



中国银河证券股份有限公司

CHINA GALAXY SECURITIES CO., LTD.

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

Stock Code: 06881



ANNUAL REPORT
2021

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DEFINITIONS

“A Share(s)”	domestic shares in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) listed on the SSE, subscribed for and traded in Renminbi
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“Board” or “Board of Directors”	the board of Directors of the Company
“BSE”	the Beijing Stock Exchange
“CG Code”	Corporate Governance Code set out in Appendix 14 to the Stock Exchange Listing Rules
“Company”, “we” or “us”	China Galaxy Securities Co., Ltd.(中國銀河證券股份有限公司), a joint stock limited company incorporated in the PRC on 26 January 2007, whose H Shares are listed on the Hong Kong Stock Exchange (Stock Code: 06881), the A Shares of which are listed on the SSE (Stock Code: 601881)
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	the China Securities Regulatory Commission(中國證券監督管理委員會)
“CSRC Beijing Bureau”	China Securities Regulatory Commission Beijing Bureau
“Directors”	the directors of the Company
“End of the Reporting Period”	31 December 2021
“ETF”	exchange-traded funds
“FICC”	fixed income, foreign currencies and commodities
“FOF”	fund of funds, a fund with funds as investment objectives
“Futures IB Business”	the business activities in which securities firms, as commissioned by futures companies, introduce clients to futures companies to provide futures brokerage and other related services
“Galaxy Capital”	Galaxy Capital Management Company Limited(銀河創新資本管理有限公司), owned as to 100% by the Company, a wholly-owned subsidiary of the Company
“Galaxy Financial Holdings”	China Galaxy Financial Holdings Limited(中國銀河金融控股有限責任公司), the controlling shareholder of the Company, which holds 51.16% of the issued share capital of the Company as at the End of the Reporting Period

“Galaxy Fund Management”	Galaxy Fund Management Company Limited(銀河基金管理有限公司), owned as to 50% by Galaxy Financial Holdings, a non-wholly-owned subsidiary of Galaxy Financial Holdings
“Galaxy Futures”	Galaxy Futures Company Limited(銀河期貨有限公司), owned as to 100% by the Company, a wholly-owned subsidiary of the Company
“Galaxy International Holdings”	China Galaxy International Financial Holdings Company Limited(中國銀河國際金融控股有限公司), owned as to 100% by the Company, a wholly-owned subsidiary of the Company
“Galaxy Investment”	China Galaxy Investment Management Company Limited(中國銀河投資管理有限公司), owned as to 100% by Galaxy Financial Holdings, a wholly-owned subsidiary of Galaxy Financial Holdings
“Galaxy Jinhui”	Galaxy Jinhui Securities Assets Management Co., Ltd.(銀河金匯證券資產管理有限公司), owned as to 100% by the Company, a wholly-owned subsidiary of the Company
“Galaxy Yuanhui”	Galaxy Yuanhui Investment Co., Ltd.(銀河源匯投資有限公司), owned as to 100% by the Company, a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) listed on the Hong Kong Stock Exchange and subscribed for and traded in HK dollars
“HK\$” or “HK dollars” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huijin”	Central Huijin Investment Ltd. (中央滙金投資有限責任公司), which held an equity interest of 69.07% of Galaxy Financial Holdings as at the End of the Reporting Period
“IPO”	Initial Public Offering
“margin and securities refinancing”	a business in which securities firms can act as intermediaries to borrow funds or securities from the China Securities Finance Co., Ltd. and lend such funds and securities to their clients
“market share”	the portion of a market under control



DEFINITIONS

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Companies set out in the Appendix 10 to the Stock Exchange Listing Rules
“New OTC Board”	National Equities Exchange and Quotations for medium and small-sized enterprises
“QDII”	Qualified Domestic Institutional Investor
“QFII”	Qualified Foreign Institutional Investor
“Reporting Period”	the period from 1 January 2021 to 31 December 2021
“REITs”	real estate investment trusts
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“RQFII”	Renminbi Qualified Foreign Institutional Investor, a pilot program launched in the PRC which allows Hong Kong subsidiaries of the PRC brokerage companies and fund houses to facilitate investments of offshore Renminbi into the PRC capital market
“SASAC”	the State-owned Assets Supervision and Administration Committee of the State Council (國務院國有資產監督管理委員會)
“Securities Law”	the Securities Law of the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“S\$” or “Singapore dollars”	Singapore dollars, the lawful currency of Singapore
“SHCI”	the Shanghai Composite Index
“SSE”	the Shanghai Stock Exchange
“SSE Listing Rules”	the Rules Governing the Listing of Securities on the Shanghai Stock Exchange (as amended from time to time)
“Stock Exchange Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
“Supervisors”	supervisors of the Company
“Supervisory Committee”	the supervisory committee of the Company
“SZCI”	the Shenzhen Component Index
“SZSE”	the Shenzhen Stock Exchange

“US\$” or “U.S. dollars” or “USD”

United States dollars, the lawful currency of the United States

“VaR”

Value at Risk, means the maximum possible loss of value of a financial asset or portfolio of securities in a given future period at a certain confidence level

Notes:

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



SECTION I IMPORTANT NOTES

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

This report has been approved at the 6th meeting (regular) of the fourth session of the Board of Directors, with 11 Directors attended and voted at the meeting. No objection was put forward by Directors and Supervisors for this report.

The financial report for 2021 was prepared by the Company according to the International Financial Reporting Standards (“IFRS”) and the PRC Corporate Accounting Standards (“PRC GAAP”), which has been audited by Ernst & Young and Ernst & Young Hua Ming LLP and they have issued a standard auditors’ report with unqualified opinions. Unless otherwise stated, the amounts in this report are presented in RMB.

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

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

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

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

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION



I. COMPANY PROFILE

1. Name of the Company

Chinese Name: 中國銀河證券股份有限公司

Abbreviation of Chinese Name: 中國銀河

English Name: China Galaxy Securities Co., Ltd.

Abbreviation of English Name: CGS

2. Legal representative: Chen Gongyan

General manager (president): Chen Liang

3. Registered Capital: RMB10,137,258,757

Net Capital: RMB79,650,478,914.72

4. Qualification of individual business

- (1) Qualification for warrant clearance business
- (2) Qualified warrant dealer
- (3) Qualified primary dealer for ETF
- (4) Qualification for open-ended securities investment funds agency sales business
- (5) Clearing participant of China Securities Depository and Clearing Company Limited
- (6) Qualification for online securities entrustment business
- (7) Member of the Shanghai Stock Exchange
- (8) Member of the Shenzhen Stock Exchange
- (9) Qualification as registered sponsor
- (10) Qualification for offering intermediary services for futures companies
- (11) Qualified book builder for offline placements
- (12) Qualified block-trader of the Shenzhen Stock Exchange
- (13) Qualified block-trader of the Shanghai Stock Exchange
- (14) Qualified electronic platform of the Shanghai Stock Exchange for IPO offline subscription
- (15) Qualified electronic platform of the Shenzhen Stock Exchange for EIPO offline issue



SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

- (16) Primary dealer at the Shanghai Stock Exchange for fixed income integrated system
- (17) Qualified block-trader investor of the Shanghai Stock Exchange
- (18) Qualification for national inter-bank lending business
- (19) Qualification for pilot direct investment business
- (20) Qualification for margin financing and securities lending business
- (21) Qualification for stock-index futures trading business
- (22) Qualification for pilot securities-based lending business
- (23) Qualification for the Shanghai Stock Exchange dealer-quoted bond repurchase business
- (24) Qualification for securities investment fund evaluation business
- (25) Qualification for offering comprehensive services for insurance institutional investors
- (26) Qualification for engagement in foreign securities investment and management businesses as a Qualified Domestic Institutional Investor
- (27) Qualification for pilot business of private placement of bonds for small and medium-sized enterprises
- (28) Qualification for offering debt financing instruments for non-financial companies as a lead underwriter
- (29) Qualification for financial products agency sales business
- (30) Qualification for business engagement with special institutional clients of insurance institutions
- (31) Authorized for securities-based lending transactions (approved by the SZSE)
- (32) Qualification for equity swap services
- (33) Qualification for OTC trading
- (34) Qualification for pilot short selling business
- (35) Qualification for stock lending business under margin and securities refinancing
- (36) Qualification for pilot margin refinancing business
- (37) Qualification for pilot business engagement of comprehensive custodian services for private equity funds
- (38) Qualification for chief agency broker in national share transfer system
- (39) Qualification for engagement in interest swap business
- (40) Authorized for dealer-quoted securities repurchase business transactions (approved by the SSE)
- (41) Authorized for dealer-quoted securities repurchase transactions (approved by the SZSE)

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION



- (42) Authorized for dealer-quoted repurchase transactions
- (43) Qualification for digital certificate authentication agency business
- (44) Qualification for engagement in relevant businesses at Zhejiang Equities Exchange Centre
- (45) Qualification for pilot margin and securities refinancing business
- (46) Qualification for pilot securities-based repurchase transactions business (approved by the SSE)
- (47) Qualification for pilot consumption payment service for clients with securities funds
- (48) Qualification of concurrent-business insurance agency
- (49) Qualification for pilot Internet securities business
- (50) Qualification for private equity fund manager
- (51) Qualification for pilot OTC income certificates business
- (52) Qualification for securities investment fund custodian
- (53) Qualification for market making business for nationwide shares transfer system
- (54) Authorized for Hong Kong Stock Connect business transactions
- (55) Qualification for gold spot contract agency business
- (56) Membership of Shanghai Gold Exchange
- (57) Qualified of participant of quotation and service system for inter-institutional private equity products
- (58) Qualified of stock options trading participant of the SSE
- (59) Qualification for options clearing business
- (60) Innovative scheme for account opening through WeChat
- (61) Qualification for engagement of debt financing instruments quotation business for non-financial corporations
- (62) Membership of Asset Management Association of China
- (63) Membership of China Futures Association
- (64) Membership of Insurance Asset Management Association of China
- (65) Filing qualification as outsourced services provider for private investment funds
- (66) Authorized for Hong Kong Stock Connect business transactions under the Shenzhen-Hong Kong Stock Connect
- (67) Qualification for sales of precious metal products

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

- (68) Qualification for commodity swap dealers
- (69) Qualification for crude oil futures business
- (70) Qualification for pilot cross-border business
- (71) Qualification for non-equity return swaps business
- (72) Qualification for the Shanghai Stock Exchange bond pledge agreed repurchase
- (73) Qualification for the Shanghai Stock Exchange listed fund primary market-maker
- (74) Qualification for national debts and futures market-maker
- (75) Qualification for credit derivative business
- (76) Qualification for SZSE stock options trading participant
- (77) Qualification for pilot fund investment advisory business
- (78) Proprietary Trading for Gold Spot Contract
- (79) Qualification for Credit Protection Certificate Creation Institution (SSE)
- (80) Qualification for Science and Technology Innovation Board securities refinancing business
- (81) Qualification for GEM securities refinancing business
- (82) Qualification for pilot business of financing for exercising incentive share options of listed companies
- (83) Member of the Beijing Stock Exchange
- (84) Qualification for spot bond market-maker in the interbank bond market
- (85) Qualification for pilot account management function optimization business

5. Headquarters in the PRC

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

Note: On 29 June 2021, a relevant resolution was considered and approved at 2020 Annual General Meeting of the Company, pursuant to which it was approved that registered address of the Company would be changed to No. 101, 7/F-18/F, Building No. 1, No. 8 Xiyiing Street, Fengtai District, Beijing. On 8 October 2021, the Company had completed the procedures on the change of registered address and updated the details of the Articles of Association in relation thereto, and received the renewed Business License issued by the Beijing Municipal Administration for Market Regulation.

