held by the Group		Principal Activities
		As at June 30, 2024	As at December 31, 2023	
Bosera Asset Management Co., Ltd.	PRC	49%	49%	Fund management
China Merchants Fund Management Limited	PRC	45%	45%	Fund management
Guangdong Equity Exchange Center Co., Ltd. <sup>(i)</sup>	PRC	12%	12%	Transaction settlement services
Twenty-first Century Technology Investment Co., Ltd. * <sup>(ii)</sup>	PRC	23%	23%	Investment

\* English name translation is for identification purpose only.

- (i) Guangdong Equity Exchange Center Co., Ltd. was recognized as an associate as the Group has rights to participate in its financial and operational decision making.
- (ii) This associate has been undergoing liquidation, and impairment losses have been fully recognized and written off.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 19 EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Equity investments (i)	4,704,315	1,619,778
Others (ii)	28,122,221	16,077,659
<b>Total</b>	<b>32,826,536</b>	<b>17,697,437</b>

- (i) The equity investments mainly refers to stocks held by the Group for strategic investment and securities lending. The Group does not hold such investments for trading purposes. In this case, they are classified as financial assets designated as at fair value through other comprehensive income. A loss after tax arising from such termination amounting to RMB79,748 thousand was reclassified from other comprehensive income to retained earnings.
- (ii) Most of the investment represents perpetual bonds and the Group does not hold such perpetual bonds for the purpose of selling them in the near future. In this case, they are classified as financial assets designated as at fair value through other comprehensive income. A loss after tax arising from such termination amounting to RMB19,732 thousand was reclassified from other comprehensive income to retained earnings.

### 20 DEBT INSTRUMENTS AT AMORTIZED COST

#### (1) Analyzed by nature

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Current</b>		
Bonds	484,853	691,810
Less: Expected credit losses	(423)	(317)
<b>Total</b>	<b>484,430</b>	<b>691,493</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 20 DEBT INSTRUMENTS AT AMORTIZED COST (continued)

#### (2) Movements of expected credit losses are as follows

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
At the beginning of the period/year	317	83,613
Expected credit losses recognized	103	5,322
Write-off of expected credit losses	–	(89,976)
Exchange differences	3	1,358
<b>At the end of the period/year</b>	<b>423</b>	<b>317</b>

	As at June 30, 2024 (Unaudited)			
	12 months (stage 1)	Life time (stage 2)	Life time (stage 3)	Total
Principal and interest	484,853	–	–	484,853
Expected credit losses	423	–	–	423

	As at December 31, 2023 (Audited)			
	12 months (stage 1)	Life time (stage 2)	Life time (stage 3)	Total
Principal and interest	691,810	–	–	691,810
Expected credit losses	317	–	–	317

For the year ended June 30, 2024, there was no transfer between the stages of expected credit losses. (2023: there was no transfer between the stages of expected credit losses)

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 21 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

#### (1) Analyzed by collateral type and market of financial assets held under resale agreements

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Non-current</b>		
<b>Analyzed by collateral type:</b>		
Listed equity investments <sup>(i)</sup>	1,116,200	1,280,000
<b>Analyzed by market:</b>		
Stock exchanges	1,116,200	1,280,000
Less: Expected credit losses	(871)	(1,200)
	<b>1,115,329</b>	<b>1,278,800</b>
<b>Current</b>		
<b>Analyzed by collateral type:</b>		
Listed equity investments <sup>(i)</sup>	16,032,250	17,428,911
Bonds	19,498,735	32,070,294
<b>Subtotal</b>	<b>35,530,985</b>	<b>49,499,205</b>
<b>Analyzed by market:</b>		
Stock exchanges	16,445,378	22,243,924
Interbank bond market	19,085,607	27,255,281
<b>Subtotal</b>	<b>35,530,985</b>	<b>49,499,205</b>
Less: Expected credit losses	(1,018,163)	(1,001,811)
	<b>34,512,822</b>	<b>48,497,394</b>

- (i) Financial assets (pledged by stocks) held under resale agreements and securities back-lending are resale agreements entered into by the Group with qualified investors with a commitment to purchasing the specified securities at a future date with an agreed price.

As at June 30, 2024, the Group received collateral amounted to RMB63,710 million (2023: RMB84,833 million) in connection with its reverse resale agreements and securities back-lending.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 21 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (continued)

#### (2) Movements of allowances for expected credit losses are as follows

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
At the beginning of the period/year	1,003,011	886,142
Expected credit losses recognized	16,023	116,869
<b>At the end of the period/year</b>	<b>1,019,034</b>	<b>1,003,011</b>

Details of expected credit losses and the fair value of the collateral of the repurchase agreements related to stocks are as follows:

	As at June 30, 2024 (Unaudited)			
	12 months (stage 1)	Life time (stage 2)	Life time (stage 3)	Total
Principal and interest	16,172,594	–	975,856	17,148,450
Expected credit losses	43,178	–	975,856	1,019,034
Collateral	40,621,259	–	–	40,621,259

	As at December 31, 2023 (Audited)			
	12 months (stage 1)	Life time (stage 2)	Life time (stage 3)	Total
Principal and interest	17,732,593	–	976,318	18,708,911
Expected credit losses	26,693	–	976,318	1,003,011
Collateral	47,239,200	–	–	47,239,200

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 22 DEFERRED TAX ASSETS (LIABILITIES)

The following is an analysis of the deferred tax balances for financial reporting purposes:

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Deferred tax assets	1,291,090	1,583,773
Deferred tax liabilities	(519,465)	(558,414)

The following are the major deferred tax assets (liabilities) recognized and movements thereon in the period/year:

	Financial instruments at fair value through profit and loss/derivatives	Accrued staff costs	Deferred income	Impairment allowances	Financial instruments at fair value through other comprehensive income	Property and equipment	Others	Total
At January 1, 2023	(517,620)	1,441,418	28,237	243,317	64,299	(1,953)	107,731	1,365,429
Credit(charge) to profit or loss	(279,652)	(299,360)	(2,124)	35,115	-	(1,686)	320,681	(227,026)
Charge to other comprehensive income	-	-	-	-	(113,099)	-	-	(113,099)
Exchange differences	-	-	-	-	792	-	(737)	55
At December 31, 2023	(797,272)	1,142,058	26,113	278,432	(48,008)	(3,639)	427,675	1,025,359
At January 1, 2024	(797,272)	1,142,058	26,113	278,432	(48,008)	(3,639)	427,675	1,025,359
Credit(charge) to profit or loss	(1,028,924)	15,764	(380)	10,226	-	424	919,529	(83,361)
Credit to other comprehensive income	-	-	-	-	(169,220)	-	-	(169,220)
Exchange differences	-	-	-	-	-	-	(1,153)	(1,153)
At June 30, 2024 (Unaudited)	(1,826,196)	1,157,822	25,733	288,658	(217,228)	(3,215)	1,346,051	771,625

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 23 OTHER NON-CURRENT ASSETS

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Leasehold improvements and deferred expenses	287,533	455,418
Others	130,168	133,772
Less: Allowances for impairment	(1,027)	–
<b>Total</b>	<b>416,674</b>	<b>589,190</b>

### 24 ADVANCES TO CUSTOMERS

#### (1) Analyzed by nature

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Advances to customers	78,527,734	83,955,719
Less: Expected credit losses	(308,239)	(289,699)
<b>Total</b>	<b>78,219,495</b>	<b>83,666,020</b>

Credit facility limits granted to margin clients are determined by the discounted market value of collateral securities accepted by the Group.

The majority of the advances to customers which are secured by the underlying pledged securities and cash collateral are interest-bearing. The Group maintains a list of approved stocks for margin lending with respective loan-to-collateral ratios. Any excess in the ratio will trigger a margin call upon which the customers have to make up the balance.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 24 ADVANCES TO CUSTOMERS (continued)

#### (2) Analyzed by fair value of collateral of margin financing and securities lending business

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Collateral measured at fair value:</b>		
Equity securities	176,074,561	204,815,594
Funds	6,700,060	10,263,783
Cash	4,040,655	4,258,484
Bonds	392,789	751,995
<b>Total</b>	<b>187,208,065</b>	<b>220,089,856</b>

#### (3) Movements of expected credit losses are as follows

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
At the beginning of the period/year	289,699	244,731
Expected credit losses recognized	18,293	43,227
Exchange differences	247	1,741
<b>At the end of the period/year</b>	<b>308,239</b>	<b>289,699</b>

	As at June 30, 2024 (Unaudited)			
	12 months (stage 1)	Life time (stage 2)	Life time (stage 3)	Total
Principal and interest	78,147,928	22,212	357,594	78,527,734
Expected credit losses	131,721	986	175,532	308,239

	As at December 31, 2023 (Audited)			
	12 months (stage 1)	Life time (stage 2)	Life time (stage 3)	Total
Principal and interest	83,345,114	3,816	606,789	83,955,719
Expected credit losses	113,663	1	176,035	289,699

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 25 ACCOUNTS AND OTHER RECEIVABLES

#### (1) Analyzed by nature

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Accounts and other receivables from/related to:</b>		
Clearing houses, brokers and dealers	4,090,370	3,924,633
Deposits of OTC derivative business	3,616,073	4,262,186
Fee and commission income	619,621	647,167
Other receivables	15,264	33,197
Dividends receivable	58,274	45,495
Others	99,259	104,303
<b>Subtotal</b>	<b>8,498,861</b>	<b>9,016,981</b>
Less: Expected credit losses of accounts and other receivables	(78,658)	(80,903)
<b>Total</b>	<b>8,420,203</b>	<b>8,936,078</b>

#### (2) Analyzed by ageing

As at the end of the period/year, the ageing analysis based on transaction dates of accounts and other receivables, is as follows:

	As at June 30, 2024 (Unaudited)		As at December 31, 2023 (Audited)	
	Amount	Expected credit losses	Amount	Expected credit losses
Within 1 year	7,942,767	(147)	8,705,634	(130)
Between 1 and 2 years	317,698	(808)	110,570	(910)
Between 2 and 3 years	94,025	(1,192)	118,362	(32,127)
Over 3 years	144,371	(76,511)	82,415	(47,736)
<b>Total</b>	<b>8,498,861</b>	<b>(78,658)</b>	<b>9,016,981</b>	<b>(80,903)</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 26 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

#### (1) Analyzed by type

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Current</b>		
Government bonds	38,638,297	44,048,095
Bonds issued by policy banks	272,729	1,705,488
Bonds issued by commercial banks and other financial institutions	9,321,875	7,282,545
Others	21,105,127	17,761,909
<b>Total</b>	<b>69,338,028</b>	<b>70,798,037</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 26 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

#### (2) Movements of allowances for expected credit losses are as follows

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
At the beginning of the period/year	8,967	7,592
Expected credit losses	4,531	1,346
Exchange differences	10	29
<b>At the end of the period/year</b>	<b>13,508</b>	<b>8,967</b>

	As at June 30, 2024 (Unaudited)			
	12 months (stage 1)	Life time (stage 2)	Life time (stage 3)	Total
Principal and interest	69,338,028	–	–	69,338,028
Expected credit losses	13,508	–	–	13,508

	As at December 31, 2023 (Audited)			
	12 months (stage 1)	Life time (stage 2)	Life time (stage 3)	Total
Principal and interest	70,798,037	–	–	70,798,037
Expected credit losses	8,967	–	–	8,967

During the six months ended June 30, 2024 and the year ended December 31, 2023, there was no material transfer between the stages of expected credit losses.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 27 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Current</b>		
Debt securities	176,748,935	175,064,428
Funds	38,416,696	41,662,742
Equity investments <sup>(i)</sup>	22,270,721	37,165,357
Others <sup>(ii)</sup>	9,199,028	14,271,163
<b>Subtotal</b>	<b>246,635,380</b>	<b>268,163,690</b>
<b>Non-current</b>		
Equity investments <sup>(i)</sup>	3,633,193	3,609,600
Others <sup>(ii)</sup>	6,915,326	6,964,427
<b>Subtotal</b>	<b>10,548,519</b>	<b>10,574,027</b>

- (i) Equity investments comprise of unlisted equity investments.
- (ii) Others mainly represent investments in collective asset management schemes, wealth management products, trusts and investments in limited partnerships.

Fair value of the Group's financial assets at fair value through profit or loss are determined as described in note 56.

As at June 30, 2024, debt securities of RMB2,290,327 thousand (December 31, 2023: RMB626,571 thousand), RMB18,272,870 thousand (December 31, 2023: RMB24,014,293 thousand) and RMB112,094,155 thousand (December 31, 2023: RMB107,681,676 thousand) classified as FVTPL were pledged as collateral for certain derivative transactions and securities borrowing and financial assets sold under repurchase agreements, respectively.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 28 DERIVATIVE FINANCIAL INSTRUMENTS

	As at June 30, 2024			As at December 31, 2023		
	Non-hedging instruments			Non-hedging instruments		
	Notional Principal amounts	Fair Value		Notional Principal amounts	Fair Value	
		Assets	Liabilities		Assets	Liabilities
(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	
Interest derivative instrument	738,424,252	48,458	12,751	871,230,093	19,919	34,323
Equity derivative instrument	127,749,742	8,846,588	6,167,244	277,906,904	5,797,429	5,930,485
Currency derivative instrument	22,493,469	36,862	89,023	33,931,541	55,060	20,547
Credit derivative instrument	600,000	-	50	851,245	1,556	4,847
Other derivative instrument	91,628,580	746,111	519,745	142,707,537	805,173	948,781
<b>Total</b>	<b>980,896,043</b>	<b>9,678,019</b>	<b>6,788,813</b>	<b>1,326,627,320</b>	<b>6,679,137</b>	<b>6,938,983</b>

Under a daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in the PRC futures contracts, interest rate swap contracts and bond forward contracts traded in the National Interbank Funding Center and foreign exchange contracts traded in the China Foreign Exchange Trade System are settled daily and the corresponding receipts and payments are included in "clearing settlement funds". Accordingly, these contracts are presented after netting of their settlements at the end of the reporting period.