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

6. Principal Place of Business in Hong Kong

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

7. Secretary to the Board

Secretary to the Board : Chen Gongyan
Address : Qinghai Finance Building, Building No.1, No. 8 Xiyong Street, Fengtai District, Beijing, the PRC, 100073
Telephone : 010-80929800
Fax : 010-80926725
E-mail : shengxing_bgs@chinastock.com.cn

Note: On 29 October 2021, "Resolution on the Resignation of Mr. Wu Chengming as a Member of the Executive Committee, the Secretary of the Board and Any Other Positions" was considered and approved at the third meeting (regular) of the fourth session of the Board of the Company, at which, it was agreed that Mr. Wu Chengming ceased to be a member of the Executive Committee, the Secretary to the Board and any other positions of the Company due to adjustment to work arrangement, and that Mr. Chen Gongyan, the legal representative of the Company served as the Acting Secretary of the Board.

8. Representative on Securities Matters

Representative on : Ke Suchun
Securities Matters
Address : Qinghai Finance Building, Building No. 1, No. 8 Xiyong Street, Fengtai District, Beijing, the PRC, 100073
Telephone number : 010-80929800
Fax number : 010-80926725
E-mail : yhzd@chinastock.com.cn

9. Company Secretary

Ng Ka Man

On 29 October 2021, Mr. Wu Chengming resigned as a joint company secretary of the Company due to adjustment to work arrangement, and Mr. Lee Kwok Fai Kenneth, another joint company secretary of the Company, continued to serve as the company secretary of the Company.

On 23 December 2021, Mr. Lee Kwok Fai Kenneth resigned as the company secretary of the Company. On the same day, the Company appointed Ms. Ng Ka Man, a manager of the Listing Services Department of TMF Hong Kong Limited, as the company secretary of the Company.

10. Authorized Representatives of the Company

Liu Dingping, Ng Ka Man

On 23 December 2021, Mr. Lee Kwok Fai Kenneth resigned as an authorized representative of the Company. On the same day, the Company appointed Ms. Ng Ka Man, a manager of the Listing Services Department of TMF Hong Kong Limited, as an authorized representative of the Company.

11. Listing of H Shares: HKEX

Stock Code: 6881 Stock Name: CGS

12. Listing of A Shares: SSE

Stock Code: 601881 Stock Name: CGS

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

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

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

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

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

14. Website for Disclosure of Information on H Shares

<http://www.hkexnews.hk>

II. HISTORY

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

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

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

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

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

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Securities Co., Ltd. (Jing Zheng Ji Gou Fa [2012] No. 166), and Letter of No-Objection Concerning the change of Shareholders with Less than 5% Shareholding of China Galaxy Securities Co., Ltd. (Jing Zheng Ji Gou Fa [2012] No. 171), respectively, and the Company completed relevant procedures concerning the changes of equity rights according to related requirements.

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

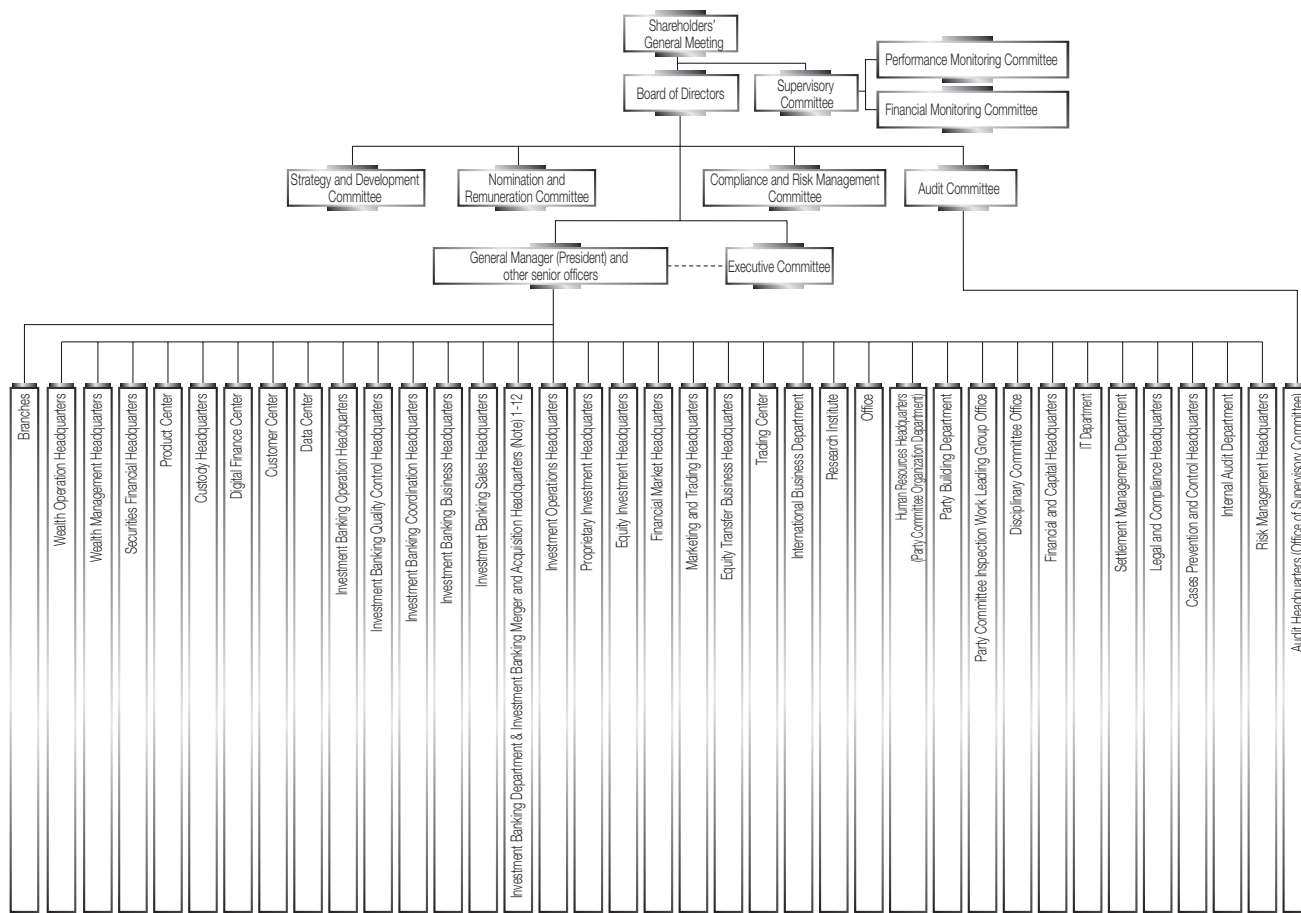
On 5 May 2015, the Company placed an aggregate of 2,000,000,000 H Shares and the total issued share capital of the Company was increased to RMB9,537 million.

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

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

III. ORGANIZATIONAL STRUCTURE

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



Note: For the investment banking business, a number of front office departments have been set up based on the needs of different types of products, industries, regions, and teams, and under dynamic management. As at December 2021, the Company has set up one to twelve departments for its investment banking business as well as the investment banking merger and acquisition headquarters.

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

IV. NUMBER AND DISTRIBUTION OF SECURITIES BRANCHES

As at the End of the Reporting Period, the Company had 501 securities branches located in 31 provinces, autonomous regions and municipalities directly under the central government in the PRC. Among these branches, 78 are located in Guangdong Province, 67 in Zhejiang Province, 42 in Beijing, 41 in Shanghai, 33 in Jiangsu Province, 21 in Fujian Province, 20 in Shanxi Province, 19 in Shandong Province, 18 in Liaoning Province, 15 in Hubei Province, 15 in Sichuan Province, 14 in Anhui Province, 13 in Chongqing, 12 in Henan Province, 12 in Hunan Province, 9 in Hebei Province, 8 in Heilongjiang Province, 8 in Jiangxi Province, 7 in Yunnan Province, 6 in Guangxi Zhuang Autonomous Region, 6 in Shaanxi Province, 5 in Inner Mongolia Autonomous Region, 5 in Xinjiang Uygur Autonomous Region, 4 in Gansu Province, 4 in Jilin Province, 4 in Ningxia Hui Autonomous Region, 4 in Qinghai Province, 4 in Tianjin Province, 3 in Guizhou Province, 3 in Hainan Province and 1 in Tibet Autonomous Region.

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

V. SUBSIDIARIES AND BRANCHES

(i) As at the End of the Reporting Period, the Company had 5 subsidiaries.

Name	Registered address	Date of incorporation	Legal		Percentage of shareholding	Telephone number
			Registered capital	representative/ Person in charge		
Galaxy Futures	Unit 1101, 11/F, Block 1, No. 16 Chaowai Street, Chaoyang District, Beijing	25 December 2006	RMB2.3 billion	Yang Qing	100%	010-68569588
Galaxy Capital	101, 6/F, 101, 4-18/F, Building No.1, No.8 Xiyong Street, Fengtai District, Beijing	21 October 2009	RMB1.0 billion	Sun Jiao	100%	010-63369697
Galaxy International Holdings	20th Floor, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong	9 February 2011	HKD5.0 billion	Liu Hongye	100%	(852) 36986888
Galaxy Jinhui	Room 201, Block A, No.1, Qianwan Road 1, Qianhai Shenzhen – Hong Kong Cooperative District, Shenzhen (Shenzhen Qianhai Commerce Secretariat Co., Ltd.)	25 April 2014	RMB1.0 billion	Guo Qing	100%	010-89623119
Galaxy Yuanhui	Room 3104, 31/F, 99 Fucheng Road, China (Shanghai) Pilot Free Trade Zone	10 December 2015	RMB3.0 billion	Wu Lihong	100%	021-60751758

- (1) On 25 December 2020, the Board of the Company approved the “Resolution on Capital Increase in Galaxy Futures Company Limited”. Based on the needs for business development, it was agreed on the Company’s capital increase in Galaxy Futures, its wholly-owned subsidiary, and the registered capital of Galaxy Futures increased from RMB1.2 billion to RMB2.3 billion. On 6 January 2021, Galaxy Futures completed the industrial and commercial registration procedures for the change in registered capital, and the registered capital of Galaxy Futures increased to RMB2.3 billion.
- (2) On 29 November 2021, the Company increased its capital in Galaxy International Holdings by HK\$1,738,791,750 and the share capital of Galaxy International Holdings was changed to HK\$5,000,000,000.
- (3) On 14 January 2021, the legal representative of Galaxy Jinhui changed to Mr. Guo Qing.

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

(ii) As at the End of the Reporting Period, the Company had 37 branches. The details are as follows:

No.	Branches	Address	Name of person in charge	Date of incorporation shown on business license	Working capital (RMB ten thousand)	Telephone
1	Beijing Branch	5/F, No. 111 Tai Ping Qiao Avenue, Xicheng District, Beijing	Zhang Kaihui	26 July 2011	500	010-58872718
2	Shanghai Branch	Room 01, 31/F, 99 Fucheng Road, China (Shanghai) Pilot Free Trade Zone	Jiang Yuesheng	29 July 2011	500	021-20252657
3	Zhejiang Branch	Building 3, Fanhai International Center, Jianggan District, Hangzhou, Zhejiang Province	Song Xiaojun	15 July 2011	500	0571-87043507
4	Ningbo Branch	32-1, No. 30 Anbo Road and No. 8 Jianning Street, Yinzhou District, Ningbo, Zhejiang Province	Zhou Hongliang	12 March 2013	500	0574-87681169
5	Guangdong Branch	Room 2501, 2502, 2503, 25/F and Room 2601, 2604, 26/F, 988 Guangzhou Avenue Central, Tianhe District, Guangzhou	Shi Nan	22 July 2011	500	020-83953833
6	Shenzhen Branch	20th Floor, Zhongzhou Building, No. 3088 Jintian Road, Futian Street, Futian District, Shenzhen	Zhang Qinghua	21 June 2011	500	0755-82031998
7	Hunan Branch	No. 275, Section 2, Middle Furong Road, Yuhua District, Changsha	Jiang Jianjun	23 August 2011	500	0731-85536911
8	Tianjin Branch	Room 1707, 17/F, Luneng International Center, Intersection of Shuishang Park North Road North Road and Shuishang Park North Road East Road, Nankai District, Tianjin	Yang Yishan	11 March 2013	500	022-83830348
9	Hebei Branch	98 Hongqi Street, West Bridge District, Shijiazhuang	Zhao Yongwei	20 March 2013	500	0311-83998683
10	Shanxi Branch	Unit 01, 02, 03, 04B, 8/F, Block A, China Overseas International Center, No. 8, Section 1, Jinci Road, Wanbaolin District, Taiyuan City, Shanxi Province	Wang Fu	14 March 2013	500	0351-8611197
11	Inner Mongolia Branch	Shop 101, Block B, Boerdun Plaza, Ulanqab East Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region	Ren Wei	15 March 2013	500	0471-4955414
12	Dalian Branch	B, C & D, 5/F, East Tower, No. 620 Huanghe Road, Shahekou District, Dalian, Liaoning Province	Jiang Xuetao	13 March 2013	500	0411-84313089
13	Liaoning Branch	Unit 1701, 1703-1, 1710, No. 59 Beizhan Road, Shenhe District, Shenyang	Wen Jiuyu	27 March 2013	500	024-23250200

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

No.	Branches	Address	Name of person in charge	Date of incorporation shown on business license	Working capital (RMB ten thousand)	Telephone
14	Jilin Branch	9/F, Building A2, Jishang International Project, Qianjin Street, Chaoyang District, Changchun City	Yan Xiaomin	19 March 2013	500	0431-82707737
15	Heilongjiang Branch	3/F, Commercial Service, Floor 1-4 Blue Waterfront, No. 209 Zhongshan Road, Nangang District, Harbin City, Heilongjiang Province	Li Naichen	25 March 2013	500	0451-53905568
16	Jiangsu Branch	Room 304, 3/F, Fuxin International Building, No. 359 Hongwu Road, Nanjing, Jiangsu Province	Wang Desheng	13 March 2013	500	025-84265505
17	Anhui Branch	Office 3801, 3802, Block C, Landmark Plaza, No. 288, Huaining Road, Shushan District, Hefei City	Chen Xiaoqi	22 March 2013	500	0551-62625593
18	Fujian Branch	No.1 Shop, 2/F, Building No. 1, Fuzhou Jiyou Plaza, No. 39 Fuma Road, Shuibu Street, Gulou District, Fuzhou	Huang Feilong	2 April 2013	500	0591-83350449
19	Xiamen Branch	Unit D, 15/F, Block A, Portman Fortune Center, No. 81, Zhanhong Road, Siming District, Xiamen	Zeng Wenqing	21 March 2013	500	0592-2227159
20	Jiangxi Branch	Room 401-410, 4/F, Jiangxi Daily News Building, 190 Yangming Road, Donghu District, Nanchang, Jiangxi Province	Jin Zicheng	2 April 2013	500	0791-86283972
21	Qingdao Branch	No. 100E, Nanjing Road, Shinan District, Qingdao City, Shandong Province	Cui Ning	15 April 2013	500	0532-82962152
22	Shandong Branch	No. 175 Xinanhe Road, Zhifu District, Yantai	Zhang Huasheng	29 March 2013	500	0535-6626317
23	Henan Branch	No. 202-206, 2/F, Lifeng International Building, No. 6 Shangxian Street, Longzihu, Zhengdong New District, Zhengzhou City, Henan Province	Wang Junzhao	4 March 2013	500	0371-63969218
24	Hubei Branch	3/F, Business Conference Center, No. 1 Hongshan Road, Wuchang District, Wuhan City, Hubei Province	Zhang Zhiqiang	12 March 2013	500	027-87841733
25	Chongqing Branch	3/F, Building B, No. 108 Minzu Road, Yuzhong District, Chongqing	Liu Xiaoyong	18 March 2013	500	023-88128880
26	Sichuan Branch	Room 401, 4/F, Block 1, No. 9 Jianshe Road, Chenghua District, Chengdu	Zhang Zhiqiang	21 March 2013	500	028-84360387
27	Yunnan Branch	4/F, Xingyao Building, No. 393, Baita Road, Panlong District, Kunming City, Yunnan Province	Wang Anyuan	13 March 2013	500	0871-63645475

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

No.	Branches	Address	Name of person in charge	Date of incorporation shown on business license	Working capital (RMB ten thousand)	Telephone
28	Shaanxi Branch	2/F, Commercial Building of China Railway Group, No. 51 East Youyi Road, Beilin District, Xi'an, Shaanxi Province	Huang Yaguang	24 April 2013	500	029-87809443
29	Qinghai Branch	No. 106-26, Changjiang Road, Chengzhong District, Xining	Feng Qing	11 March 2013	500	0971-8261669
30	Hainan Branch	No. C408, C409, C410, C411, 4/F, East Building, Block B, Guoruicheng S5, No.11 Guoxing Avenue, Meilan District, Haikou, Hainan Province	Chen Weihong	7 May 2014	500	0898-68500696
31	Ningxia Branch	No. 126, Jiefang West Street, Xingqing District, Yinchuan	Zhao Zhihao	29 April 2014	500	0951-5051318
32	Xinjiang Branch	No. 90, Jiankang Road, Jiefang North Road, Tianshan District, Urumqi, Xinjiang	Kong Lingguo	15 May 2014	500	0991-2333505
33	Guizhou Branch	Unit 12, 13, 14 and 15, 20/F, Building 5, Phase I Business Zone, Guiyang International Finance Center, northwestern corner of Lincheng Road and Changling Road, Guanshan Lake District, Guiyang, Guizhou Province	Shang Chao	22 May 2014	500	0851-87973559
34	Gansu Branch	3/F-1, Changye Jinzuo, No. 621 Donggang West Road, Chengguan District, Lanzhou City, Gansu Province	Zhao Yan	8 May 2014	500	0931-8860651
35	Tibet Branch	No. 32, 4/F, Building 2, Taihe International Cultural Plaza, No. 7 Jinzhu Middle Road, Chengguan District, Lhasa	Liu Wei	15 May 2014	500	0891-6344051
36	Guangxi Branch	3/F, No. 12-2, Yuanhu South Road, Qingxiu District, Nanning	Wei Hanyong	14 May 2014	500	0771-5865105
37	Zhongshan Branch	No. 52, Sunwen East Road, Shiqi District, Zhongshan City, Guangdong Province	Wei Dan	16 August 2021	500	0760-88309888

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

VI. OTHER RELATED INFORMATION

Accounting firm engaged by the Company Name (domestic)	Ernst & Young Hua Ming LLP
Office address	16/F, Ernst & Young Tower, 1 East Chang'an Avenue, Dongcheng District, Beijing, the PRC
Names of signing accountants	Leung Shing Kit, Song Xueqiang
Accounting firm engaged by the Company Name (overseas)	Ernst & Young
Office address	27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
Names of signing accountants	Leung Shing Kit

Note: During the Reporting Period, the Company had no continuous supervision matters.

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

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

Profit (RMB'000)

Item	2021	2020	2021 (compared with 2020) increase/ decrease	2019	2018	2017
Revenue and other income	45,277,062	31,267,233	44.81%	23,493,492	16,234,970	15,985,837
Total expenses	32,532,645	22,171,139	46.73%	16,674,249	12,550,299	11,177,182
Profit before income tax	12,791,012	9,156,733	39.69%	6,830,129	3,682,094	4,808,655
Profit for the year-attributable to owners of the Company	10,430,238	7,243,654	43.99%	5,228,429	2,887,127	3,980,730

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

Assets (RMB'000)

Item	2021/12/31	2020/12/31	2021/12/31 (compared with 2020/12/31)	2019/12/31	2018/12/31	2017/12/31
			increase/ decrease			
Total assets	560,135,033	445,730,215	25.67%	315,665,878	251,363,291	254,814,966
Total liabilities	461,156,982	363,722,157	26.79%	243,744,179	185,025,430	189,928,533
Accounts payable to brokerage clients	128,400,821	97,670,919	31.46%	80,508,860	56,695,274	64,787,132
Equity attributable to owners of the Company	98,955,798	81,254,531	21.78%	70,895,595	65,982,088	64,513,027
Total share capital	10,137,259	10,137,259	0.00%	10,137,259	10,137,259	10,137,259

Key Financial Indicators

Item	2021	2020	2019	2018	2017
Basic earnings per share (RMB)	0.97	0.71	0.52	0.28	0.39
Diluted earnings per share (RMB)	0.97	0.71	0.52	0.28	0.39
Weighted average return on net assets	12.29%	9.84%	7.64%	4.40%	6.33%
Gearing ratio ^{Note 1}	77.07%	76.44%	69.42%	65.92%	65.85%
Net assets per share attributable to owners of the Company (RMB/share) ^{Note 2}	9.76	8.02	6.99	6.51	6.36

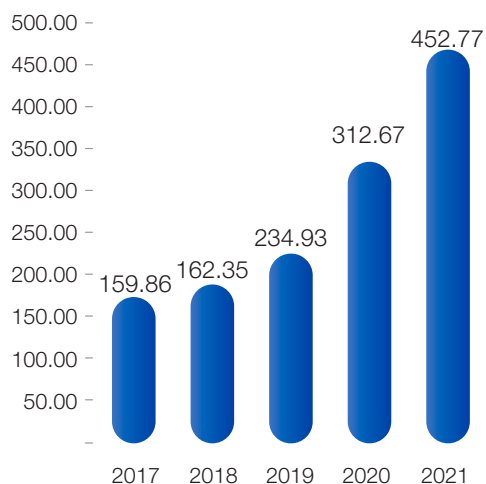
Notes:

¹ Gearing ratio = (Total liabilities – Accounts payable to brokerage clients – Funds payable to securities issuers)/(Total assets – Accounts payable to brokerage clients – Funds payable to securities issuers)

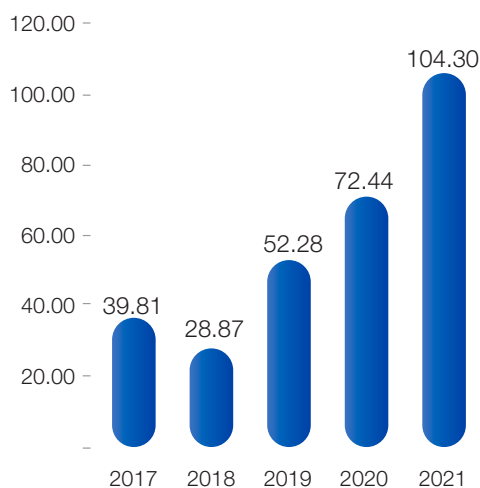
² Net assets per share attributable to owners of the Company as at 31 December 2021 and 31 December 2020 presented in the table above do not include the perpetual bonds issued by the Company. After deducting such effect, net assets per share attributable to owners of the Company as at the End of the Reporting Period and the end of last year amounted to RMB8.29 and RMB7.53, respectively.

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

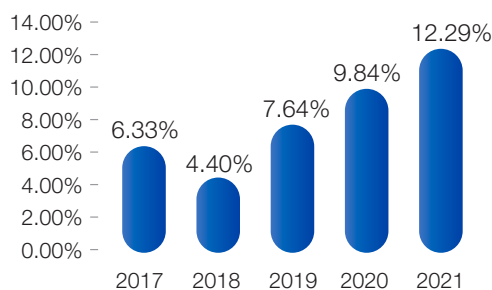
**Revenue and other income
(RMB in 100 million)**



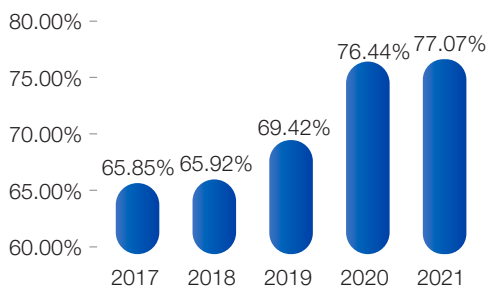
**Profit for the year - attributable
to owners of the Company
(RMB in 100 million)**



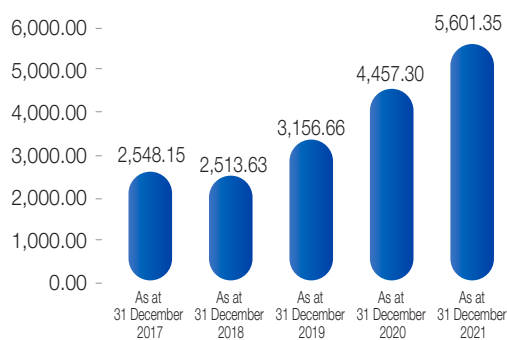
Weighted average return on net assets (%)



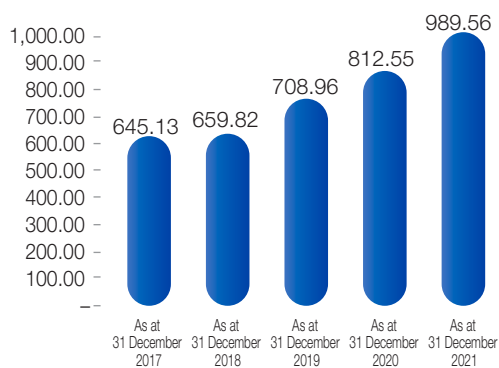
Gearing ratio (%)



**Total assets
(RMB in 100 million)**



**Equity attributable to owners of
the Company
(RMB in 100 million)**



SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

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

There is no difference between the net profit for 2021 and 2020 as well as the net assets as of 31 December 2021 and 31 December 2020 included in the consolidated financial statements of the Company prepared in accordance with IFRS and those items for and as of the same periods included in the consolidated financial statements of the Company prepared in accordance with PRC GAAP.

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

The relevant risk control indicators such as the net capital of the Company complied with relevant regulatory requirements throughout the Reporting Period. As at the End of the Reporting Period, the major risk control indicators of the Company were as follows:

Item	2021	2020
Net capital (RMB)	79,650,478,914.72	70,522,133,720.18
Net assets (RMB)	96,220,995,859.41	78,619,442,508.78
Net capital/sum of capital provisions for risks	219.03%	251.09%
Net capital/net assets	82.78%	89.70%
Net capital/liabilities	26.68%	29.97%
Net assets/liabilities	32.23%	33.42%
Proprietary equity securities and derivatives/net capital	16.45%	28.00%
Proprietary fixed-income securities/net capital	269.17%	204.67%
Capital leverage ^(Note 1)	15.75%	18.12%
Liquidity coverage ^(Note 2)	278.65%	280.88%
Net stable funding ratio ^(Note 3)	138.29%	133.56%

Notes:

1. Capital leverage = core net capital/total assets included and excluded in the statements \times 100%, where the core net capital include risk adjustment for contingent liabilities such as guarantees.
2. Liquidity coverage = quality current assets/net cash outflow in the coming 30 days \times 100%
3. Net stable funding ratio = available stable funds/required stable funds \times 100%

SECTION III COMPANY BUSINESS OVERVIEW

I. DESCRIPTION OF PRINCIPAL BUSINESSES, OPERATIONAL MODEL AND INDUSTRY IN WHICH THE COMPANY OPERATES DURING THE REPORTING PERIOD

(i) Primary Business Types of the Group

The Group is committed to becoming a leading investment bank in Asian capital market and a securities financial institution of systematic significance, and provides comprehensive securities services, including brokerage, sales and trading, investment banking and investment management.

The principal businesses of the Group include:

Brokerage, Sales and Trading	Investment Banking	Investment Management	Overseas Business
Brokerage and wealth management	Equity financing	Proprietary trading and other securities trading services	Brokerage and sales
Institutional sales and investment research	Debt financing	Private equity investment	Investment banking
Margin financing and securities lending and stocks pledge	Financial advisory	Alternative investment	Investment management
Asset management			Asset management

Brokerage, Sales and Trading

1. Brokerage and wealth management: Wealth management of the Company comprises various business lines offering diversified and comprehensive products including the provision of holistic business chain securities brokerage services to its customers including Expert Advisor, Hong Kong Stock Connect, Beijing Stock Exchange(BSE), equity option, IB, etc.; the provision of “customer-centric” investment advisory service; and the provision of various financial products’ sales services such as public offering, private equity fund, fixed income, cash, etc.
2. Institutional sales and investment research: The Group is engaged in the provision of marketing and sales of securities services and products to institutional investor clients, and the provision of a diversified services on professional strategic transaction and specialized research.
3. Margin financing and securities lending and stocks pledge: The Group is engaged in the provision of guaranteed and collateralized margin financing and securities lending services, enabling financial leverage to our clients in meeting their financing demands and vitalizing their equity assets.
4. Asset management: The Group is engaged in the provision of professional asset management services to institutional and individual clients in forms of collective asset management schemes, targeted asset management schemes and special asset management schemes.

Investment Banking

The Group is engaged in the provision of services of underwriting, sponsors and financial advisory.



SECTION III COMPANY BUSINESS OVERVIEW

Investment Management

The Group is engaged in proprietary trading and provides other securities trading services to enhance liquidity for clients and accommodates clients' personalized investment and financing needs. The Group also carries out private equity investment and alternative investment business.

Overseas Business

The Group provides brokerage and sales, investment banking, research and asset management services to global institutional clients, corporate clients and retail customers through Galaxy International Holdings, which is set up in Hong Kong as an overseas business platform.

(ii) Operational Model of the Group

During the Reporting Period, the Company's business model was "Dual-wheel Drive and Coordinated Development". "Dual-wheel Drive": One wheel is wealth management, which represents the integration and development of big brokerage and big asset management business to provide customers with comprehensive wealth management services. The other wheel is investment and financing to support the real economy and serve enterprises in financing. "Coordinated Development": In accordance with the Company's new management system of "centralized planning + line supervision + hierarchical management", the Company strengthened its centralized planning and management, improved the development of its products, customer, transaction, data and service center, and strengthened the comprehensive business and management coordination mechanism in order to transform its branches into regional comprehensive financial service centers in full efforts.

To conform to the requirement of the opening up and development of the industry, the Company has timely adjusted its business development model and supporting management system to promote the coordination of its dual-wheel businesses, step up its overseas business development, and reshape the market position and public image of the Company, striving to achieve the strategic objective of "building a carrier securities broker and a modern investment bank" and become a leading comprehensive financial service provider in the securities industry in China.

(iii) Development Characteristics of the Industry of the Group

1. Economic Environment

In 2021, the global economy in general reflected a sign on recovery growth. The economy of China remained stable with the acceleration of economic structural transformation, and the Central Economic Work Conference determined the working targets for the steady growth, the impacts as a result of regulatory measures for the financial market such as "risk control" and "leverage control" continued. From medium to long term perspective, structural adjustment will be accentuated as the main keynote in future economic work, and steady growth will be regarded as an assurance for structural adjustment.

2. Market Environment

During the Reporting Period, the relative loose liquidity market environment significantly underpinned A-shares. Favoring risk assets in general environment, stock market allocation ratio of the residents had stepped into a strategic ascending channel under the conditions of descending financial yields and weakening wealth effect of real estate. During the Reporting Period, a total number of 1,898 new funds were founded in China, and the issuing share reached 2.98 trillion shares. New public offering funds had demonstrated immense enthusiasm which was an important source of fund increment in the market. In the meantime, overseas funds had placed increased allocation to A-shares, and the liquidity of the market was abundant as a whole. During the Reporting Period, both the Shanghai Stock Exchange Index and the ChiNext Index had achieved an increase to certain extent, and the average daily turnover of A-shares exceeded RMB1 trillion in the year. Generally speaking, the market was volatile but maintained an upward trend, trading were active, while industries and sectors had showed characteristics of diversification and rotation in 2021.

3. Industry Landscape

During the Reporting Period, under the circumstances of high-quality development of economy, the resolutions to conflicting issues of supply-side and the increased proportion of direct financing in China, the capital market had further solidified its position as a hub to propel technological innovation and transformation and upgrade of real economy. The securities industry continued to reap the benefit of the dividends of in-depth reform system of capital market, and coupled with an overall positive business environment, projecting a booming upward trend and enhancing profitability. According to the unaudited data in the financial statements of the parent companies of securities firms published by the Securities Association of China, as of the end of the Reporting Period, the total assets, net assets and net capital of 139 securities companies stood at RMB10.6 trillion, RMB8.0 trillion and RMB2.6 trillion, respectively, achieving an operating revenue amounted to RMB499.987 billion and net profits amounted RMB190.608 billion, representing a year-on-year increase of 11.5% and 21.0% respectively.