### 29 DEPOSITS WITH EXCHANGES AND NON-BANK FINANCIAL INSTITUTIONS

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Deposits with stock exchanges and clearing houses:</b>		
Shanghai Clearing House	1,074,084	986,073
China Securities Depository and Clearing Corporation Limited	404,454	381,650
Hong Kong Exchanges and Clearing Limited	109,306	170,882
<b>Deposits with futures and commodity exchanges and financial institutions:</b>		
China Financial Futures Exchange	4,571,634	5,733,229
Shanghai Futures Exchange	1,232,023	983,442
Dalian Commodity Exchange	824,941	1,430,841
Others	2,529,310	3,260,992
<b>Total</b>	<b>10,745,752</b>	<b>12,947,109</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 30 CLEARING SETTLEMENT FUNDS

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Clearing settlement funds held with clearing houses for:</b>		
House accounts	12,050,913	17,107,892
Clients	13,982,894	20,583,830
<b>Total</b>	<b>26,033,807</b>	<b>37,691,722</b>

### 31 CASH AND BANK BALANCES

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Bank balances – house accounts</b>	<b>16,869,483</b>	<b>14,116,931</b>
House accounts	15,947,051	12,976,608
Pledged and restricted bank deposits		
– Restricted bank deposit for purchase of bond, stock and as risk reserve and credit (note 32)	922,432	1,140,323
<b>Cash held on behalf of customers</b>	<b>75,994,475</b>	<b>95,905,685</b>
<b>Total</b>	<b>92,863,958</b>	<b>110,022,616</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 32 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the followings:

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Bank balances – house accounts	16,837,939	13,814,513
Clearing settlement funds – house accounts	12,050,903	17,107,435
Less: Pledged and restricted bank deposits (note 31)	(922,432)	(1,140,323)
<b>Total</b>	<b>27,966,410</b>	<b>29,781,625</b>

### 33 SHORT-TERM BORROWINGS

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Current</b>		
Unsecured bank borrowings <sup>(i)</sup>	5,724,758	6,171,961
Interests accrued	7,977	10,879
<b>Total</b>	<b>5,732,735</b>	<b>6,182,840</b>

- (i) As at June 30, 2024, the floating interest rates of Group's short-term unsecured bank borrowings ranged from 2.13% to 6.26% (December 31, 2023: 1.68% to 6.91%) per annum and the fixed interest rates of Group's short-term unsecured bank borrowings ranged from 5.73% to 5.88% (December 31, 2023: Nil) per annum.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 34 SHORT-TERM DEBT INSTRUMENTS

	Coupon rate as at June 30, 2024	As at January 1, 2024	Issuance	Redemption/ Exchange difference	As at June 30, 2024
	(Unaudited)				(Unaudited)
Short-term bond payables	1.93% – 2.68%	35,400,000	39,900,000	40,100,000	35,200,000
Principals of income certificates	1.79% – 5.16%/ Floated rates	21,389,959	7,790,327	21,134,318	8,045,968
Interest accrued		235,776	529,439	569,975	195,240
<b>Total</b>		<b>57,025,735</b>	<b>48,219,766</b>	<b>61,804,293</b>	<b>43,441,208</b>

	Coupon rate as at December 31, 2023	As at January 1, 2023	Issuance/ Other Transfer	Redemption/ Exchange difference	As at December 31, 2023
	(Audited)				(Audited)
Short-term bond payables	2.07% – 2.68%	–	51,900,000	16,500,000	35,400,000
Short-term financing bills payables	1.82% – 2.00%	24,000,000	–	24,000,000	–
Principals of income certificates	0.05% – 7.95%/ Floated rates	991,631	35,986,072	15,587,744	21,389,959
Interest accrued		156,368	562,280	482,872	235,776
<b>Total</b>		<b>25,147,999</b>	<b>88,448,352</b>	<b>56,570,616</b>	<b>57,025,735</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 35 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Placement from banks <sup>(i)</sup>	7,824,710	14,052,051
Placement from other financial institutions <sup>(ii)</sup>	–	6,020,000
Gold leasing <sup>(iii)</sup>	5,684,720	6,948,132
Interest accrued	87,970	41,209
<b>Total</b>	<b>13,597,400</b>	<b>27,061,392</b>

(i) As at June 30, 2024, the interest rates due to banks ranged from 1.80% to 5.90% (December 31, 2023: 1.85% to 6.00%) per annum.

(ii) As at June 30, 2024, the Group had no placement from other financial institutions (December 31, 2023: 2.12% to 3.10%) per annum.

(iii) As at June 30, 2024, the interest rates due to gold leasing business on lease and swaps was 2.60% to 2.80% (December 31, 2023: 2.60% to 2.80%) per annum.

### 36 ACCOUNTS PAYABLES TO BROKERAGE CLIENTS

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Clients' deposits for margin financing and securities lending	7,843,944	7,235,279
Clients' deposits for other brokerage business	83,533,989	110,616,954
<b>Total</b>	<b>91,377,933</b>	<b>117,852,233</b>

Accounts payables to brokerage clients represent money received from and repayable to brokerage clients, which are mainly held at banks and at clearing houses by the Group. Accounts payables to brokerage clients are interest-bearing at the prevailing interest rate.

The majority of the accounts payable balances are repayables on demand except for certain accounts payables to brokerage clients represent money received from clients for their margin financing activities under normal course of business, such as margin financing and securities lending. Only the excessive amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

The directors of the Company are of the opinion that an ageing analysis does not give additional value in view of the nature of these businesses. As a result, no ageing analysis is disclosed.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 37 ACCRUED STAFF COSTS

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Current</b>		
Salaries, bonus and allowances	5,892,382	5,422,156
Short-term social welfare	43	52,054
Defined contribution plans	936	942
Others	56,660	50,360
<b>Total</b>	<b>5,950,021</b>	<b>5,525,512</b>

### 38 OTHER PAYABLES AND ACCRUED CHARGES

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Deposits of equity return swaps <sup>(i)</sup>	24,845,792	29,133,690
Settlement payables to brokers and clearing houses	8,312,505	8,623,960
Dividends payables to holders of ordinary shares and other equity instruments	2,763,765	572,240
Other tax payables	353,045	377,132
Futures risk reserve	174,232	164,363
Commission and handling fee payables	124,688	126,497
Notes payables	–	612,400
Others	478,002	473,359
<b>Total</b>	<b>37,052,029</b>	<b>40,083,641</b>

- (i) As at June 30, 2024 and December 31, 2023, the balance mainly represents deposits received from investors on equity return swaps and over-the-counter options which is refundable according to the contract terms upon the expiry date. The deposit will be mature within one year from the end of the reporting period.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 39 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Non-current</b>		
<b>Financial liabilities designated at fair value through profit or loss</b>		
– Structured entities <sup>(i)</sup>	1,359,317	1,390,155
<b>Current</b>		
<b>Financial liabilities held for trading</b>		
– Equity securities	1,579,665	1,798,215
– Debt securities	52,493,293	39,184,029
– Structured notes	1,423,092	1,641,628
– Others	384,214	380,722
<b>Subtotal</b>	<b>55,880,264</b>	<b>43,004,594</b>
<b>Financial liabilities designated at fair value through profit or loss</b>		
– Structured entities <sup>(i)</sup>	125,037	140,767
Current total	56,005,301	43,145,361
<b>Total</b>	<b>57,364,618</b>	<b>44,535,516</b>

- (i) In these condensed consolidated financial statements, financial liabilities arising from consolidated structured entities are designated at fair value through profit or loss by the Group, as the Group has the obligation to pay other investors based on net book values and related terms upon maturity dates of the structured entities.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 40 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Current</b>		
<b>Analyzed by collateral type:</b>		
Bonds	145,494,590	142,684,754
Gold	–	–
<b>Subtotal</b>	<b>145,494,590</b>	<b>142,684,754</b>
<b>Analyzed by market:</b>		
Stock exchanges	31,151,078	49,152,601
Interbank bond market	109,267,558	90,271,478
Over-the-counter	5,075,954	3,260,675
<b>Subtotal</b>	<b>145,494,590</b>	<b>142,684,754</b>

### 41 LEASE LIABILITIES

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Within 1 year	300,415	344,454
Within a period of more than 1 year but not more than 2 years	244,728	257,994
Within a period of more than 2 years but not more than 5 years	405,579	416,370
Within a period of more than 5 years	231,502	236,700
<b>Subtotal</b>	<b>1,182,224</b>	<b>1,255,518</b>
Less: Amount due for settlement within 12 months shown under current liabilities	(300,415)	(344,454)
Amount due for settlement after 12 months shown under non-current liabilities	881,809	911,064

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 42 LONG-TERM BORROWINGS DUE WITHIN ONE YEAR

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Unsecured bank borrowings	912,680	181,244
Interest accrued	3,976	4,549
<b>Total</b>	<b>916,656</b>	<b>185,793</b>

As at June 30, 2024, the Group's long-term borrowings due within one year bore interest rates ranging from 5.578% to 5.854% (December 31, 2023: 6.571%) per annum.

### 43 LONG-TERM BORROWINGS

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Unsecured bank borrowings	1,199,935	1,721,818

As at June 30, 2024, the Group's long-term borrowings bore floating interest rates ranging from 5.810% to 6.443% (December 31, 2023: 6.468% to 6.883%) per annum.

### 44 SHARE CAPITAL

All shares issued by the Company are fully paid common shares. The par value per share is RMB1. The Company's number of shares issued and their nominal value are as follows:

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Registered, issued and fully paid ordinary shares of RMB1 each:</b>		
<b>At the beginning and at the end of the period/year</b>		
– Domestic shares	7,422,006	7,422,006
– Foreign invested shares	1,274,520	1,274,520
<b>Total</b>	<b>8,696,526</b>	<b>8,696,526</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 45 OTHER EQUITY INSTRUMENTS

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Perpetual subordinated bonds	15,000,000	15,000,000

The 2019 Annual General Meeting of Shareholders convened by the Company on 19 May 2020 passed the Proposal on the General Authorization of the Company's Debt Financing Instruments, and approved the Bond Issuance Plan and related matters at the 35th General Meeting of Presidents' Office held on October 25, 2021 within the scope of the authorization of the General Meeting of Shareholders and the Board of Directors.

On 26 January 2022, the China Securities Regulatory Commission issued the Approval of China Merchants Securities Co., Ltd. to Publicly Issue Perpetual Subordinated Corporate Bonds Registration to Professional Investors (CSRC Permit [2022] No. 222), agreeing to the Company's application for publicly issuing perpetual subordinate corporate bonds with a total face value of not more than RMB15 billion to professional investors.

On March 24, April 19, April 26 and June 8, 2022, the Company completed the issuance of the first tranche of 2022 RMB4,300,000,000, the second tranche of RMB4,700,000,000, the third tranche of RMB4,000,000,000 and the fourth tranche of RMB2,000,000,000, respectively, with a cumulative issuance amount of RMB15 billion. And the interest rates of above perpetual subordinated bonds ranged from 3.72%-3.95%.

The Company shall have the right of redemption attached to the above bonds, and on the 5th and subsequent coupon payment days of the above bonds, the Company shall be entitled to redeem the above bonds at par value plus interest payable; the Company also has the option to defer interest payments, except in the event of mandatory interest payments, so that at each interest payment date, the Company may choose to defer the interest payment to the next payment date for the current year 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 shareholders of the Company from the issuer and reductions of registered capital.

The perpetual subordinated bonds issued by the Company are classified and presented as equity instruments in the consolidated statement of financial position.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 46 INVESTMENT REVALUATION RESERVE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>At the beginning of the period/year</b>	183,476	(180,630)
<b>Debt instruments at FVTOCI</b>		
Net changes in fair value for the period/year	1,063,111	408,250
Reclassification to profit or loss	(356,184)	(86,024)
Income tax impact	(175,285)	(79,005)
<b>Expected credit losses of debt instruments at FVTOCI</b>		
Net changes in profit or loss for ECL reclassification adjustment	4,531	1,346
Income tax impact	(971)	(791)
<b>Equity instruments at FVTOCI</b>		
Net changes in fair value for the period/year	(102,132)	(118,963)
Transfer to retained profits	99,480	259,324
Income tax impact	6,065	(33,303)
<b>Share of other comprehensive income of associates</b>		
Share of other comprehensive income that will be reclassified subsequently to profit or loss	29,176	13,272
<b>At the end of the period/year</b>	<b>751,267</b>	<b>183,476</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 47 GENERAL RESERVES

General reserve include statutory reserve, general risk reserve and transaction risk reserve.