(iv) Position of the Group in the Industry

The Group is committed to becoming a leading investment bank in Asian capital market and a securities financial institution of systematic significance. The Group performs its social responsibility by facilitating the implementation of national strategy, supporting the development of the real economy and serving the wealth management of residents, and takes the realization of corporate value, shareholders' return, employee benefits and social responsibility as its mission. Since its incorporation, the Group has maintained strong comprehensive competitiveness, with the Company remaining as a top securities company in the industry in terms of capital scale, profitability, business strength and risk management capability. According to the unaudited data in the financial statements of the parent companies of securities companies published by Securities Association of China, in 2021, the Company ranked ninth and fifth in the industry in terms of operating income and net profit, respectively, and ranked sixth, seventh, and sixth in the industry in terms of total assets, net assets and net capital, respectively.



SECTION III COMPANY BUSINESS OVERVIEW

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

As at 31 December 2021, the Group had total assets of RMB560.135 billion, representing an increase of 25.67% as compared with the end of last year. In particular, the items with greater changes were: cash and bank balances of RMB113.938 billion, representing an increase of 22.87% as compared with the end of last year, which was mainly due to an increase in deposits in clients' funds; clearing settlement funds of RMB32.294 billion, representing an increase of 83.66% as compared with the end of last year, which was mainly due to an increase in clients' clearing settlement funds; advances to customers of RMB98.194 billion, representing an increase of 19.72% as compared with the end of last year, which was mainly due to the expansion of the business scale of advances to customers; derivative financial assets of RMB1.946 billion, representing an increase of 123.80% as compared with the end of last year, which was mainly due to the expansion of the business scale of over-the-counter derivatives and their price fluctuation; refundable deposits of RMB11.716 billion, representing a decrease of 27.65% as compared with the end of last year, which was mainly due to the decrease in transaction deposits of the Company; financial assets held under resale agreements of RMB21.975 billion, representing a decrease of 31.03% as compared with the end of last year, which was mainly due to the decrease in the business scale of pledged repurchase and stock pledge repurchase; financial assets held for trading of RMB135.643 billion, representing an increase of 46.41% as compared with the end of last year, which was mainly due to the increase in investment scale of bonds and funds; other debt investments of RMB81.233 billion, representing an increase of 55.83% as compared with the end of last year, which was mainly due to an increase in investment scale of bonds; investment in other equity instruments of RMB34.685 billion, representing an increase of 2.41% as compared with the end of last year, which was mainly due to the increase in the investment scale of perpetual bonds; long-term equity investment of RMB30 million, representing a decrease of 97.69% as compared with the end of last year, which was mainly due to the decrease in the investment in associates as a result of the acquisition of overseas joint ventures; fixed assets of RMB0.442 billion, representing an increase of 45.83% as compared with the end of last year, which was mainly due to the increase in the scale of fixed assets such as electronic and communication devices; right-of-use assets of RMB1.571 billion, representing an increase of 70.27% as compared with the end of last year, which was mainly due to the addition of lease for the headquarters; intangible assets of RMB0.705 billion, representing an increase of 34.22% as compared with the end of last year, which was mainly due to the increase in the investment in software; goodwill of RMB1.009 billion, representing an increase of 136.54% as compared with the end of last year, which was mainly due to the goodwill arisen from the merger of overseas joint ventures; deferred income tax assets of RMB168 million, representing an increase of 143.18% as compared with the end of last year, which was mainly due to the changes in fair value of financial instruments and impairment provisions; other assets of RMB9.158 billion, representing an increase of 116.32% as compared with the end of last year, which was mainly due to the changes in transaction performance deposits receivable from over-the-counter business.

Among them: overseas assets amounted to RMB33.716 billion, accounting for 6.02% of the total assets.

III. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(i) Leading Position in Terms of Comprehensive Strength

According to the unaudited data of securities companies published by Securities Association of China, as at the End of the Reporting Period, the Company ranked sixth, seventh, sixth and fifth in the industry in terms of total assets, net assets, net capital and net profit, respectively, solidifying its leading position in the industry in terms of comprehensive strength.

(ii) Leading Position in Terms of Traditional Brokerage Business

The Company has established long-term brand influence for its traditional brokerage business with a leading market position in terms of revenue. During the Reporting Period, according to the unaudited data of securities companies published by Securities Association of China, the net income of the Company from the securities brokerage business ranked second in the industry in terms of individual securities companies with a market share of 4.88%; the net interest of the Company from the sale of financial products as an agency ranked fourth in the industry in terms of individual securities companies with a market share of 5.53%; and the interest income of the Company from the financing business ranked fourth in the industry in terms of individual securities companies with a market share of 5.49%. The huge client base and client assets of the Company provide a sound foundation for its business development, and become a powerful driver for the development and innovation of its businesses such as margin financing and securities lending, institutional sales and cash management.

(iii) Well Established Brand Recognition

The Company was a wholly state-owned securities company with the largest registered capital in China at the time of establishment. In 2021, the Company obtained an AA rating among Category A securities companies, and has been listed in Category A for eleven consecutive years, with a high recognition and reputation in China's capital market.

(iv) Large and Stable Client Base

As at the End of the Reporting Period, the Company had 13.22 million brokerage clients, representing a year-on-year increase of 8.9%, and ranked seventh in the industry in terms of aggregate market value of securities in its client accounts, which amounted to RMB3.4 trillion and represented a market share of 4.82%. The Company ranked fifth in the industry in terms of the balance of clients' deposit margin account, which amounted to RMB78.6 billion and represented a market share of 4.15%. Benefitted from its sound client base, the Company has significant potential for synergistic sales growth among its business lines.

(v) Strong Channel Network of Reasonable Strategic Layout

As at the End of the Reporting Period, the Company had 5 subsidiaries, 37 branches and 501 securities brokerage branches in 31 provinces, autonomous regions and municipalities across China. It is the securities company with the largest number of branches in China. With 1 subsidiary outside China, and leveraging on the platform of Galaxy International Holdings in Hong Kong and the business network of CGS-CIMB in the ASEAN region, the Company has expanded its business to more than 20 countries and regions around the world, along the "Belt and Road", and well into Guangdong-Hong Kong-Macau Greater Bay Area and the Free Trade Zones, Galaxy International Holdings and CGS-CIMB will leverage on the synergy of the company as a whole, based in Asia and focusing on the world, so as to closely integrate funds and assets in Mainland China with those across the globe, and strive to become "Asia's financial gateway".

(vi) Unique Advantages from Shareholders

The de facto controller of the Company is Huijin. Huijin is authorized by the State Council to make equity investments in major state-owned financial enterprises to preserve and increase the value of state-owned assets. As an important securities finance platform under Huijin, the Company can grasp the national development policy in a timely manner and enjoy the synergy of resources.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

I. MANAGEMENT DISCUSSION AND ANALYSIS

(i) Overall Business Situation

In 2021, the Company continued to unswervingly hold on to the Party's building in leading its business and consistently marched on the road of high-quality development with a focus on national strategies, serving the real economy and wealth management of the residents and shouldering social responsibility as its mission. We had made new breakthroughs in numerous businesses based on the previous strategic layout, in particular, the wealth management business kept the lead on its industrial presence, the credit business revealed a continual steady growth, the investment business mounted in revenue, the transformation and investment in investment banking and capital management business carried on and the setting up of subsidiaries achieved effective results, and the international contributions yielded. Meanwhile, the capital replenishment of the Company had progressively advanced, the digital construction attained results, and the risk compliance was prudent while effective, illustrating a new stage of development of the Company had been reached. As at the end of the Reporting Period, the total assets and equity attributable to owners of the Company were RMB560.135 billion and RMB98.956 billion. During the Reporting Period, the Group achieved revenue and other income of RMB45.277 billion, representing a year-on-year increase of 44.81%; net profit attributable to owners of the Company amounted to RMB10.430 billion, representing a year-on-year increase of 43.99%, and the weighted average return on net assets amounted to 12.29%, representing an increase of 2.45 percentage points.

(ii) Analysis of Major Business of the Company

1. Brokerage, Sales and Trading

(1) Securities brokerage

During the Reporting Period, the securities brokerage business of the Group recorded revenue and other income of RMB16.128 billion, representing a year-on-year increase of 0.32% which was mainly due to the increase of index and trading volume of the securities market, the Company had seized market opportunities by enriching its products and services, providing holistic business chain securities brokerage services to its clients and propelling transformation on wealth management that had achieved a year-on-year increase in securities trading commission income.

Market Environment

In recent years, under an environment of the increasingly intensified homogenized competition among traditional brokerage business in the securities market, and the accelerating processes of specialization of institutional clients and productization of individual clients and the enhancing proportion of institutional transactions, wealth management business has run on a new competition track in the securities industry. 2021 annual securities fund trading volume in the stock market (exclusive of Shanghai Stock Connect, Shenzhen Stock Connect and transaction currency fund) was about RMB254.08 trillion, with average daily securities fund trading volume exceeded trillion again since 2015, achieving the amount of RMB1,045.6 billion, representing an increase of 24.29% compared to 2020. As of the end of the Reporting Period, balance of margin financing and securities lending on SSE and SZSE was RMB1.83 trillion, representing an increase of 13.17% compared to the end of 2020.

Operation Initiatives and Results

In respect of our brokerage business, the Company had strengthened online promotion and marketing, gaining customers through multi-channels with precise marketing services such as Galaxy Securities Mini Shop in WeChat mini-program, Galaxy Securities Service in WeChat public videos and accounts, delivering constant content throughout the year. The Company had improved its precision marketing with technology empowerment and set up a wealth management customer classification and hierarchical system under which a matrix of 6 major categories, 17 sub-categories and 517 customer tags were formed. The Company continued to develop professional institutional transactions and enhanced capacity of institutional integrated service, forming the “1+2+N” integrated service system for institutional investment and research trading, and launching the equity integrated service platform of Galaxy Securities Co., Ltd. The Company continued to build the brand ‘Wealth Star’(財富星) of its wealth management business, maintaining a high growth in terms customers and scale with a total of 1,157,500 accounts opened during the Reporting Period, representing a year-on-year increase of 6.72%. During the Reporting Period, the Company continued to move forward the supply-side reform of its products and vigorously enhanced its professional asset allocation service capability, spanning rapid development across its business arenas. In terms of equity products, the Company tightened business collaboration with private equity institutions, expanded the coverage of leading private equity, and dedicated to building the private equity brand Galaxy Superstar(銀河巨星). In terms of fixed income and structured products, the Company accelerated the research and development on strategies and formed a product system comprising principal protection, non-principal-protected snowball/vanilla, regular cash payout, traditional fixed income and fixed income+. As of the end of the Reporting Period, the retainment size of agency sale of financial products was RMB184.6 billion, representing an increase of 18% from the end of 2020. During the Reporting Period, sales of financial products was RMB148.8 billion (excluding cash products such as Mercury, Daily Profit and Gold Will Come), representing a year-on-year increase of 12%.

In respect of our credit business, the Company closely followed the direction of regulatory policies, capturing general trend of industry development for a continuous steady and healthy development under the overall idea featuring “structure adjustment, return assurance, and risk control”. Specifically, concerning margin financing and securities lending business, the Company adhered to its customer-centric approach, enhancing applications of financial technology to progressively optimize customer service system. Also, we actively expanded fund raising channels of securities sources with a focus on tapping professional investors and institutional customers to continuously optimize customer structure. A sound risk prevention and control system was also established to improve risk management and prevention capabilities. In respect of our stocks pledge business, the Company embraced its initiative on serving the real economy, continued to optimize project structure and placed its focus on regional high-quality customers in the industry, and through means of risk differentiation identification, business synergy and system support, the integrated service capability were improved as a whole. As at the end of the Report Period, the scale of stock pledge from customers of the Company amounted to RMB18.8 billion, representing a decrease of RMB4.5 billion or 19% from the end of 2020 with an average margin ratio of 355%; balance of margin financing and securities lending from customers of the Company amounted to RMB93.8 billion, representing an increase of 15% from the end of 2020, and average performance guarantee ratio was maintained at 286%, indicating the overall risk was under control. The margin financing and securities lending business had occupied an increasing proportion in the credit business of the Company, demonstrating a significant optimization of our business structure.

In respect of our research and investment advisory business, during the Reporting Period, the Company held the China Galaxy Securities 2021 Spring Exchange Session for Listed Technology Companies, Carbon Neutrality Symposium, 2021 Interim Investment Strategy Report and 2021 Fall Strategy & ESG Business Seminar, as well as assisted in organizing a special training session for Gansu provincial enterprises to improve the quality of listed companies. The Company provided valuable intellectual support to promote the development of capital market with high quality while efficiently producing research results and developing new service models and service channels. In promoting productization of research, the Company has launched high-frequency data tracking service, research frameworks for various industries, macro analysis and strategy

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

guidelines to improve the system of stock portfolio, thereby enriching the variety of research products and expanding business synergies. In 2021, the Company strengthened its investment advisory services for provision of high-level strategic support to our customers and investment advisors, resulting in significant improvements on the standardization and regularization of its research business as well as the quality and quantity of its reports. As at end of 2021, the Company compiled 53 in-depth investment advisory reports, representing a year-on-year increase of 83%, and 490 investment advisor daily reports and investment advisor observations, representing a year-on-year increase of 50%. The Company carried out a total of 136 events on customer service, investment advisor training, investment education support and reports, with over 500,000 customers participated; and also 92 live strategy broadcasts and 66 in-time strategy reviews were conducted.

2022 Challenges and Prospects

Looking forward to 2022, in light of the enlarging capacity of capital market, securitization rate will migrate into a new level, laying a solid foundation for gradual expansion of securities brokerage business. In conjunction with continuous transfer of residents' wealth into the securities market and improvement of investors' quality and quantity, the weight on brokerage business will shift from traffic marketing to customer-centric, and product supply and customer demand will sustain a high upside momentum, taking into shape of the Great Wealth Management Ecosystem in the industry. Securities brokerage business of the Company will further enhance its ability of gaining customers via multi-channels, build ecological cooperation partners and proactively promote the development of channel diversification in order to achieve brand building of Galaxy institutional business and materialize an all-round service extension from brokerage and sales services to product and trading services. At the same time, the Company will set up a healthy institutional investment and research trading service system for serving the establishment and release of relevant business management systems, and from multiple investment and research aspects such as asset allocation, portfolio management and risk analysis, we will accomplish business planning of intelligent investment and research services. Credit business of the Company will further strive for an increase in supply of securities and a broadened professional customer base, as well as the promotion of digital transformation and the deepening integrated financial services. In 2022, the Company will embrace the development concept of "customer-centric" and refine the layered customer service mode for providing a full spectrum of multi-level wealth management products and services to our customers, and propelling an upgrade to the integrated financial services.

(2) Futures brokerage

During the Reporting Period, Galaxy Futures recorded revenue and other income, net profit and average daily customer equity of RMB15.388 billion, RMB766 million and RMB41.341 billion respectively, representing a year-on-year increase of 131.00%, 112.35% and 61.07% respectively.

Market Environment

In recent years, accompanying rapid development of futures market and increased supply of varieties, the market has been steadily opened externally and functioned effectively. During the Reporting Period, on one hand, the commodity supply chain was blown under the pandemic, on the other hand, the market demand on commodities had surged. On top of the factors such as easing monetary supply and inflationary expectations that resulting in the intensified volatile price of international commodities, the continuous rotation of hotspot sectors and varieties in domestic commodity futures, and the significant increased participation of various investors, all had contributed to the continuous inflow of funds into the market.

Operations Initiatives and Results

During the Reporting Period, Galaxy Futures accelerated its pace on transformation of futures business from a single futures brokerage towards an integrated derivatives service provider that fully serve the strategic guiding principle of “the development goals of specializing in commodity futures and scaling-up of financial futures”, playing an instrumental role as a subsidiary of Galaxy Derivatives and as a trading platform to increase income and profit levels. It also expanded the scale of equity having focus on service targets such as banks, insurance, fund companies and other financial institutions, and provided comprehensive and differentiated investment and research services to its customer under the concept of “customer-centric service” to optimize income structure. On the prerequisite of controllable risk, it reasonably applied its own funds in foreign investment, mobilizing growth in brokerage business. As at the End of Reporting Period, Galaxy Futures had total assets under management of RMB2.794 billion, representing a year-on-year increase of 4.50%, of which, the scale of self-managed business reached RMB746 million, representing a year-on-year increase of 69.52%. During the Reporting Period, newly added accumulated notional principal of over-the-counter derivatives business of Galaxy Futures was RMB228.009 billion, representing a year-on-year increase of 58.75%, of which RMB159.452 billion and RMB68.557 billion were newly added accumulated notional principals of commodities and financials, respectively.

2022 Challenges and Prospects

In 2022, Galaxy Futures will (1) further navigate the direction of business transformation from futures brokerage towards integrated derivatives, striving for a preliminarily competitive presence the industry, and through the provision of professional services, it will satisfy the actual needs of different financial institutions for achieving a new level in scale of financial futures business; (2) reposition its asset management objectives and continuously enhance the autonomous level of asset management, while striving for an increase of its asset management business in terms of management scale and percentage share in the income and profit of the Company; (3) continue to focus on the marketed financial options varieties in its options business, and revolving around the needs of professional customers, build a special service system with core characteristics of “training”, “software” and “strategy”.

(3) *Asset Management*

During the Reporting Period, the asset management business of the Group achieved revenue and other income of RMB535 million, representing a year-on-year decrease of 3.83%, mainly due to the impacts arising from the new regulations on capital management and industrial policies that asset management deposit businesses are restricted from obtaining any new customers and scale increment prior to the completion of standard transformation, hence, the scale of the asset management business of the Group decreased to a certain extent.

Market Environment

2021 was the first year of the 14th Five-Year Plan and the last year of the new regulations on capital management. Given the reform of capital market was continuously deepening, the pressing demands on asset allocation of high-net-worth individuals increased and the acceleration of de-channeling and product net worth transformation in the capital management industry had reshaped the industry. The capital management industry ushered new development stage.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Operations Initiatives and Results

During the Reporting Period, adhering strictly to the new requirements of capital management regulations, Galaxy Jinhui accelerated the progress of product transformation and actively scaled down its business channel. Continuous efforts were made by Galaxy Jinhui on the promotion of product design and active management and marketing support, basically forming a self-owned product pattern which were illustrated in the core development of “fixed income +” products, the emphasis on equity and hybrids products, and the highlights of innovative products. Galaxy Jinhui regarded building excellent and sustainable investment and research ability as main projects, and reformed the investment in staff system from three aspects of professional ability, team building and assessment mechanism to further enhance investment and research abilities and market competitiveness. The promotion of marketing system improvement, multi-channel service model optimization enabled the increase in marketing support capacity of Galaxy Jinhui. It also actively implemented the national strategy, playing a bonding role between the real economy and the capital market. Galaxy Jinhui propelled continuous innovation of green finance with efforts such as energy-saving and emission reduction-themed securities lending projects, supporting landing of asset securitization business of regional major development strategies or obtaining letters of no-objection from the exchange that had offered all-rounded assistance to the win-win development of economic benefits of enterprises and green emission reduction. As at the end of the Reporting Period, the assets under management of Galaxy Jinhui amounted to RMB123.723 billion, of which the size of collective asset management product amounted to RMB43.056 billion; the size of single (targeted) asset management products amounted to RMB76.167 billion; the size of special asset management products amounted to RMB4.5 billion. As at the end of the Reporting Period, there were 265 products under management (including 91 collective products, 169 targeted products and 5 special products). Prior to the deadline of the transition period of capital management new regulation, Galaxy Jinhui had fully achieved the large collective product public transformation, and its product transformation was basically completed.

2022 Challenges and Prospects

In 2022, Galaxy Jinhui will be continuously led by the support of the national strategies and the provision of service to the real economy, and ride on the resource advantages of the Group to deepen the building of “Three Kinds of Capabilities”. Strictly implementing the new requirements of capital management regulations, it will also build a team of professional investment and research, consolidate its traditional fixed income advantages and extend and strengthen its product system, striving for a high-quality development of capital management business. Meanwhile, it will undertake excellent internal and external synergy and customer service, and by virtue of traditional advantages of Galaxy Jinhui, build a positive cycle of financial ecosystem.

2. *Investment Banking Business*

During the Reporting Period, in respect of our investment banking business, the Group resiliently positioned on the responsibilities of “Two Adherences” and “Four Services”, i.e. the firm adherence to the Party’s responsibility of finance management, and the adherence to the prevention and control of systemic financial risks; and the four services for the real economy, the national strategies, the scientific and technological innovation and the common-prosperity. During the Reporting Period, investment banking business of the Company achieved revenue and other income of RMB594 million.

(1) *Equity financing*

Market Environment

In 2021, the comprehensive reform of capital market maintained a steadily forward pace as seen in the smooth operation of registration-based system of Star Market and ChiNext and the establishment of the Beijing Stock Exchange (BSE), and basic systems of the capital market were continually improved. Under the policy of “system establishment, non-intervention, and zero tolerance”, the securities industry tended to show a trend of “strict supervision”. According to the statistics of WIND Data, in 2021, the scale of equity financing on SSE and SZSE amounted to RMB1,817.806 billion, representing a year-on-year increase of 8.29%, of which, the scale of IPO financing amounted to RMB542.675 billion, representing a year-on-year increase of 12.93%.