In accordance with the Company Law of the PRC and the Articles of Association, 10% of the net profit of the Company is required to be allocated to the statutory reserve until the statutory reserve has reached 50% of the share capital of the Company. As of June 30, 2024, the accumulated surplus reserve has reached 50% of the Company's registered capital and therefore no further allocation is required for this period.

In accordance with the "Financial Rules for Financial Enterprises" (Order of the Ministry of Finance [2006] No.42) and the application guidance of Financial Rules for Financial Enterprises (Cai Jin [2007] No. 23) issued by the Ministry of Finance People's Republic of China ("MOF"), the Company, China Merchants Securities Asset Management Co., Ltd. and China Merchants Futures Co., Ltd. are required to appropriate 10% of net profit derived in accordance with the People's Republic of China Generally Accepted Accounting Principles ("PRC GAAP") before distribution to shareholders as general risk reserve from retained profits.

In accordance with the "Interim Measures for the Supervision and Administration of Risk Reserves of Publicly Offered Securities Investment Funds (CSRC Order No. 94) " and the requirements of the guidance of CSRC about regulating financial institutions in the asset management business for collective asset management business of securities (CSRC Announcement [2018] No. 39), the Company is required to appropriate 10% of its management fees and 2.5% of its custody fees earned from public offering products and large-size collective assets management business as general risk reserve.

The Company and China Merchants Securities Asset Management Co., Ltd. appropriate 10% of net profit derived in accordance with PRC GAAP before distribution to shareholders as transaction risk reserve from retained profits.

The movements of the general reserves are presented in these condensed consolidated statement of changes in equity for the six months ended June 30, 2024.

### 48 BONDS PAYABLES DUE WITHIN ONE YEAR

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Non-convertible bonds <sup>(1)</sup>	32,549,337	22,732,768
Subordinated bonds <sup>(2)</sup>	5,499,014	20,796,804
Income certificates	1,268,309	1,459,367
Interest accrued	1,571,915	2,137,589
<b>Total</b>	<b>40,888,575</b>	<b>47,126,528</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 48 BONDS PAYABLES DUE WITHIN ONE YEAR (continued)

(1) The details of non-convertible bonds as at June 30, 2024 are as follows:

Name	Currency	Issue amount	Issue date	Maturity date	Coupon rate
14CM bond	CNY	5,500,000	2015/05/26	2025/05/26	5.08%
21CMG5	CNY	4,000,000	2021/07/12	2024/07/12	3.22%
21CMG9	CNY	5,000,000	2021/08/12	2024/08/12	3.08%
CMSI GEM N2409	USD	500,000	2021/09/16	2024/09/16	1.30%
22CMG1	CNY	5,000,000	2022/01/17	2025/01/17	2.89%
22CMG3	CNY	3,000,000	2022/08/11	2025/02/12	2.54%
23CMG1	CNY	4,000,000	2023/04/17	2025/04/17	2.89%
23CM12	CNY	2,500,000	2023/12/19	2025/06/19	2.80%

(2) The details of subordinated bonds as at June 30, 2024 are as follows:

Name	Currency	Issue amount	Issue date	Maturity date	Coupon rate
21CMC7	CNY	4,000,000	2021/11/11	2024/11/11	3.40%
23CMC3	CNY	1,500,000	2023/03/17	2025/03/17	3.25%

### 49 BONDS PAYABLES

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Non-convertible bonds <sup>(1)</sup>	41,456,148	58,427,501
Subordinated bonds <sup>(2)</sup>	20,291,670	15,192,000
Income certificates	1,119,005	1,246,436
<b>Total</b>	<b>62,866,823</b>	<b>74,865,937</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 49 BONDS PAYABLES (continued)

(1) The details of non-convertible bonds as at June 30, 2024 are as follows:

Name	Currency	Issue amount	Issue date	Maturity date	Coupon rate
21CM10	CNY	2,000,000	2021/08/12	2026/08/12	3.41%
22CMG2	CNY	4,000,000	2022/07/26	2025/07/26	2.70%
22CMG4	CNY	5,000,000	2022/08/11	2025/08/11	2.59%
23CMG2	CNY	4,000,000	2023/04/17	2026/04/17	3.03%
23CMG3	CNY	2,800,000	2023/04/25	2026/05/14	3.03%
23CMG4	CNY	2,200,000	2023/04/25	2028/04/25	3.17%
23CMG5	CNY	1,600,000	2023/07/13	2025/07/13	2.58%
23CMG6	CNY	3,400,000	2023/07/13	2026/07/13	2.72%
23CMG8	CNY	3,500,000	2023/07/24	2026/06/18	2.70%
23CMG10	CNY	4,000,000	2023/08/11	2026/08/11	2.74%
CMSINT 3.3 09/18/26 EMTN	CNY	1,000,000	2023/09/18	2026/09/17	3.30%
23CMG11	CNY	3,000,000	2023/11/24	2026/11/24	2.88%
23CMG13	CNY	2,000,000	2023/12/19	2025/12/19	2.81%
24CMG1	CNY	3,000,000	2024/01/18	2027/01/18	2.74%

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 49 BONDS PAYABLES (continued)

(2) The details of subordinated bonds as at June 30, 2024 are as follows:

Name	Currency	Issue amount	Issue date	Maturity date	Coupon rate
21CMC8	CNY	1,000,000	2021/11/11	2026/11/11	3.70%
23CMC1	CNY	1,400,000	2023/03/01	2025/09/11	3.45%
23CMC2	CNY	800,000	2023/03/01	2026/03/01	3.55%
23CMC4	CNY	1,700,000	2023/03/17	2026/03/17	3.40%
23CMC6	CNY	3,300,000	2023/04/19	2026/04/19	3.30%
23CMC7	CNY	1,000,000	2023/05/22	2026/05/22	3.13%
23CMC8	CNY	1,000,000	2023/05/22	2028/05/22	3.39%
23CMC9	CNY	2,000,000	2023/10/30	2026/10/30	3.20%
23CMC10	CNY	1,500,000	2023/10/30	2028/10/30	3.45%
24CMC1	CNY	900,000	2024/03/20	2027/03/20	2.64%
24CMC2	CNY	1,700,000	2024/03/20	2029/03/20	2.77%
24CMC4	CNY	2,000,000	2024/04/19	2029/04/19	2.55%
24CMC6	CNY	2,000,000	2024/06/27	2029/06/27	2.32%

### 50 DIVIDENDS

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Dividends recognized as distribution	2,191,525	1,608,857
Distribution to holders of other equity instruments	572,240	572,240

Pursuant to a resolution of the shareholder's meeting held on June 28, 2024, the Company declared cash dividends of RMB2.52 for every 10 shares (tax included) based on 8,696,526,806 shares held and the aggregate amount was RMB2,191,525 thousand for the year ended December 31, 2023.

Pursuant to a resolution of the shareholder's meeting held on June 30, 2023, the Company declared cash dividends of RMB1.85 for every 10 shares (tax included) based on 8,696,526,806 shares held and the aggregate amount was RMB1,608,857 thousand for the year ended December 31, 2022.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 51 INTERESTS IN CONSOLIDATED STRUCTURED ENTITIES

Structured entities consolidated by the Group include asset management schemes, limited partnership and investment funds where the Group involves as a manager or as an investor. The Group assesses whether, as a whole, investments it holds together with its remuneration creates exposure to variability of returns from the activities of the structured entities to a level of such significance that it indicates that the Group is a principal.

As at June 30, 2024, the Group consolidated 47 structured entities (December 31, 2023: 50). The total assets of the consolidated structured entities were RMB30,744,565 thousand (December 31, 2023: RMB34,296,081 thousand).

### 52 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group is principally involved in unconsolidated structured entities through financial investments. These structured entities generally purchase assets through raising funds from third party investors. The Group determines whether or not to consolidate these structured entities depending on whether the Group has control over them. The interests held by the Group in the unconsolidated structured entities are set out below:

#### (1) Structured entities sponsored by the Group

Unconsolidated structured entities sponsored by the Group mainly include asset management schemes and limited partnership. The nature and aim of these structured entities is to manage investors' assets and collect management fees. Financing is sustained through investment products issued to investors. The interests held by the Group in unconsolidated structured entities are mainly management and performance fees collected by the Group.

As at June 30, 2024, total assets of these unconsolidated structured entities managed by the Group amounted to RMB350,119,174 thousand (December 31, 2023: RMB325,825,723 thousand).

Fee income derived from these unconsolidated structured entities managed by the Group are detailed in note 4.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 52 INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES (continued)

#### (2) Structured entities sponsored by third party institutions

The types of structured entities that the Group does not consolidate but in which it holds an interest include funds, asset management schemes, trust schemes, and wealth management products issued by banks or other financial institutions. The nature and purpose of these structured entities are to generate returns from managing assets on behalf of investors. These vehicles are financed through issue of units to investors.

The carrying amount of these structured entities held by the Group in the condensed consolidated statement of financial position is the maximum exposure to the Group as at June 30, 2024 and December 31, 2023, which are listed below:

	As at	As at
	June 30,	December 31,
	2024	2023
	(Unaudited)	(Audited)
	Financial assets at fair value through profit or loss	
Funds	38,416,696	41,662,742
Wealth management products	1,820,929	1,070,065
Trust schemes	472,596	851,302
Others	12,982,725	21,519,152
<b>Total</b>	<b>53,692,946</b>	<b>65,103,261</b>

### 53 SIGNIFICANT RELATED PARTY TRANSACTIONS

#### (1) Relationship of related parties

##### a Major shareholders

Major shareholders include shareholders of the Company with 5% or above direct ownership.

Share percentage in the Company:

	As at	As at
	June 30,	December 31,
	2024	2023
	(Unaudited)	(Audited)
China Merchants Finance Investment Holdings Co., Ltd.	23.55%	23.55%
Shenzhen Jisheng Investment Development Co., Ltd.	19.59%	19.59%
China Ocean Transportation Co., Ltd.	6.26%	6.26%

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 53 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

#### (1) Relationship of related parties (continued)

##### *b Associates and joint ventures of the Group*

The details of the Group's associates and joint ventures is set out in note 18.

##### *c Other related parties*

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.

The table below lists the Group's other significant related parties:

Significant related legal entities	The relationship with the Group
China Merchants Bank Co., Ltd.	Significant influence by the de facto controller
Shenzhen Merchants Property Management Co., Ltd.*	Fellow subsidiary of the de facto controller
Shenzhen Merchants Daojiahui Technology Co., Ltd.*	Fellow subsidiary of the de facto controller
China Merchants (Shanghai) Investment Co., Ltd.*	Fellow subsidiary of the de facto controller
Shenzhen Merchants Real Estate Co. Ltd.*	Fellow subsidiary of the de facto controller
Shenzhen Expressway Corporation Limited	Significant influence by the de facto controller
Wuxi Ruishang Real Estate Co. Ltd.*	Fellow subsidiary of the de facto controller
Shenzhen Huiqin Property Management Co., Ltd.*	Fellow subsidiary of the de facto controller

\* English name translated is for identification purpose only.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 53 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

#### (2) Related parties transaction and balances

a *During the period/year, the Group's major transactions and balances with its associate are as follows*

Transactions between the Group and an associate:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
<b>Fee and commission income</b>		
– Funds managed by Bosera Asset Management Co., Ltd. and China Merchants Fund Management Limited	70,950	119,358

Balance between the Group and the associates:

	As at	As at
	June 30,	December 31,
	2024	2023
	(Unaudited)	(Audited)
<b>Accounts and other receivables</b>		
– Funds managed by Bosera Asset Management Co., Ltd. and China Merchants Fund Management Limited	28,173	30,786

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 53 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

#### (2) Related parties transaction and balances (continued)

##### *b The Group's major transactions and balances with its other related parties are as below*

Transactions between the Group and other related parties:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
<b>Fee and commission income</b>		
– China Merchants Bank Co., Ltd.	3,421	7,110
<b>Interest income</b>		
– China Merchants Bank Co., Ltd.	212,391	263,365
<b>Investment gains or losses, net</b>		
– China Merchants Bank Co., Ltd.	32,748	22,007
– Wuxi Ruishang Real Estate Co. Ltd.*	–	24,500
<b>Other income and gains or losses, net</b>		
– Shenzhen Expressway Corporation Limited	5,452	5,685
<b>Fee and commission expenses</b>		
– China Merchants Bank Co., Ltd.	24,036	29,460
<b>Interest expenses of placement and borrowings from banks</b>		
– China Merchants Bank Co., Ltd.	4,290	14,219
<b>Other operating expenses</b>		
– Shenzhen Merchants Property Management Co., Ltd.*	15,540	11,689
– Shenzhen Huiqin Property Management Co., Ltd.*	14,477	2,176
– Shenzhen Merchants Real Estate Co. Ltd.*	5,773	–
<b>Purchase of office supplies</b>		
– Shenzhen Merchants Daojiahui Technology Co., Ltd.*	8,376	8,361
<b>Interest expenses of lease liabilities</b>		
– China Merchants Bank Co., Ltd.	7,481	10,654
<b>Interest expenses of repurchase agreements business</b>		
– China Merchants Bank Co., Ltd.	3,127	2,059

\* English name translated is for identification purpose only.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 53 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

#### (2) Related parties transaction and balances (continued)

##### *b The Group's major transactions and balances with its other related parties are as below (continued)*

The Group also has the following balances with its other related parties:

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Cash and bank balances</b>		
– China Merchants Bank Co., Ltd.	24,817,457	23,360,309
<b>Bonds, structured deposits and certificates of deposit</b>		
– China Merchants Bank Co., Ltd.	1,292,604	1,210,077
<b>Short-term borrowings</b>		
– China Merchants Bank Co., Ltd.	–	284,218
<b>Lease liabilities</b>		
– China Merchants Bank Co., Ltd.	471,451	472,666
– China Merchants (Shanghai) Investment Co., Ltd.*	20,824	25,739

\* English name translated is for identification purpose only.