Operations Initiatives and Results

During the Reporting Period, captivating opportunity of multi-level capital market reform, the investment banking business of the Company upheld to the principle of “full-employee contracting, full-licensed operation, full-coordination and full-process risk control”, and adhered to the business model of “Dual-wheel Drive and Coordinated Development”, further deepening the long-term development model of “thematic funds + foundational services”. During the Reporting Period, the Company completed 5 IPO projects and 11 refinancing projects (including refinancing projects related convertible bonds). During the Reporting Period, the securities underwritten by the Company amounted to a total of RMB15.222 billion, of which, IPO financing and refinancing amounted to RMB0.684 billion and RMB14.538 billion, respectively.

2022 Challenges and Prospects

Alongside the steady progress on the comprehensive reform of capital market, the full implementation of registration-based system and the constant improvement of multi-level capital market, the Company will continuously pursue the national strategy to serve the real economy and proactively implement the Five-Year Strategic Development Plan with focuses on national strategic key regions and core cities. The Company will also constantly fine-tune the development model of “thematic funds + foundational services”, rally support for local economic development, build an integrated value chain across multiple lines of business and markets, and provide customers with diversified and full-cycle integrated financial service solutions in order to further consolidate the core competitiveness of our investment banking business.

(2) *Bond financing*

Market Environment

In 2021, the overall economic operation in China was generally stable and appeared progressing, and the bond market was directed to a structural adjustment subsequent to stabilization of fiscal and monetary policies. It had undergone a “slow-bull” market in China in 2021, and the issuance scale of bond market had restored to a state of steady growth. According to the statistics of WIND Data, the principal amount of bonds issued in the PRC market in 2021 totaled to RMB61.63 trillion, representing a year-on-year increase of 8%. The total debt stock in domestic bond market reached RMB130.40 trillion, representing an increase of RMB16.15 trillion compared to the end of 2020.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Operations Initiatives and Results

During the Reporting Period, the Company strived to adapt to the on-going competitive dynamics in the industry and further optimized the portfolio structure of bond business, focusing on the portfolio of bond types such as financial bonds, local bonds and asset securitization that had achieved a fairly satisfactory results. During the reporting period, the scale of bond underwriting of the Company had reached the highest level in the history of the past decade. According to the statistics of WIND Data, the Company underwrote a total of 583 bonds with the total underwriting amount of RMB229.833 billion, representing a year-on-year increase of 90.46%, and ranked 13th in the industry, representing a year-on-year rise of 6 places. Of which, in terms of financial bond, the total underwriting amount was RMB94.618 billion, representing a year-on-year increase 70.54%, and ranked 10th in the industry, representing a year-on-year rise of 1 place. In terms of local bond, the total underwriting amount was RMB46.328 billion, representing a year-on-year increase 595.62%, and ranked 10th in the industry, representing a year-on-year rise of 21 places; in terms of credit assets securitization, the total underwriting amount was RMB35.524 billion, representing a year-on-year increase 1,360.69%, and ranked 6th in the industry, representing a year-on-year rise of 12 places. The Company rallied its support for rural revitalization and successfully issued the first rural revitalization bond “Huzhou City Investment Development Group Co., Ltd. 2021 The Third Mid-term Notes (Rural Revitalization)”. The Company also actively advocated and promoted the development of green finance in response to the call for “carbon neutrality” strategy. During the reporting period, the Company underwrote 5 green bonds with total underwriting amount of RMB2.502 billion, including the first green automobile installment asset-backed securities of a national commercial bank (Gongyuan Zhiyuan(工元致远) 2021 Phase I Automobile Installment Green Asset-Backed Securities), and the first carbon neutral bond to professional investors, “China Huadian Corp. Ltd 2021 Second Green Corporate Bond (Specialized for Carbon Neutrality)”. In 2021, the Company won the honor of “Excellent Trustee” at SSE and SZSE.

2022 Challenges and Prospects

In 2022, on the basis of optimizing business synergy effect, the Company will make persistent efforts on underwriting to further explore the businesses in respect of financial institutions, asset securitization and high-quality corporate bond in order for enhancing the underwriting scale of local bonds. Meanwhile, we will actively develop innovative business, accelerate the promotion of linkage between equity and bond to provide better service to the strategic customers of the Company.

(3) *New OTC Board*

Market Environment

According to the statistics of WIND Data, as of the end of the Reporting Period, the number of companies listed on the New OTC Board in China was 6,932, representing a decrease of 7.23% compared to the end of 2020. In 2021, China further deepened the reform of the New OTC Board and established the Beijing Stock Exchange. As at the end of the Reporting Period, the number of companies listed on BSE was 82, with the total market capitalization, accumulated financing volume and stock turnover of RMB272.275 billion, RMB18.471 billion and RMB160.980 billion, respectively during the Reporting Period.

Operations Initiatives and Results

During the Reporting Period, the Company actively explored opportunities to serve “specialized and new” enterprises and other small and medium enterprises (SMEs), and enhanced the ability of thematic fund to invest in innovative SMEs and targeted enterprises of BSE. During the Reporting Period, the Company completed 2 BSE listing projects as a sponsor. According to the statistics of WIND Data, in terms of the number of projects listed and market ranking, BSE ranked in parallel on 10th place in the market. The Company had completed 2 New OTC Board private placement projects, the accumulated amount raised was RMB66,096,500. As of the end of the Reporting Period, the number of projects reserved under continuous supervision of the Company was 45, of which the number of innovation layer and basic layer were 16 and 29 respectively.

2022 Challenges and Prospects

Attaching great importance to the significant development opportunity in capital market arising from the establishment of BSE, the Company will bolster the comprehensive internal synergy mechanism by means of joint working meetings and accelerate the fund landing to the New OTC Board for playing a driving role in investment and financing. At the same time, the Company will thoroughly strengthen our research service ability for the BSE as well as practice quality improvement and risk prevention and project reserves enhancement.

(4) *M&As and Restructuring*

Market Environment

The scale and number of M&A transactions in the M&A market of the PRC showed an increase in 2021. According to the statistics of WIND Data, in 2021, the number of transactions announced on the M&A market of the PRC was 11,288, involving a transaction volume of RMB12.65 trillion, representing a year-on-year increase of 47.29%. The number of transactions completed in the M&A market of the PRC was 8,949, involving a transaction volume of RMB3.70 trillion and representing a year-on-year increase of 18.72%.

Operations Initiatives and Results

During the Report Period, capturing opportunities arising from the changes of capital market, the Company strengthened the internal and external business synergies and promoted the expansion of mergers and acquisitions and restructuring businesses. During the Reporting Period, apart from operating regular asset restructuring business, the Company also acted as the financial advisor of five listed companies namely, Jingui Silver(金貴銀業), Guirenniao(貴人鳥), Shandong Boya(山東博雅), CCOOP(供銷大集) and Huachangda(華昌達), on their judicial reorganization, involving restructured debts of RMB9.788 billion, RMB1.665 billion, RMB484 million, RMB23.528 billion and RMB2.154 billion, respectively. The Company introduced new investors to these listed companies in alleviating their debt burden and restoring their business development momentum through judicial reorganization of business.

2022 Challenges and Prospects

In 2022, the Company will further strengthen the building of M&A and restructuring business system, promote the construction of M&A and restructuring talent team and enhance the professional service capabilities of corporate M&As and restructuring, making active efforts on implementing the Opinions of the State Council on Further Improving the Quality of Listed Companies. At the same time, by virtue of the advantages of its shareholder and its experience in serving the integration of state-owned enterprises, the Company will seize the opportunities of the implementation of state-owned enterprise reform, promoting customer enterprises to achieve extended development and value enhancement through capital market.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

3. Investment Management Business

(1) Proprietary trading and other securities trading services

During the Reporting Period, the proprietary trading and other securities trading services business of the Group achieved revenue and other income of RMB9.128 billion, representing an increase of 68.69% compared to 2020. During the Reporting Period, the proprietary and other securities trading services business of the Company further promoted in-depth investment value creation and actively transformed towards the direction of investment trading, as well as focusing on customer needs and strengthening product design. In addition to proactive establishment of a portfolio in asset allocation and expansion on income sources, fairly satisfactory investment returns were achieved under a market environment of complexity, volatility and recurring risks.

Market Environment

In 2021, the SHCI rose to 3,639.78 points from 3,473.07 points, representing an accumulated increase of 4.80%; the SZCI rose to 14,857.35 points from 14,470.68 points, representing an accumulative increase of 2.67%; ChiNext Price Index rose to 3,322.67 points from 2,966.26 points, representing an accumulated increase of 12.02%; the NEEQ Component Index rose to 1,138.22 points from 1,010.77 points, representing an accumulated increase of 12.61%; and the China Bond Composite Index -Total Value-Total Return rose to 217.74 points from 207.19 points, representing an accumulated increase of 5.09%.

Operations Initiatives and Results

① Equity investment

During the Reporting Period, the equity investment business of the Company continued to focus on core assets, actively responded to market adjustments and made use of futures, options and other tools to minimize exposure, effectively controlling withdrawals. Based on arbitrage and long-short strategies, quantitative investments of medium to low risk were vigorously developed, and fund and overseas stock investments were added to increase investment product categories and to enlarge circle of abilities in investment.

② Fixed income investments

During the Reporting Period, capturing market opportunities, the Company effectively expanded investment scale and leverage level and performed fundamental credit research, successfully preventing credit risks in real estate, among others. The pledged quotation repurchase business of the Company ("Daily Profit") continually maintained its leading presence in the industry, and in terms of business scale and number of customers, it ranked first in the market with outstanding balance of RMB17.19 billion and 746,000 investors. The Company actively participated in local currency market transactions on the National Interbank Funding Center and had won the "Market Influence Award – Active Trader" in 2021, the "Top 100 Bond Transaction Settlement Business – Excellent Proprietor" Award by China Central Depository & Clearing Co., Ltd., and the "Public REITs Investment Institution Award" in the 6th Annual Conference of China Securitization Forum of CNABS. The Company strongly emphasized on all kinds of innovative business qualification reserves and the resources gathering ability of leading securities firms in the industry. During the Reporting Period, the Company was approved and qualified by the National Association of Financial Market Institutional Investors as a core dealer of credit risk mitigation tools, became a credit protection certificate creation institution of SZSE, and obtained qualifications for interbank gold price asking transactions of the Shanghai Gold Exchange and standard warrant business of the Shanghai Futures Exchange. The Company also became one of the first batch strategic investors

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

and market-makers of participating publicly offered REITs, successfully participated in the investment or market making activities of the first batch of 9 and the second batch of 2 publicly offered REITs projects. The Company pioneered in rolling out income certificates linked to “Shanghai Gold” and enhanced OTC derivatives linked to CSI Bond Index, thereby consolidating the investment management ability into the capital intermediary business innovatively to broaden product system of the Company and meet the diversified product service needs of customers.

③ Derivatives investment

During the Reporting Period, persistently developing innovative derivatives investment business, the Company had enhanced the needs of institutional customers with block trading and OTC derivatives business, and met clients’ cross-border needs with cross-border income exchange business, achieving significant improvement on stability of commodity trading business through refined hedging management. In terms of OTC business, the Company focused on developing OTC options and equity swap business, while offering products such as floating income-linked income certificate products to institutional and retail customers, satisfying their needs on wealth management and broad asset class allocation.