#### (3) Key management personnel

The remuneration of the key management personnel of the Group is as below:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
<b>Short-term benefits</b>		
– Salaries, bonus and allowances	6,782	9,548
<b>Post-employment benefits</b>		
– Contribution to retirement schemes	1,055	1,001
<b>Total</b>	<b>7,837</b>	<b>10,549</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 54 SEGMENT INFORMATION

#### (1) Business segment

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and services they provide. Each of the Group's operating segments represents a strategic business unit that offers services which are subject to risks and returns that are different from the other operating segments. Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to the board of directors, being the chief operating decision maker, which are consistent with the accounting and measurement criteria in the preparation of the consolidated financial statements. The Group's operating segments are as follows:

- a. Wealth management and institutional business segment engages in the trading of stocks and futures contracts on behalf of clients. Moreover, the activities of providing margin financing, securities lending and selling financial products and other wealth management products are included in this segment.
- b. Investment banking segment provides investment banking services to the Group's institutional clients, including financial advisory, equity underwriting, debt underwriting and sponsorship.
- c. Investment management segment primarily engages in assets management, investing advisory and deal execution services. Moreover, investment income from private equity investment management and alternative investments are included in this segment.
- d. Investment and trading segment engages in trading equity securities, fixed-income securities, derivatives, other financial products and market maker service; and
- e. Others segment primarily includes head office operations, investment holding as well as interest income and expenses incurred for generating working capital for general operation.

Management monitors the operating results of the Group's business units separately for the purpose of resource allocation and other operating decisions. Segment performance is measured consistently with operating profit or loss in the consolidated financial statements except that income taxes are not allocated to operating segments.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 54 SEGMENT INFORMATION (continued)

#### (1) Business segment (continued)

The operating and reportable segment information provided to the chief operating decision makers (hereinafter refer as “CODM”) for the six months ended June 30, 2024 and 2023 is as follows:

	Wealth management and institutional business	Investment banking	Investment management	Investment and trading	Others	Elimination	Total
<b>Unaudited</b>							
<b>For the six months ended June 30, 2024</b>							
Segment revenue and results							
- Segment revenue	7,432,289	301,677	507,886	5,645,617	381,192	(30,661)	14,238,000
- Segment other income and gains or losses, net	507	-	6,108	2,177	115,602	-	124,394
Segment total revenue, other income and gains	7,432,796	301,677	513,994	5,647,794	496,794	(30,661)	14,362,394
Segment expenses	(5,478,459)	(314,380)	(190,735)	(3,503,249)	(689,341)	30,661	(10,145,503)
Segment result	1,954,337	(12,703)	323,259	2,144,545	(192,547)	-	4,216,891
Share of results of associates and joint ventures	-	-	-	-	751,389	-	751,389
Profit before income tax	1,954,337	(12,703)	323,259	2,144,545	558,842	-	4,968,280
<b>Unaudited</b>							
<b>As at June 30, 2024</b>							
Segment assets and liabilities							
Segment assets	204,242,645	599,985	10,035,383	399,116,283	31,247,854	(6,112,623)	639,129,527
Segment liabilities	(160,197,526)	(464,831)	(2,804,872)	(344,514,883)	(12,730,549)	6,112,623	(514,600,038)
<b>For the six months ended June 30, 2024</b>							
Other segment information							
Amounts included in the segment profit or loss or segment assets:							
Interest income	3,632,728	-	34,773	1,013,829	381,193	(30,661)	5,031,862
Interest expenses	(1,983,060)	(5,976)	(24,585)	(2,575,328)	(6,541)	30,661	(4,564,829)
Capital expenditure	(120,568)	(3,364)	(112)	(2,609)	(32,900)	-	(159,553)
Depreciation and amortization	(223,209)	(30,299)	(7,860)	(17,847)	(143,060)	-	(422,275)
Impairment losses, net of reversal	(33,513)	-	454	(4,633)	-	-	(37,692)

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 54 SEGMENT INFORMATION (continued)

#### (1) Business segment (continued)

	Wealth management and institutional business	Investment banking	Investment management	Investment and trading	Others	Elimination	Total
<b>Unaudited</b>							
<b>For the six months ended June 30, 2023</b>							
Segment revenue and results							
- Segment revenue	8,519,065	492,187	581,265	4,697,318	354,750	(33,926)	14,610,659
- Segment other income and gains or losses, net	5,688	-	4,799	3,336	1,029,069	-	1,042,892
Segment total revenue, other income and gains	8,524,753	492,187	586,064	4,700,654	1,383,819	(33,926)	15,653,551
Segment expenses	(6,189,954)	(362,930)	(188,385)	(3,043,895)	(1,461,820)	33,926	(11,213,058)
Segment result	2,334,799	129,257	397,679	1,656,759	(78,001)	-	4,440,493
Share of results of associates and joint ventures	-	-	13	-	769,696	-	769,709
Profit before income tax	2,334,799	129,257	397,692	1,656,759	691,695	-	5,210,202
<b>Restated</b>							
<b>As at December 31, 2023</b>							
Segment assets and liabilities							
Segment assets	235,832,458	1,068,082	9,887,986	427,461,721	30,454,969	(8,852,224)	695,852,992
Segment liabilities	(204,740,588)	(686,639)	(2,821,338)	(360,058,445)	(14,361,273)	8,852,224	(573,816,059)
<b>Unaudited</b>							
<b>For the six months ended June 30, 2023</b>							
Other segment information							
Amounts included in the segment profit or loss or segment assets:							
Interest income	4,121,400	-	28,109	952,855	354,750	(33,737)	5,423,377
Interest expenses	(2,196,794)	(7,248)	(32,272)	(2,263,069)	(24,103)	33,737	(4,489,749)
Capital expenditure	(86,897)	(6,658)	(314)	(5,207)	(50,932)	-	(150,008)
Depreciation and amortization	(206,828)	(27,662)	(8,025)	(15,225)	(118,541)	-	(376,281)
Impairment losses, net of reversal	(141,493)	-	-	(5,575)	-	-	(147,068)

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 54 SEGMENT INFORMATION (continued)

#### (2) Geographical information

The Group has two major geographical operations in the PRC, namely Mainland China and Hong Kong, where the Group's revenue is derived from and the Group's assets located. The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property and equipment, right-of-use assets, goodwill, other intangible assets, interests in associates and other non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on i) the physical location of the asset or ii) the place of incorporation of the business units under which the goodwill is recorded.

	Mainland China	Outside Mainland China	Total
<b>For the six months ended June 30, 2024 (Unaudited)</b>			
<b>Segment revenue and results</b>			
Revenue	13,157,306	1,080,694	14,238,000
Other income and gains or losses, net	156,526	(32,132)	124,394
	<b>13,313,832</b>	<b>1,048,562</b>	<b>14,362,394</b>
<b>For the six months ended June 30, 2023 (Unaudited)</b>			
<b>Segment revenue and results</b>			
Revenue	13,714,808	895,851	14,610,659
Other income and gains or losses, net	1,074,032	(31,140)	1,042,892
	<b>14,788,840</b>	<b>864,711</b>	<b>15,653,551</b>

#### *Specified non-current assets*

	Mainland China	Outside Mainland China	Total
<b>As at June 30, 2024 (Unaudited)</b>			
Specified non-current assets	15,642,610	160,730	15,803,340
<b>As at December 31, 2023 (Audited)</b>			
Specified non-current assets	15,630,994	149,448	15,780,442

### 54 SEGMENT INFORMATION (continued)

#### (3) Information about major customers

There were no customers for each of the six months period ended June 30, 2024 and 2023 contributed over 10% of the total revenue of the Group.

### 55 FINANCIAL RISK MANAGEMENT

#### (1) Risk management structure

Since its establishment, the Group has been developing an all-around, deep in the business, innovative and forward-looking risk management system, which can be aligned with its operational strategy and focuses on its frontier departments at business unit level. The structure of the risk management of the Group consists of five levels including the strategical arrangement by the Board of Directors, supervision and scrutiny by the Supervisory Committee, or decision-making by the senior management and the Risk Management Committee, check-and-balance and internal controls maintained by relevant risk management departments and direct management of other departments, branches and its wholly-owned subsidiaries.

The Group adopts a three-level risk management organization structure system: the first level refers to implementation of effective controls on risk management by all departments and branches themselves; the second level refers to risk management measures implemented by relevant risk management departments; the third level refers to post-event supervision and evaluation by the Audit and Supervision Department.

The overall risk management duties of departments or posts under the risk management organization structure are as follows:

- (i) the Board of Directors and the Risk Management Committee are responsible for considering and approving the Company's risk appetite, risk tolerance and various risk limit indicators. They are also responsible for convening quarterly meetings, reviewing quarterly risk reports and reviewing the Company's overall risk management;
- (ii) the Supervisory Committee of the Group is responsible for supervising and examining the operations of the comprehensive risk management system of the Company;
- (iii) the senior management is responsible for the risk management of business operations, determining risk control measures and formulating risk limit indicators on a regular basis by reference to the risk evaluation reports. The Risk Management Committee set up by the senior management is the ultimate risk decision-making body at operation level. The Chief Risk Officer of the Company is responsible for establishing comprehensive risk management system, monitoring, evaluating and reporting the overall risk level of the Group and providing risk management suggestion on business decisions. The Risk Management Committee consists of the Securities Investment Decision Committee, the Credit Risk Committee, the Valuation Committee, the Capital Commitment Committee and the Investment Banking Business Risk Policy Committee. Within the scope of their authorization, experts shall review and collectively make decisions on the risks of securities investment, credit risk, securities valuation, capital commitment and investment banking business. The Company integrates the risk management of subsidiaries into an overall risk management system and carries out vertical management. The person in-charge of the risk management of the subsidiary shall be nominated, appointed, removed and assessed by the chief risk officer of the Group;

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (1) Risk management structure (continued)

The overall risk management duties of departments or posts under the risk management organization structure are as follows: (continued)

- (iv) Risk Management Department is the leading department in respect of management of market, credit and operational risks of the Company. It is also responsible for managing market risk and credit risk, assisting and guiding all units in performing risk management. The Capital Management Department is the leading department in respect of management of management of liquidity risk. It is also responsible for managing liquidity risk and facilitating the establishment of the liquidity risk management systems. Legal and Compliance Department is responsible for leading the Group's legal and compliance risk management, money laundering risk management and assisting the compliance director in reviewing, supervising and scrutinizing compliance issues of the Group, promoting the implementation of anti-money laundering work. The Administration Department together with the Risk Management Department and other relevant departments promote the management of reputation risk of the company. Internal Audit Department is responsible for monitoring the effectiveness and implementation of the Company's risk management process by audits, and responsible for initiating evaluation of the internal control system at least once a year;
- (v) All departments of the Company, branches and wholly-owned subsidiaries of the Company are responsible for directly managing and supervising risks of their own businesses and management scopes.

#### (2) Credit risk

The Group's exposure to credit risk represents the Group's economic loss that may arise from the failure of a debtor or counterparty to meet its obligation according to their contractual commitment. The Group is primarily exposed to four types of credit risk: (a) risk arising from default of customers to repay debts in businesses of margin financing and securities lending, securities-backed lending or stock repurchases; (b) risk of losses of principal and interest for investments in debt securities, trust products and other credit products due to default of the issuers or borrowers; (c) risk arising from default of a counterparty to meet its payment obligation arising from trading of over the counter ("OTC") derivatives such as OTC futures, equity swaps, forward contracts, spot market transactions and bond intermediation business such as reverse repos and agreement forwards; (d) risk arising from the default of customers in brokerage business in respect of trading of securities, futures and other financial products, when there was shortfall of funds after liquidation of client's accounts on settlement dates.

In respect of margin financing and securities lending, securities-backed lending, stock repurchase business and other financing businesses, the Group has established a multi-level authorization system for business management and a comprehensive risk management system covering the whole process through due diligence of customers, approval of credit grant, post-loan evaluation, dynamic adjustment to collaterals pledge ratio, mark to market system, mandatory liquidation and disposal on default.

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (2) Credit risk (continued)

For debt security investments, trust products and other credit products business, the Group implements entry management for investable bonds by establishing a bond pool. The entry of bonds into the pool needs to be evaluated by professional credit evaluators and meet the relevant internal and external credit rating entry standards, industrial entry standards, product entry standards, financial entry standards, etc. The concentration risk is controlled through hierarchical approvals and authorization of investments, and the latest risk information of the issuer is monitored in real time through a public opinion monitoring system.

For OTC derivatives business and bond intermediary business, the Group has formulated a set of management measures and rules in respect of eligibility of investors, due diligence of customers, credit approval, potential risk exposure measurement rules, margin collection and mark to market, liquidation disposal, management of the underlying securities and follow-up measures on default of customers, in order to strengthen the management before, during and after the transactions.

In terms of brokerage business, for the brokerage business that the Company may bear the responsibility of guaranteed settlements, the default risk of customers is controlled by monitoring indicators such as the lowest rating of the underlying securities, pledge concentration and leverage ratio. With regard to the trading of securities and other financial products for overseas customers, the Group has effectively controlled the credit risk by strengthening the management of customer credit grant and margin.

#### *Expected credit loss (ECL) measurement*

The Group applies ECL model for financial assets at amortized cost, mainly including advances to customers, financial assets held under resale agreements, debt instruments at amortized cost and debt instruments at fair value through other comprehensive income.

The Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition at the reporting date and recognizes the impairment loss allowance for expected credit loss and its movements.

- If the credit risk of the financial instrument has not increased significantly since its initial recognition, it is classified as "Stage 1" and its impairment loss allowance is measured at an amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The increase in or reversal of the impairment loss allowance is included in the profit and loss as impairment losses under expected credit loss model, net of reversal.
- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2" and its impairment loss allowance is measured at an amount equivalent to the expected credit loss of the financial instrument over its lifetime. The increase in or reversal of the impairment loss allowance is included in the profit and loss as impairment losses under expected credit loss model, net of reversal.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (2) Credit risk (continued)

##### *Expected credit loss (ECL) measurement (continued)*

- If the financial instrument is credit-impaired at first, the financial instrument is moved to “Stage 3” and its impairment loss allowance is measured at an amount equivalent to the expected credit loss of the financial instrument over its lifetime. The increase in or reversal of the impairment loss allowance thus formed is included in the profit and loss as impairment losses under expected credit loss model, net of reversal.

The criteria for the three-stage classification of ECL of the principal financial assets are as follows:

- Advances to customers: exposures with collateral coverage ratios less than 100% for more than 30 days, or when principles are more than 30 days past due, are considered to be credit impaired and classified as Stage 3; exposures with collateral coverage ratios less than 100% for less than 30 days, or when principles are less than or equal to 30 days past due, are considered to have experienced significant increase in risk and classified as Stage 2; for exposures that have not experienced the above situations are regarded as having no significant increase in credit risk and classified as Stage 1.
- Financial assets (pledged by stocks) held under resale agreements: based on the obligors’ credit quality, contract maturity dates, the information of collateral securities, which includes the sectors, liquidity discount factor, restrictions, concentration, volatility, operations of issuers and related information, the Group establishes different collateral coverage ratios (generally not less than 160%) as margin calls and force liquidation thresholds (collateral coverage ratios generally not less than 140%) against different exposures related to these transactions. Exposures with collateral coverage ratios below the pre-determined force liquidation thresholds for more than 30 days or those past due for more than 30 days are considered to be credit impaired and classified as Stage 3; exposures with collateral coverage ratios below the pre-determined force liquidation thresholds for less than 30 days or those past due for less than 30 days are considered to have experienced significant increase in credit risks and classified as Stage 2; for exposures that have not experienced the above situations are regarded as having no significant increase in credit risk and classified as Stage 1.
- For debt investment exposures, financial instruments with lower credit risk at the end of the reporting period, or financial instruments with no significant increase in credit risk after initial recognition will be classified in Stage 1; financial instruments whose credit risk has increased significantly since its initial recognition, even no credit loss has occurred, that is, there is no objective evidence of a credit loss event, will be classified in Stage 2; purchased or originated credit-impaired financial instruments, or those are not purchased or originated financial instruments but have been credit-impaired will be classified in Stage 3.

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (2) Credit risk (continued)

##### *Measuring ECL – inputs, assumptions and estimation techniques*

On the basis of credit rating of counterparties, credit assessment on borrowers and the quantitative management of collaterals, the Group fully considers the customer portfolio of each credit related transaction, the amount of a single debt, the term of borrowing, the margin maintenance ratio and the degree of collateral concentration, etc., and ensure the above factors are reflected in parameters such as the probability of default (“PD”), loss given default (“LGD”) and maturity of borrowers. Then stress tests and sensitivity analyses are performed as supplementary measurement for monitoring credit risks.

The Group uses expected credit loss model to measure the expected credit losses for applicable financial assets. Factors considered in the assessment using the expected credit loss model mainly includes asset categories, PD, LGD, exposures, exchange rates and adjustments factors, whether there are SICR and judgment on low risk assets, and the impairment loss allowance in respect of fixed-income financial assets is determined on the basis of the projected future cash inflows.

For credit business, based on the borrowers’ credit quality, contract maturity date, the information of related collateral securities, which including the sectors, liquidity discount factor, restrictions, concentration, volatility, prices, operations of issuers etc., the Group considers margin maintenance ratios to individually assess the loss ratios in order to measure the impairment loss allowance of high risk credit business.

PD will be adjusted in the light of macroeconomic environment and the specific situation of bonds, and determined after having incorporated forward-looking factors and adjustment factors of specific bonds. The forward looking adjustment factors are evaluated mainly based on analyzing the relationship between the default rate and the long-term average default rate under different economic environments (or macroeconomic factors) in China and other countries, and determined through forecasting economic environment; the adjustment factors in respect of bonds depend on different industries, specific bonds and risk mitigation measures, which will be adjusted based on different situations or changes.

LGD is estimated based on historical data and subject to a forward looking adjustment.

Corresponding loss rates for the Group’s credit business under the 3 stages were as follows:

Stage 1: According to the margin maintenance ratio, concentration and conditions of restrictions on trading, the loss rates on advances to customers range from 0.00% to 1.25% (2023: 0.00% to 1.25%), the loss rates on financial assets under resale agreements range from 0.00% to 3.78% (2023: 0.00% to 3.78%).

Stage 2 and Stage 3: Loss rate is determined based on the estimated future cash flows associated with the financial assets.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (2) Credit risk (continued)

##### *SICR*

The Group uses the following criteria to determine a significant increase in credit risks of debt securities investments.

The credit ratings of foreign bonds are lowered to a level below BBB- (not included), the credit rating of domestic bonds are lowered to a level below AA (not included), or the original debt ratings are below AA but have not yet been identified as there is a significant increase in credit risks, but there is an external rating downgrade.

Other events being identified as an indicator of a significant increase in credit risks include:

- The significant adverse changes in the industry or policies, geographical environment of issuers, or deterioration of the issuers' own business operations;
- The consolidated financial statements of issuers exhibit significant adverse changes in principal operations or financial indicators;
- The significant adverse changes (if any) in the effectiveness of credit enhancement measures;
- The issuers and the entities that provide credit enhancement are discredited by environmental protection or safety production bureau, or other important scenarios, or occurrence of any event that may affect debt repayment abilities; the entities provide credit enhancement are delinquent or refused to bear the liability arising from credit enhancement in other debts;
- Other significant important events identified by the Group.

In addition, in view of the financial assets under resale agreements, the Group considers that if collateral coverage ratio is lower than the forced liquidation thresholds or there is overdue interest, it indicates that its credit risk has significantly increased. While the Group would fully consider the financing entity's credit status, contract period, the industry of the collateral, liquidity, restriction on sales, concentration, volatility, performance protection and issuer's operation performance factors, and then establishes different warning lines and forced liquidation thresholds for different financing entities.

According to the Guidance on Impairment of Financial Instruments of Securities Companies issued by CSRC, criteria of low credit risks are as follows:

- International external rating of foreign bond investment is rated at BBB- or above;
- Domestic external rating of domestic bond investment is rated at AA or above.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (2) Credit risk (continued)

##### *Forward looking information*

The Company measures expected credit losses using reasonable and evidence-based forward-looking information that can be obtained without unnecessary additional cost or effort. Through the analysis of historical data, the Company identifies key economic indicators that affect the credit risk and expected credit losses of each asset portfolio, mainly including gross domestic product and money supply. The Company establishes a regression analysis model to determine the impact of such economic indicators on the default loss rates of different asset portfolios, and makes forward-looking adjustments to the expected credit losses of financing financial assets and bond investment business through the prediction of economic indicators.

On June 30, 2024, the Company updated the relevant economic indicators used in forward-looking measures based on the latest economic forecasts, taking into account current economic conditions and international developments. Similar to other economic forecasts, estimates of projected economic indicators and the likelihood of occurrence are inherently highly uncertain, so actual results may differ materially from projections. The Company believes that these projections represent the best estimate of the likely outcome.

The table below sets forth the Group's maximum credit risk exposure as at the end of the reporting period, without taking into account of the effect of collaterals or other credit enhancements:

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (2) Credit risk (continued)

##### a Maximum credit risk exposure

	As at	As at
	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Financial assets at FVTPL <sup>(i)</sup>	177,907,443	176,834,112
Derivative financial assets	9,678,019	6,679,137
Advances to customers	78,219,495	83,666,020
Financial assets held under resale agreements	35,628,151	49,776,194
Accounts and other receivables	8,420,203	8,915,076
Deposits with exchanges and non-bank financial institutions	10,745,752	12,947,109
Clearing settlement funds	26,033,807	37,691,722
Cash and bank balances	92,863,958	110,022,616
Debt instruments at amortized cost	484,430	691,493
Debt instruments at FVTOCI	69,338,028	70,798,037
Equity instruments at FVTOCI <sup>(ii)</sup>	831,998	921,579
Other non-current assets	129,141	133,772
Other current assets	313,164	305,441
<b>Maximum credit risk exposure</b>	<b>510,593,589</b>	<b>559,382,308</b>

- (i) Financial assets at fair value through profit or loss represent investments in debt securities, trust products, equity securities lent to customers and asset-backed securities.
- (ii) Equity instruments at fair value through other comprehensive income subjected to credit risk represent equity securities lent to customers.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (2) Credit risk (continued)

##### *b Risk concentration*

The Group's maximum credit risk exposure without taking account of any collaterals and other credit enhancements are categorized by geographical area as follows:

	As at June 30, 2024 (Unaudited)		
	Mainland China	Outside Mainland China	Total
Financial assets at FVTPL	172,813,688	5,093,755	177,907,443
Derivative financial assets	7,057,148	2,620,871	9,678,019
Advances to customers	75,215,911	3,003,584	78,219,495
Financial assets held under resale agreements	35,628,151	–	35,628,151
Accounts and other receivables	4,327,363	4,092,840	8,420,203
Deposits with exchanges and non-bank financial institutions	10,551,341	194,411	10,745,752
Clearing settlement funds	25,546,510	487,297	26,033,807
Cash and bank balances	80,889,938	11,974,020	92,863,958
Debt instruments at amortized cost	10,235	474,195	484,430
Debt instruments at FVTOCI	67,044,556	2,293,472	69,338,028
Equity instruments at FVTOCI	831,998	–	831,998
Other non-current assets	119,931	9,210	129,141
Other current assets	309,191	3,973	313,164
<b>Maximum credit risk exposure</b>	<b>480,345,961</b>	<b>30,247,628</b>	<b>510,593,589</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (2) Credit risk (continued)

##### b Risk concentration (continued)

	As at December 31, 2023 (Audited)		
	Mainland China	Outside Mainland China	Total
Financial assets at FVTPL	173,608,199	3,225,913	176,834,112
Derivative financial assets	4,316,942	2,362,195	6,679,137
Advances to customers	81,423,718	2,242,302	83,666,020
Financial assets held under resale agreements	49,776,194	–	49,776,194
Accounts and other receivables	5,023,529	3,891,547	8,915,076
Deposits with exchanges and non-bank financial institutions	12,760,549	186,560	12,947,109
Clearing settlement funds	37,172,295	519,427	37,691,722
Cash and bank balances	98,989,169	11,033,447	110,022,616
Debt instruments at amortized cost	20,394	671,099	691,493
Debt instruments at FVTOCI	69,208,144	1,589,893	70,798,037
Equity instruments at FVTOCI	921,579	–	921,579
Other non-current assets	133,772	–	133,772
Other current assets	305,441	–	305,441
<b>Maximum credit risk exposure</b>	<b>533,659,925</b>	<b>25,722,383</b>	<b>559,382,308</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (2) Credit risk (continued)

##### c Credit rating analysis of financial assets

The carrying amounts of debt securities at the end of the year are categorized by rating distribution as follows:

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Rating</b>		
Issuers in Mainland China		
– PRC sovereign bonds (i)	158,992,449	163,409,977
– AAA	102,336,646	88,505,875
– AA+	5,176,273	4,449,988
– AA	796,217	601,854
– AA–	3	2
– AA- below	1,533	1,533
– Non-rated	184,408	600,811
<b>Subtotal</b>	<b>267,487,529</b>	<b>257,570,040</b>
Issuers in Hong Kong and other regions (ii)		
– PRC sovereign bonds(i)	3,810	3,795
– A	4,592,076	3,895,366
– B	2,400,760	1,161,015
– Non-rated	144,539	–
<b>Subtotal</b>	<b>7,141,185</b>	<b>5,060,176</b>
<b>Total</b>	<b>274,628,714</b>	<b>262,630,216</b>

- (i) PRC sovereign bonds represent treasury bonds issued by the PRC government. AAA to AA- and below AA- rating represents rating on bonds (If there is no rating on bonds, then the rating on issuers will be used), among which AAA rating represents the highest rating. A-1 rating represents rating on short-term financing bonds. Non-rated means that bonds or corporates are not rated by any independent rating agency.
- (ii) Credit rating of bonds whose issuers are in Hong Kong and other regions were derived from the lowest of Moody, Stand & Poor's ("S&P") and Fitch, if any. Bonds which are not rated by the above agencies are classified as non-rated. Included in A rating are bonds rated Aaa~A3 by Moody, AAA~A- by S&P and AAA~A- by Fitch; B rating are bonds rated Baa1~B3 by Moody, BBB+~B- by S&P and BBB+~B- by Fitch; C rating are bonds rated Caa1~C by Moody, CCC+~C by S&P and CCC~C by Fitch; D rating are bonds rated D by S&P and D by Fitch.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (3) Liquidity risk

##### *a Origin and management of liquidity risk*

The Group's exposure to liquidity risk mainly arises from failure to obtain sufficient funds at reasonable costs and in a timely manner to repay due debts, perform other payment obligations and satisfy funding needs for normal business operation. If there is material and adverse changes in the operating condition of the Group in the future and the Group is not able to maintain their gearing ratio at a reasonable level, and the operations of the Group experiences unusual changes, the Group may not be able to repay the principal or interest of relevant debts in full when due.

In order to prevent liquidity risk, the Group has established high-quality current asset reserve and minimum excess reserve quota. The Group has formulated liquidity emergency management plans to retain minimum excess reserve in the funding plan. The Group has reserved treasury bonds, PBOC bills and other highly liquid assets which can be liquidated at any time under extreme circumstances for unexpected expenses. In addition, the Group has actively developed management for funding gaps. By using management tools of cash flow gap, sensitivity analysis and stress testing, the Group can identify potential risks as early as possible to arrange financing and adjust the pace of fund utilization for business purposes in advance to effectively manage the payment risk. The Group has also continuously expanded their financing channels and has a balanced distribution of debt maturities, so as to avoid the payment risk caused by single financing channel or servicing debts when due. Besides, the Group has established internal risk reporting system to promptly monitor the liquidity risk in the operation of each business and at each branch. Moreover, the Group takes measures to promote the safe, sound and sustainable operations of each business and each branch.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (3) Liquidity risk (continued)

##### b Undiscounted cash flows by contractual maturities

	At June 30, 2024 (Unaudited)							
	Carrying amount	On demand	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Total
<b>Non-derivative financial liabilities</b>								
Borrowings	7,849,326	-	5,754,025	19,931	989,379	1,267,133	-	8,030,468
Short-term debt instruments	43,441,208	-	8,767,483	18,823,475	16,082,362	-	-	43,673,320
Placements from banks and other financial institutions	13,597,400	2,817	8,794,941	967,373	3,883,739	-	-	13,648,870
Bonds payables	103,755,398	-	4,590,228	9,502,816	28,213,997	66,257,526	-	108,564,567
Financial assets sold under repurchase agreements	145,494,590	-	142,816,910	2,586,255	120,543	-	-	145,523,708
Financial liabilities at fair value through profit or loss	57,364,618	3,512,008	52,493,293	-	-	633	1,358,684	57,364,618
Accounts payables to brokerage clients	91,377,933	91,377,933	-	-	-	-	-	91,377,933
Other payables and accrued charges	36,450,832	36,450,832	-	-	-	-	-	36,450,832
Lease liabilities	1,182,224	-	42,413	49,333	238,254	723,157	225,152	1,278,309
<b>Subtotal</b>	<b>500,513,529</b>	<b>131,343,590</b>	<b>223,259,293</b>	<b>31,949,183</b>	<b>49,528,274</b>	<b>68,248,449</b>	<b>1,583,836</b>	<b>505,912,625</b>
Derivative financial liabilities - net settlement	6,788,813	2,859,353	379,458	767,672	1,492,901	1,289,429	-	6,788,813
<b>Total</b>	<b>507,302,342</b>	<b>134,202,943</b>	<b>223,638,751</b>	<b>32,716,855</b>	<b>51,021,175</b>	<b>69,537,878</b>	<b>1,583,836</b>	<b>512,701,438</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (3) Liquidity risk (continued)

##### b Undiscounted cash flows by contractual maturities (continued)

	At December 31, 2023 (Audited)							
	Carrying amount	On demand	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Total
<b>Non-derivative financial liabilities</b>								
Borrowings	8,090,451	-	5,294,497	229,902	985,482	1,827,167	-	8,337,048
Short-term debt instruments	57,025,735	-	6,414,575	22,657,287	28,390,504	-	-	57,462,366
Placements from banks and other financial institutions	27,061,392	-	18,994,682	2,382,366	5,822,138	-	-	27,199,186
Bonds payables	121,992,465	-	11,420,826	6,459,681	30,837,604	78,642,858	-	127,360,969
Financial assets sold under repurchase agreements	142,684,754	-	140,110,927	2,164,902	455,222	-	-	142,731,051
Financial liabilities at fair value through profit or loss	44,535,516	2,314,008	39,219,563	116,924	1,493,874	1,619	1,389,528	44,535,516
Accounts payables to brokerage clients	117,852,233	117,852,233	-	-	-	-	-	117,852,233
Other payables and accrued charges	39,457,323	38,808,671	182,252	92,000	374,400	-	-	39,457,323
Lease liabilities	1,255,518	-	44,236	26,556	277,944	726,007	289,047	1,363,790
<b>Subtotal</b>	<b>559,955,387</b>	<b>158,974,912</b>	<b>221,681,558</b>	<b>34,129,618</b>	<b>68,637,168</b>	<b>81,197,651</b>	<b>1,678,575</b>	<b>566,299,482</b>
Derivative financial liabilities - net settlement	6,938,983	2,814,840	311,180	1,349,904	1,914,271	548,737	51	6,938,983
<b>Total</b>	<b>566,894,370</b>	<b>161,789,752</b>	<b>221,992,738</b>	<b>35,479,522</b>	<b>70,551,439</b>	<b>81,746,388</b>	<b>1,678,626</b>	<b>573,238,465</b>

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (4) Market risk

##### *a Origin and management of market risk*

Market risks of the Group refer to the risks of loss resulting from adverse changes in the market. Securities portfolio held by the Group are derived from the proprietary investments, market-making business and other investment activities. Movements in securities holding primarily arise from the relevant strategies of proprietary investments and needs of market-making. The securities of the Group are measured at fair values which fluctuates daily according to the market factors and change in the portfolios of the securities. Market risks of the Group primarily include: (i) equity price risk, which represents the exposures arise from fluctuation in the spot price, future price and volatility of indices such as stocks, equity portfolio, stock index futures; (ii) interest rate risk, which primarily represents the exposures arise from movements in the yield curve of fixed income investment, fluctuation in interest rates and credit spreads; and (iii) commodity risk, which represents exposures arise from changes in the spot price, future price, forward price and the relevant volatility; and (iv) exchange rate risk, which represents the exposures arise from changes in the spot rate, future rate and volatility of foreign currency exchange rates.

The Group collectively allocates economic capital in accordance with the risk preference and risk tolerance indicators set by the directors of the Group. By considering the risks associated with each type of investments and their interrelationship, the Group allocates the overall risk limits to different business departments/business lines. The front-office business departments are responsible for market risk management at the frontiers. The person in-charge and investment manager shall utilize their extensive experience and in-depth knowledge of the markets and products to conduct risk management in trading transactions within their authorities and dynamically manages risk exposures to the securities held in open position by taking initiative measures to mitigate or hedging these risks. Risk Management Department is independent from other business departments and reports to Chief Risk Officer. By applying professional risk management tools and methods, Risk Management Department aims to independently monitor, measure and manage market risk at different levels, including investment strategies, business units/lines and the entire Group. Reports of evaluation and risk analysis are generated and delivered to the responsible officers of the business departments/business lines and management of the Group on a daily, monthly or quarterly basis to facilitate decision making. When risk level is approaching or exceeds the threshold values, Risk Management Department will warn against relevant management officers promptly, and the respective business departments/business lines will implement measures according to the resolutions of the relevant committees. Risk Management Department also communicates directly with the business unit/line team on an ongoing basis to discuss the latest market conditions, current risk exposures, and possible extreme stress scenarios.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (4) Market risk (continued)

##### *b* Price risk

##### **Value at Risk ("VaR")**

The Group adopts Value at Risk ("VaR") as the risk evaluation tool for measuring the market risk of the entire securities investment portfolio which comprises various financial instruments. VaR analysis is a statistical technique that estimates the potential maximum losses that could occur on risk positions due to movements in stock prices over a specified time period and at a given level of confidence.

The analysis of the Group's VaR (confidence level of 95% and a holding period of one trading day) by types of risks is as follows:

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
Market risk of equity price	101,923	62,876
Market risk of interest rate	87,605	99,577
Market risk of commodity price	12,196	7,152
Market risk of foreign exchange	1,312	452
<b>Total portfolio</b>	<b>145,007</b>	<b>126,230</b>

##### *c* Interest rate risk

Interest rate risk is the risk of loss of fair value of financial instruments due to adverse changes in market interest rates. The main source of the Group's interest rate risk is that the risk of changes in the fair value of various financial instruments with interest rate sensitivity held due to adverse changes in market interest rates.

The tables below summarize the Group's interest-bearing financial assets and liabilities as at year end and by their remaining terms to repricing or contractual maturity date, whichever is earlier. Other financial assets and liabilities not included below are not exposed to significant interest rate risk.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (4) Market risk (continued)

##### c Interest rate risk (continued)

	At June 30, 2024 (Unaudited)						
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest bearing	Total
<b>Financial assets</b>							
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	32,826,536	32,826,536
Debt instruments at fair value through other comprehensive income	492,634	706,765	4,522,691	48,825,334	14,790,604	-	69,338,028
Financial assets at fair value through profit or loss	2,386,933	2,067,246	27,772,195	105,219,585	39,156,934	80,581,006	257,183,899
Derivative financial assets	-	1,075	46,202	-	-	9,630,742	9,678,019
Advances to customers	9,007,488	17,775,484	51,436,523	-	-	-	78,219,495
Financial assets held under resale agreements	20,639,704	3,398,331	10,474,788	1,115,328	-	-	35,628,151
Debt instruments at amortized cost	106,444	10,234	367,752	-	-	-	484,430
Accounts and other receivables	-	-	4,101	-	-	8,416,102	8,420,203
Other non-current assets	-	-	-	17,239	23,627	88,276	129,142
Deposits with exchanges and non-bank financial institutions	3,410,735	-	-	-	-	7,335,017	10,745,752
Clearing settlement funds	26,032,267	-	-	-	-	1,540	26,033,807
Cash and bank balances	89,066,410	3,756,028	41,520	-	-	-	92,863,958
<b>Subtotal</b>	<b>151,142,615</b>	<b>27,715,163</b>	<b>94,665,772</b>	<b>155,177,486</b>	<b>53,971,165</b>	<b>138,879,219</b>	<b>621,551,420</b>
<b>Financial liabilities</b>							
Borrowings	5,732,735	-	914,112	1,202,479	-	-	7,849,326
Short-term debt instruments	8,667,304	18,657,620	15,592,264	-	-	524,020	43,441,208
Placements from banks and other financial institutions	8,866,263	950,437	3,780,700	-	-	-	13,597,400
Bonds payables	4,011,030	8,563,399	25,553,610	61,804,050	-	3,823,309	103,755,398
Financial assets sold under repurchase agreements	142,819,888	2,555,753	118,949	-	-	-	145,494,590
Derivative financial liabilities	1,001	-	311	-	-	6,787,501	6,788,813
Financial liabilities at fair value through profit or loss	52,493,293	-	-	-	-	4,871,325	57,364,618
Accounts payables to brokerage clients	73,576,579	-	-	-	-	17,801,354	91,377,933
Other payables and accrued charges	-	-	-	-	-	36,450,832	36,450,832
Lease liabilities	36,969	44,216	219,230	650,308	231,501	-	1,182,224
<b>Subtotal</b>	<b>296,205,062</b>	<b>30,771,425</b>	<b>46,179,176</b>	<b>63,656,837</b>	<b>231,501</b>	<b>70,258,341</b>	<b>507,302,342</b>
<b>Net position</b>	<b>(145,062,447)</b>	<b>(3,056,262)</b>	<b>48,486,596</b>	<b>91,520,649</b>	<b>53,739,664</b>	<b>68,620,878</b>	<b>114,249,078</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (4) Market risk (continued)

##### c Interest rate risk (continued)

	At December 31, 2023 (Audited)						
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest bearing	Total
<b>Financial assets</b>							
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	17,697,437	17,697,437
Debt instruments at fair value through other comprehensive income	426,248	969,559	6,301,155	54,294,832	8,806,243	-	70,798,037
Financial assets at fair value through profit or loss	3,055,777	3,159,071	29,220,869	98,317,640	40,839,407	104,144,953	278,737,717
Derivative financial assets	275	15,243	418	-	-	6,663,201	6,679,137
Advances to customers	9,460,552	18,113,005	56,092,463	-	-	-	83,666,020
Financial assets held under resale agreements	33,495,354	1,611,331	13,390,709	1,278,800	-	-	49,776,194
Debt instruments at amortized cost	105,954	171,726	413,813	-	-	-	691,493
Accounts and other receivables	-	-	-	-	-	8,936,078	8,936,078
Other non-current assets	-	-	-	17,239	23,627	92,906	133,772
Deposits with exchanges and non-bank financial institutions	7,921,645	-	-	-	-	5,025,464	12,947,109
Clearing settlement funds	37,691,264	-	-	-	-	458	37,691,722
Cash and bank balances	106,621,279	2,865,757	535,580	-	-	-	110,022,616
<b>Subtotal</b>	<b>198,778,348</b>	<b>26,905,692</b>	<b>105,955,007</b>	<b>153,908,511</b>	<b>49,669,277</b>	<b>142,560,497</b>	<b>677,777,332</b>
<b>Financial liabilities</b>							
Borrowings	7,889,545	200,906	-	-	-	-	8,090,451
Short-term debt instruments	6,405,527	22,529,344	27,634,000	-	-	456,864	57,025,735
Placements from banks and other financial institutions	18,991,562	2,374,687	5,695,143	-	-	-	27,061,392
Bonds payables	11,211,594	6,364,509	28,239,068	73,623,551	-	2,553,743	121,992,465
Financial assets sold under repurchase agreements	140,087,698	2,146,362	450,694	-	-	-	142,684,754
Derivative financial liabilities	-	5,705	-	-	-	6,933,278	6,938,983
Financial liabilities at fair value through profit or loss	39,184,029	-	-	-	-	5,351,487	44,535,516
Accounts payables to brokerage clients	98,646,885	-	-	-	-	19,205,348	117,852,233
Other payables and accrued charges	146,000	92,000	374,400	-	-	38,844,923	39,457,323
Lease liabilities	43,902	26,334	274,218	674,364	236,700	-	1,255,518
<b>Subtotal</b>	<b>322,606,742</b>	<b>33,739,847</b>	<b>62,667,523</b>	<b>74,297,915</b>	<b>236,700</b>	<b>73,345,643</b>	<b>566,894,370</b>
<b>Net position</b>	<b>(123,828,394)</b>	<b>(6,834,155)</b>	<b>43,287,484</b>	<b>79,610,596</b>	<b>49,432,577</b>	<b>69,214,854</b>	<b>110,882,962</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (4) Market risk (continued)

##### c Interest rate risk (continued)

#### Sensitivity analysis

The Group conducts sensitivity analysis on interest rates to measure the impact of a reasonably possible change in interest rates on the Group's profit and equity, assuming all other variables were held constant. Assuming a parallel change in market interest rate and without taking into account of any possible risk management activities that may be taken by the management to reduce interest rate risks, the Group's interest rate sensitivity analysis is as follows:

#### Sensitivity to profit

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Change in basis points</b>		
Increase by 100bps	(2,539,536)	(3,474,937)
Decrease by 100bps	2,519,120	3,559,605

#### Sensitivity to equity

	As at June 30, 2024	As at December 31, 2023
	(Unaudited)	(Audited)
<b>Change in basis points</b>		
Increase by 100bps	(4,947,762)	(5,400,396)
Decrease by 100bps	5,090,094	5,587,608

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 55 FINANCIAL RISK MANAGEMENT (continued)

#### (4) Market risk (continued)

##### d Foreign currency rate risk

Foreign exchange rate risk represents the adverse changes in the financial position and cash flows of the Group due to changes in foreign exchange rates. The Group conducts sensitivity analysis on foreign exchange rates to measure its foreign exchange rate risks. The table below indicates the sensitivity analysis on exchange rate changes in currencies that the Group has significant exposure, which calculates the impacts to equity arising from a reasonably possible change in the exchange rate of a foreign currency against Renminbi, assuming all other variables were held constant. A negative amount reflects a potential decrease in equity, and a positive amount reflects a potential increase in equity.

##### Sensitivity analysis of exchange rate

	As at June 30, 2024 (Unaudited)	As at December 31, 2023 (Audited)
<b>Change in exchange rate</b>		
Depreciation of USD by 3%	(37,530)	(24,180)
Depreciation of HKD by 3%	(142,679)	(52,670)

The table above indicates the impacts on the equity of a depreciation of 3% in USD and HKD against Renminbi. There will be an opposite impact with the same amount as shown in the above table if the above exchange rates appreciate by the same percentage. For the exchange rate risk of foreign currency investment, the entity has set the exchange rate exposure limits and other limits for the net foreign currency investment. The entity manages the exposures through hedging tools such as foreign currency lending and foreign exchange forward swaps, and controls the maturity mismatch, therefore the overall exchange rate risk is low.

#### (5) Operational risk

The Group's operational risks arise from imperfect or problematic internal processes, people and systems or external events. The operational risk factors of the Group are summarized into seven categories, including: internal fraud, external fraud, employee policies and workplace safety, clients, products and business activities, physical property damage, business interruption and IT system failures, execution, settlement and process management.

The Group emphasize balance of business scale, profitability and risk tolerance level, adhering to carrying out various operations with prudence, and will not sacrifice operational risk management and controls. During the current interim period, the Group continued to strengthen operational risk management, and had improved a sound operational risk management system gradually, which was commensurate with the business nature, scale and complexity of the Group. Three management tools, namely, self-assessment of operational risk control, operational risk key risk indicators and operational risk event had been used to effectively enhance the depth and breadth of operational risk management through various special sorting and investigations for industry hotspot events and frequent risk-prone areas.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

#### **(1) Fair value of the financial assets and financial liabilities that are not measured on a recurring basis**

The fair value of financial assets and financial liabilities not measured at fair value on a recurring basis is estimated using discounted cash flow method.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities not measured at fair value on a recurring basis (including financial liabilities included in the condensed consolidated statement of financial position of the Group at amortized cost) approximate their fair values as at June 30, 2024 and December 31, 2023.

#### **(2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis**

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

Since the Level 2 and Level 3 of financial assets and liabilities are not quoted in an active market, valuation techniques are used to estimate the fair value. When estimating fair value using valuation techniques, observable inputs and data from the practical market (e.g. yield curve of interest rate products, foreign currency exchange rate, implied volatility, etc.) are adopted. If the observable inputs in the market are not available, the observable input data that are calibrated as closely as possible to the market observable data are used for estimating the fair value. Meanwhile, the credit risk, volatility, correlation, etc. of the Group and the counterparties are estimated by the management. Changes in these factors will affect the estimated fair value of the financial instruments, therefore there were uncertainty of accounting estimation on carrying balances of the Level 2 and Level 3 of financial assets and liabilities.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

The fair value hierarchy, valuation techniques and input used in the fair value measurements of financial instruments are as set out below:

Financial assets/financial liabilities	Fair value as at June 30, 2024 (Unaudited)	Fair value as at December 31, 2023 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
<b>1) Financial assets at fair value through profit or loss</b>						
<b>Debt securities</b>						
- Traded on stock exchanges	2,019,987	2,669,900	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Traded on stock exchange or interbank market	174,582,905	171,922,864	Level 2	Discounted cash flow method. Estimated cash flows discounted at observable yield curve reflecting credit risk of counterparties.	N/A	N/A
- Bonds with no active market	146,043	471,664	Level 3	Discounted cash flow method. Estimated cash flows discounted at unobservable yield curve reflecting credit risk of counterparties.	Estimated future cash flows. Discount rates that reflect the risks of counterparties.	The higher the estimated future cash flows, the higher the fair value. The lower the discount rate, the higher the fair value.
<b>Equity investments</b>						
- Traded on stock exchanges	21,666,886	36,088,560	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Traded on stock exchanges (inactive)	1,122	30,675	Level 2	Quoted closing prices for stocks suspended for trading adjusted by fair value changes of similar securities.	N/A	N/A
- Traded on stock exchanges (restricted)	598,206	852,037	Level 3	Market prices adjusted by option pricing model for liquidity.	Liquidity discount.	The higher the discount, the lower the fair value.
- Traded on National Equities Exchange and Quotations	13,425	159,843	Level 2	Bid prices quoted by market dealers.	N/A	N/A
- Traded on National Equities Exchange and Quotations	160,215	16,863	Level 2	Bid prices or negotiated prices.	N/A	N/A

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at June 30, 2024	Fair value as at December 31, 2023	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	(Unaudited)	(Audited)				
<b>1) Financial assets at fair value through profit or loss (Continued)</b>						
– Unlisted Equity	2,077,547	271,041	Level 2	Latest observable transaction prices.	N/A	N/A
– Unlisted Equity	81,895	82,321	Level 3	Net asset value based on the fair value of the underlying investments.	The fair value of underlying assets.	The higher the underlying assets valuation, the higher the fair value.
– Unlisted Equity	580,147	2,622,562	Level 3	Comparable companies valuation, adjusted by liquidity discount.	Valuation multiples e.g. P/E or P/B./Liquidity discount.	The higher the valuation multiples, the higher the fair value. The higher the discount, the lower the fair value.
– Unlisted Equity	432,251	358,835	Level 3	Discounted cash flow method. Estimated cash flows discounted at unobservable yield curve reflecting credit risk of counterparties.	Estimated future cash flows. Discount rates that reflect the risks of counterparties.	The higher the estimated future cash flows, the higher the fair value. The lower the discount rate, the higher the fair value.
– Unlisted Equity	292,220	292,220	Level 3	Latest transaction price adjusted by option pricing model for liquidity.	Latest transactions prices adjusted by differences in rights of equity interest holders using derivatives models. Historical volatilities.	The higher the historical volatilities, the higher the fair value
<b>Funds</b>						
– Traded on stock exchanges	4,992,629	11,782,397	Level 1	Quoted closing prices in an active market.	N/A	N/A
– Traded on over-the-counter market	33,424,067	29,880,345	Level 2	Based on the net asset values of the investment, determined with reference to observable (quoted) prices of underlying investment portfolio.	N/A	N/A

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at June 30, 2024	Fair value as at December 31, 2023	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	(Unaudited)	(Audited)				
<b>1) Financial assets at fair value through profit or loss (continued)</b>						
<b>Other investments</b>						
- Wealth management and trust products and others	-	101,896	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Wealth management and trust products and others	8,511,301	12,984,508	Level 2	Based on the net asset values of the investment, determined with reference to observable (quoted) prices of underlying investment portfolio.	N/A	N/A
- Wealth management and trust products and others	465,319	740,532	Level 2	Discounted cash flow method. Estimated cash flows discounted at an observable yield curve reflecting credit risk of counterparties.	N/A	N/A
- Wealth management and trust products and others	7,278	110,770	Level 3	Discounted cash flow method. Estimated cash flows discounted at an unobservable yield curve reflecting credit risk of counterparties.	Estimated future cash flows. Discount rates that reflect the risks of counterparties.	The higher the estimated future cash flows, the higher the fair value. The lower the discount rate, the higher the fair value.
- Partnership enterprise	7,130,456	7,297,884	Level 3	Comparable companies valuation, adjusted by liquidity discount.	Valuation multiples e.g. P/E or P/B./Liquidity discount.	The higher the valuation multiples, the higher the fair value. The higher the discount, the lower the fair value.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at June 30, 2024	Fair value as at December 31, 2023	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	(Unaudited)	(Audited)				
<b>2) Debt instruments at fair value through other comprehensive income</b>						
<b>Bonds</b>						
– Traded on stock exchanges	–	280,522	Level 1	Quoted closing prices in an active market.	N/A	N/A
– Traded on stock exchange or interbank market	69,338,028	70,517,515	Level 2	Discounted cash flow method. Estimated cash flows discounted at observable yield curve reflecting credit risk of counterparties.	N/A	N/A
<b>3) Equity instruments at fair value through other comprehensive income</b>						
<b>Equity investments</b>						
– Traded on stock exchanges	4,701,175	1,617,654	Level 1	Quoted closing prices in an active market.	N/A	N/A
– Traded on stock exchanges (inactive)	2,577	1,417	Level 2	Quoted closing prices for stocks suspended for trading adjusted by fair value changes of similar securities.	N/A	N/A
– Traded on National Equities Exchange and Quotations	563	–	Level 2	Bid prices or negotiated prices.	N/A	N/A
– Traded on stock exchanges	63,500	–	Level 1	Quoted closing prices in an active market.	N/A	N/A
– Others	1,400	2,107	Level 2	Latest observable transaction prices.	N/A	N/A
– Traded on stock exchange or interbank market	28,057,321	16,076,259	Level 2	Discounted cash flow method. Estimated cash flows discounted at observable yield curve reflecting credit risk of counterparties.	N/A	N/A

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at June 30, 2024 (Unaudited)	Fair value as at December 31, 2023 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
<b>4) Derivative financial instruments</b>						
- Interest rate swap – assets	47,278	15,936	Level 2	Discounted cash flows with future cash flows that are estimated based on contractual terms, discounted at a rate that reflects the credit risk.	N/A	N/A
- Interest rate swap – liabilities	5,871	14,927	Level 2	Discounted cash flows with future cash flows that are estimated based on contractual terms, discounted at a rate that reflects the credit risk.	N/A	N/A
- Bond futures – assets	1,180	3,983	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Bond futures – liabilities	1,306	13,627	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Equity return swaps – assets	3,887,771	3,771,632	Level 2	Calculated based on the difference between the equity return of underlying securities and the fixed income agreed in the swap agreements.	N/A	N/A
- Equity return swaps – liabilities	3,377,055	4,180,517	Level 2	Calculated based on the difference between the equity return of underlying securities and the fixed income agreed in the swap agreements.	N/A	N/A
- Stock index futures – assets	4,394	8,789	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Stock index futures – liabilities	8,839	118,173	Level 1	Quoted closing prices in an active market.	N/A	N/A

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at June 30, 2024 (Unaudited)	Fair value as at December 31, 2023 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
<b>4) Derivative financial instruments (continued)</b>						
- Stock index futures - assets	61,666	-	Level 2	Calculated based on the difference between the underlying commodity market price and the reference price agreed by counterparties.	N/A	N/A
- Stock index futures - liabilities	355,879	-	Level 2	Calculated based on the difference between the underlying commodity market price and the reference price agreed by counterparties.	N/A	N/A
- Options - assets	717,532	299,665	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Options - liabilities	1,042,353	648,397	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Over-the-counter option - assets	23,665	50,959	Level 2	Option pricing model. Key inputs mainly include the underlying price, the strike price and time to expiry.	N/A	N/A
- Over-the-counter option - liabilities	408,484	18,004	Level 2	Option pricing model. Key inputs mainly include the underlying price, the strike price and time to expiry.	N/A	N/A
- Over-the-counter option - assets	4,564,303	1,666,384	Level 3	Option pricing model.	Historical volatility of the share prices of the securities.	The higher the historical volatility, the higher the fair value.
- Over-the-counter option - liabilities	1,376,063	971,163	Level 3	Option pricing model.	Historical volatility of the share prices of the securities.	The higher the historical volatility, the higher the fair value.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at June 30, 2024 (Unaudited)	Fair value as at December 31, 2023 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
<b>4) Derivative financial instruments (continued)</b>						
- Foreign exchange contracts - assets	36,211	47,280	Level 2	Discounted cash flows. Future cash flows are estimated based on forward and contractual interest rates, discounted at rates that reflects the credit risk.	N/A	N/A
- Foreign exchange contracts - liabilities	88,941	5,944	Level 2	Discounted cash flows. Future cash flows are estimated based on forward and contractual interest rates, discounted at rates that reflects the credit risk.	N/A	N/A
- Currency futures - assets	511	27	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Currency futures - liabilities	82	272	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Currency futures - assets	-	7,753	Level 2	Calculated based on the difference between the underlying commodity market price and the reference price agreed by counterparties.	N/A	N/A
- Currency futures - liabilities	-	14,331	Level 2	Calculated based on the difference between the underlying commodity market price and the reference price agreed by counterparties.	N/A	N/A

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at June 30, 2024	Fair value as at December 31, 2023	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	(Unaudited)	(Audited)				
<b>4) Derivative financial instruments (continued)</b>						
- Credit default swap – liabilities	-	430	Level 2	Discounted cash flows. Future cash flows are estimated based on forward and contractual interest rates, discounted at rates that reflects the credit risk.	N/A	N/A
- Credit default swap – assets	-	1,556	Level 3	Discounted cash flows with future cash flows that are estimated based on the difference of agreed return and expected market return.	The agreed return rate.	The higher the agreed return rate, the higher the fair value.
- Credit default swap – liabilities	50	4,417	Level 3	Discounted cash flows with future cash flows that are estimated based on the difference of agreed return and expected market return.	The agreed return rate.	The higher the agreed return rate, the higher the fair value.
- Commodity futures – assets	16,466	369,366	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Commodity futures – liabilities	27,411	509,041	Level 1	Quoted closing prices in an active market.	N/A	N/A

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at June 30, 2024	Fair value as at December 31, 2023	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	(Unaudited)	(Audited)				
<b>4) Derivative financial instruments (continued)</b>						
- Commodity swap – assets	317,042	426,837	Level 2	Calculated based on the difference between the underlying commodity market price and the reference price agreed by counterparties.	N/A	N/A
- Commodity swap – liabilities	96,276	439,417	Level 2	Calculated based on the difference between the underlying commodity market price and the reference price agreed by counterparties.	N/A	N/A
- Commodity forward contracts – assets	-	8,949	Level 2	Calculated based on the difference between the underlying commodity market price and the reference price agreed by counterparties.	N/A	N/A
- Commodity forward contracts – liabilities	-	323	Level 2	Calculated based on the difference between the underlying commodity market price and the reference price agreed by counterparties.	N/A	N/A
- Bond forward contracts – assets	-	21	Level 3	Discounted cash flows with future cash flows that are calculated based on the difference between quoted closing price and the reference price agreed by counterparties.	The settlement price agreed in the agreements.	The higher the settlement price, the higher the fair value.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at June 30, 2024 (Unaudited)	Fair value as at December 31, 2023 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
<b>4) Derivative financial instruments (continued)</b>						
- Bond forward contracts - liabilities	203	-	Level 3	Discounted cash flows with future cash flows that are calculated based on the difference between quoted closing price and the reference price agreed by counterparties.	The settlement price agreed in the agreements.	The higher the settlement price, the higher the fair value.
<b>5) Financial liabilities at fair value through profit or loss</b>						
- Structured entities	1,419,618	1,464,805	Level 2	Based on the net asset values of the investment, determined with reference to observable (quoted) prices of underlying investment portfolio.	N/A	N/A
- Equity securities	1,579,665	1,798,215	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Debt securities	52,493,293	39,184,029	Level 2	Discounted cash flow method. Estimated cash flows discounted at observable yield curve reflecting credit risk of counterparties.	N/A	N/A
- Structured notes	1,423,092	1,641,628	Level 2	Based on the net asset values of the investment, determined with reference to observable (quoted) prices of underlying investment portfolio.	N/A	N/A

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at June 30, 2024	Fair value as at December 31, 2023	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	(Unaudited)	(Audited)				
<b>5) Financial liabilities at fair value through profit or loss (continued)</b>						
- Income right	64,736	66,117	Level 3	Net asset value based on the fair value of the underlying investments.	The fair value of underlying assets.	The higher the underlying assets valuation, the higher the fair value.
- Others	224,360	216,320	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Others	159,854	164,402	Level 2	Calculated based on the difference between the equity return of underlying securities and the fixed income agreed in the swap agreements.	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.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Analysis of financial instruments, measured at fair value at the end of the current interim period and at December 31, 2023, by level in the fair value hierarchy into which the fair value measurement is categorized as follows:

	As at June 30, 2024 (Unaudited)			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	28,679,502	219,235,901	9,268,496	257,183,899
– Debt securities	2,019,987	174,582,905	146,043	176,748,935
– Equity investments	21,666,886	2,252,309	1,984,719	25,903,914
– Funds	4,992,629	33,424,067	–	38,416,696
– Others	–	8,976,620	7,137,734	16,114,354
Derivative financial assets	740,083	4,373,633	4,564,303	9,678,019
Debt instruments at fair value through other comprehensive income	–	69,338,028	–	69,338,028
Equity instruments at fair value through other comprehensive income	4,764,675	28,061,861	–	32,826,536
<b>Subtotal</b>	<b>34,184,260</b>	<b>321,009,423</b>	<b>13,832,799</b>	<b>369,026,482</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	1,804,025	55,495,857	64,736	57,364,618
Derivative financial liabilities	1,079,991	4,332,506	1,376,316	6,788,813
<b>Subtotal</b>	<b>2,884,016</b>	<b>59,828,363</b>	<b>1,441,052</b>	<b>64,153,431</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

	As at December 31, 2023 (Audited)			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	50,642,753	216,006,671	12,088,293	278,737,717
– Debt securities	2,669,900	171,922,864	471,664	175,064,428
– Equity investments	36,088,560	478,422	4,207,975	40,774,957
– Funds	11,782,397	29,880,345	–	41,662,742
– Others	101,896	13,725,040	7,408,654	21,235,590
Derivative financial assets	681,830	4,329,346	1,667,961	6,679,137
Debt instruments at fair value through other comprehensive income	280,522	70,517,515	–	70,798,037
Equity instruments at fair value through other comprehensive income	1,617,654	16,079,783	–	17,697,437
<b>Subtotal</b>	<b>53,222,759</b>	<b>306,933,315</b>	<b>13,756,254</b>	<b>373,912,328</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	2,014,535	42,454,864	66,117	44,535,516
Derivative financial liabilities	1,289,510	4,673,893	975,580	6,938,983
<b>Subtotal</b>	<b>3,304,045</b>	<b>47,128,757</b>	<b>1,041,697</b>	<b>51,474,499</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

##### Reconciliation of Level 3 fair value measurements:

	Financial assets	Financial liabilities
	(Unaudited)	(Unaudited)
As at January 1, 2024	13,756,254	1,041,697
Gain or losses for the period	2,736,219	614,372
Additions	150,996	289,095
Sales and settlements	(651,689)	(504,112)
Transfers into Level 3	225,595	–
Transfers out Level 3	(2,384,576)	–
As at June 30, 2024	13,832,799	1,441,052
<b>Total gains or losses for the period included in profit or loss for assets/liabilities held at the end of the reporting period</b>	<b>2,826,424</b>	<b>554,910</b>

	Financial assets	Financial liabilities
	(Audited)	(Audited)
As at January 1, 2023	12,595,193	465,932
Gain or losses for the year	1,863,033	227,606
Additions	1,728,483	588,865
Sales and settlements	(2,094,686)	(249,284)
Transfers into Level 3	2,109,435	8,578
Transfers out Level 3	(2,445,204)	–
As at December 31, 2023	13,756,254	1,041,697
<b>Total gains or losses for the year included in profit or loss for assets/liabilities held at the end of the reporting period</b>	<b>2,014,762</b>	<b>229,831</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

##### *Reconciliation of Level 3 fair value measurements: (continued)*

For the fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis, the Group reassesses the hierarchy category at the end of each reporting period, based on the lowest level input that has a significant impact on the overall fair value measurement, to determine whether there are any transfers between different levels. In both the first half year of 2024 and the year of 2023, the Group had equity investments that were transferred from Level 3 to Level 1, because the trading restrictions on these investments had been lifted and their fair values were determined based on quoted closing prices in an active market without any liquidity discounts. In addition, in the year of 2023, there were also some equity investments that were transferred between Level 3 and Level 2. The reason for transfers from Level 3 to Level 2 was that the valuation technique based on significant unobservable inputs used for these investments had changed to valuation technique based on the most recent market transaction prices, and vice versa for transfers from Level 2 to Level 3.

### 57 EVENTS AFTER THE REPORTING PERIOD

#### (1) Bond issue

On July 1, 2024, the Company issued the second tranche of corporate bonds to professional investors. Type I is named as "24 China Merchants Securities G2", the aggregate principal amount of which is RMB1 billion, its duration is 3 years, and the interest rate is 2.15% per annum. Type II is named as "24 China Merchants Securities G3", the aggregate principal amount of which is RMB6 billion, its duration is 4 years, and the interest rate is 2.25% per annum.

On July 11, 2024, the Company issued the eighth tranche of short-term corporate bonds to professional investors. Type I is named as "24 China Merchants Securities S15", the aggregate principal amount of which is RMB1 billion, its duration is 224 days, and the interest rate is 1.95% per annum. Type II is named as "24 China Merchants Securities S16", the aggregate principal amount of which is RMB1 billion, its duration is 253 days, and the interest rate is 1.96% per annum.

On August 7, 2024, the Company issued the ninth tranche of short-term corporate bonds to professional investors. Type I is named as "24 China Merchants Securities S17", the aggregate principal amount of which is RMB1 billion, its duration is 134 days, and the interest rate is 1.79% per annum. Type II is named as "24 China Merchants Securities S18", the aggregate principal amount of which is RMB2 billion, its duration is 225 days, and the interest rate is 1.85% per annum.

On August 8, 2024, the Company issued the fourth tranche of subordinated corporate bonds to professional investors. Type II is named as "24 China Merchants Securities C8", the aggregate principal amount of which is RMB3 billion, its duration is 5 years, and the interest rate is 2.12% per annum. Type I is not issued.

Except for the above disclosures, no material events occurred during the period from June 30, 2024 to the date of this report have to be disclosed.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 57 EVENTS AFTER THE REPORTING PERIOD (continued)

#### (2) Profit distribution

The Group's 2023 Annual General Meeting authorized the Board of Directors to determine the interim profit distribution for the period ended 30 June 2024, not exceeding RMB880 million. Following the approval at the 8th meeting of the 8th Board of Directors on August 30, 2024, the Company proposed a cash dividend of RMB1.01 (inclusive of tax) per 10 shares to all shareholders based on total capital of 8,696,526,806 shares as the interim profit distribution for the period ended 30 June 2024, amounting to a total profit distribution of RMB878,349.21 thousand.

### 58 CAPITAL COMMITMENTS AND CONTINGENCIES

As of June 30, 2024, the Group had capital commitments of USD30,000 thousand that were contracted but not provided for, mainly representing the investment commitments of the Group.

As of June 30, 2024, the Group did not have any significant contingencies.

## Chapter 10: Information Disclosure of a Securities Company

### I. Relevant Information on the Major Administrative Approvals of the Company

No.	Issuing authority	Title	Document No.	Date of announcement
1	CSRC	Approval for the Registration of Corporate Bonds Publicly Issued by China Merchants Securities Co., Ltd. to Professional Investors (關於同意招商證券股份有限公司向專業投資者公開發行公司債券註冊的批覆)	Zheng Jian Xu Ke [2024] No. 923 (證監許可[2024]923號)	June 14, 2024