④ New OTC Board Market making business

During the Reporting Period, grounded on its main position in stock transfer market, the Company constantly explored and improved profit model of the market-making business. In active response to the comprehensive in-depth reform of the New OTC Board, the Company focused on the growth of enterprises, cultivated investment varieties and held positions performance significantly ahead of market. The Company also emphasized on gaining strength of building investment and research, and on the basis of in-depth research, continuously explored targets in forming regular project investment. At the same time, the Company continuously advocated on the study of market risks to enhance risk control ability and secure sustainable business development.

2022 Challenges and Prospects

Looking forward to 2022, macro-economic growth will resume normal and A-share market is expected to remain relatively stable with reasonably abundant liquidity. Nonetheless, external complicated environment and uncertain factors will remain in existence, the capital market will be volatile amid the evolution of international and domestic landscape. From industry perspective, the rapid development of customer demand-based business of brokers will initiate a new round of brokers’ expansion, the leverage ratio of lead brokers will project a significant increase, the proportion of asset-heavy business will progressively rise year by year, and innovative capital-heavy businesses such as derivatives and FICC will achieve a win-win situation in terms of income growth and stagnant volatility. The proprietary trading and other securities trading services business of the Company will set ‘stability’ as its top priority, at the same time in pursuit of progress. While maintaining stable income contribution of the traditional dominant business, it will also find its way on road to transformation and development from proprietary investment to “integrated financial service provider”, by developing new categories of investment, expanding scale of investment, consolidating foundation of OTC business, vigorously building customer demand business and proactively observing business opportunities of ABS investment and the long-term impact of the establishment of BSE.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

(2) *Private equity investment*

Market Environment

During the Reporting Period, the domestic fundraising environment showed an overall recovery trend compared to that of 2020. According to the statistic of Zero2IPO Research, in 2021, the total number of new funds which is allowed investment in mainland China and raised by investment institutions was 6,979, representing a year-on-year increase of 100.7% with the total amount of funds raised of RMB2,208.519 billion, representing a year-on-year increase of 84.5%, it was shown that additional capital had expeditiously leaned towards the leading institutions. The total number of investment made was 12,327, representing a year-on-year increase of 63.1%. A total number of 4,532 exits was completed in the market, representing a year-on-year increase of 18%.

Operations Initiatives and Results

As the platform of the Company in private equity funds raising and management, Galaxy Capital rigorously practiced the development model of “thematic funds + foundational services”. Facing the challenges of weak business foundation and lack of presence in the industry, it had taken crucial steps in the leapfrog development of thematic funds by adopting a dual approach of independent fund raising and collaborative fund raising with focus on improving abilities of fund creation and design in addition to accelerating funds foundation. During the Reporting Period, Galaxy Capital successfully found funds including Zhongshan Xingzhong Galaxy Green Industry Investment Fund (中山興中銀河綠色產業投資基金), Haiyan Galaxy Fashion Smart Equity Investment Fund (海鹽銀河時尚智造股權投資基金) and Galaxy Core Dynamic One Equity Investment Fund (銀河芯動能壹號股權投資基金) to support the development of enterprises possessing core competitiveness through equity investment. Its external investment involved fields such as new energy, display chip technology and many others.

2022 Challenges and Prospects

In 2022, Galaxy Capital will be committed to constantly serving the strategic layout of the 14th Five-Year Plan of China, and in conjunction with the development roadmap of “thematic fund + foundational services”, it will invest in projects of key development areas in the 14th Five-Year Plan with primary focuses on industries and services relating to strategic emerging industries, frontier technology and industrial transformation, new infrastructure construction, and consumption upgrade of residents. By engaging in enthusiasms and motivations of all parties and investigating in-depth fundraising opportunities, Galaxy Capital will propel the stable growth of management scale, adhere to the initiatives of management business, strengthen the construction of investment research system and improve the digitalization of system in order to better support the integrated financial services of the Company,

(3) *Alternative asset investment*

Market Environment

The national 14th Five-Year Plan guided vigorous implementation of science and technology innovation strategy, and along with the establishment of BSE, multi-level capital market landscape in China was formed, and equity investment market in China had stayed in a strategic opportunity period for the time being. The continuous promotion of capital market registration-based system reform had attracted more market players increasingly to participate in the equity investment business, meanwhile, the space on valuation spread between primary and secondary markets was further narrowed down, and the equity investment business had become a constant test to the investment institutions in exercising their abilities on understanding and judgement of industry and enterprises.

Operations Initiatives and Results

During the Reporting Period, Galaxy Yuanhui focused on actual investment in high-tech industrial enterprises and strengthened equity investment efforts. Nearly RMB400 million was contributed to new equity project which mainly invested in leading enterprises with strong attributes of science and technology innovation in the real economy, such as advanced manufacturing, medical and health, and corporate services. During the Reporting Period, Galaxy Yuanhui invested in 39 equity financial products with an investment amount of RMB1.672 billion.

2022 Challenges and Prospects

In 2022, Galaxy Yuanhui will be committed to its original initiative of providing financial services to the real economy. It will proactively serve the national strategy with having the spirit of the Central Economic Work Conference and the national 14th Five-Year Development Plan as the short- and medium-term strategic guidance, implement the requirements of “Six stabilities” and “Six guarantees”, and adhere to the first priority of “stability” in operating steady investment business. It will focus on the participation of building an “enterprise-centric” investment and financing business system, and endeavor to serve the overall strategy of the Company and the linkage development of all business lines.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

4. Overseas business

Market Environment

During the Reporting Period, the Hong Kong securities market underwent substantial adjustment. As at the End of the Reporting Period, the total value of the Hong Kong securities market was HK\$42.38 trillion, representing a year-on-year decrease of 10.82% compared to the end of 2020. During the reporting period, share trading in Hong Kong market remained active with average daily trading volume of HK\$166.7 billion, an increase of 29% from HK\$129.5 billion in 2020; and the total amount of funds raised for the entire year was HK\$770.7 billion, an increase of 3% from HK\$747.0 billion in 2020. The number of IPOs in Hong Kong stocks was 98, representing a decrease of 36% compared to the same period in 2020; the total proceeds from IPOs raised was HK\$328.9 billion, representing a decrease of 17.8% from the same period in 2020. During the Reporting Period, Southeast Asia Stock Market experienced wide-range volatile fluctuation. Trading volumes of stock markets in different countries in Southeast Asia diverged. Average daily turnover of the Indonesia and Thailand stock markets increased by 49% and 37% year-on-year, respectively while the average daily turnover in the Malaysia and Singapore stock market decreased by 16% and 8% year-on-year, respectively.

Operations Initiatives and Results

During the Reporting Period, Galaxy International Holdings had diligently overcome the impact of market fluctuations, and maintained a steady development of various businesses and operated cross-border business in an orderly fashion. In particular, as at the end of the Reporting Period, the number of brokerage customers and transaction volume sustained a trend on growth, the ranking of market participants on HKEx rose to 48th, the investment banking business completed 8 listings and underwritings on the Main Board of the HKEx throughout the year as well as 15 bond underwriting projects, and the scale of cross-border revenue swap contracts recorded an increase reaching HK\$3.003 billion as at the end of the Reporting Period. The asset management business successfully issued the first China-Hong Kong cross-border collective management product and the first A-share tailored new account product.

During the Reporting Period, CGS-CIMB Securities International Pte. Ltd. (a subsidiary of Galaxy International Holdings, "CGS-CIMB Securities") and CGS-CIMB Holdings Sdn. Bhd. (a subsidiary of Galaxy International Holdings, "CGS-CIMB Holdings") maintained their leading presences in the Southeast Asia market in brokerage business, ranking 1st and 3rd place in the Singapore market and Malaysia market respectively. The brokerage commission and interest income of CGS-CIMB Securities and CGS-CIMB Holdings had achieved rapid growth, and they had gradually expanded their business scope into business fields such as share placement, wealth management, main brokerage, foreign exchange and fixed income, further expanding the income sources. Meanwhile, CGS-CIMB Securities and CGS-CIMB Holdings promoted the construction of a digital investment platform to attract millennial investors. During the Reporting Period, CGS-CIMB Securities and CGS-CIMB Holdings maintained stable profitability.

During the Reporting Period, Galaxy International Holdings achieved revenue and other income of RMB3.247 billion, net profit of RMB274 million and net profit attributable to the Company amounted to RMB188 million, representing increases of 78.50%, 37.92% and 18.43% respectively compared to 2020.

2022 Challenges and Prospects

In 2022, Galaxy International Holdings will continue to consolidate its base in Southeast Asia covering Asia, and pay attention to international business portfolio in Europe and the United States. It will build a business model of setting a base of overseas local business and a core of cross-border synergistic business, make use of the wealth resources and advantages of domestic and overseas customers to strengthen diversified portfolio in businesses, enhance competitiveness of financial services, and realize the sustainable development and growth of our overseas business.

II. ANALYSIS OF MAJOR OPERATION DURING THE REPORTING PERIOD

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

As at the End of the Reporting Period, the Group's total assets amounted to RMB560.135 billion and equity attributable to owners of the Company amounted to RMB98.956 billion. In 2021, the Group realized total revenue and other income of RMB45.277 billion, representing an increase of 44.81% as compared with 2020; net profit attributable to owners of the Company of RMB10.430 billion, representing an increase of 43.99% as compared with 2020; earnings per share of RMB0.97, representing an increase of 36.62% as compared with 2020; and weighted average return on net assets of 12.29%, representing an increase of 2.45 percentage points as compared with 2020.

(ii) Asset Structure and Quality

As at the end of 2021, the Group had total assets of RMB560.135 billion, representing an increase of 25.67% from RMB445.73 billion as at the end of 2020; total liabilities of RMB461.157 billion, representing an increase of 26.79% from RMB363.722 billion as at the end of 2020; equity attributable to owners of the Company of RMB98.956 billion, representing an increase of 21.78% from RMB81.255 billion as at the end of 2020.

Asset structure remained stable while asset quality and liquidity remained satisfactory. As at 31 December 2021, the compositions of the Group's total assets were: cash and bank balances of RMB113.938 billion, accounting for 20.34% of the total assets; clearing settlement funds of RMB32.294 billion, accounting for 5.77% of the total assets; advances to customers of RMB98.194 billion, accounting for 17.53% of the total assets; financial assets held under resale agreements of RMB21.975 billion, accounting for 3.92% of the total assets; financial assets held for trading of RMB135.643 billion, accounting for 24.22% of the total assets; other debt investments of RMB81.233 billion, accounting for 14.50% of the total assets; and investment in other equity instruments of RMB34.685 billion, accounting for 6.19% of the total assets. The Group remained satisfactory asset liquidity with reasonable structure. In addition, according to accounting policy, the Group made provision for corresponding impairment of financial instruments and recognized provision for losses based on expected credit losses, and its asset quality remained satisfactory.

The gearing level and operating leverage slightly increased from the beginning of the year. As at the end of 2021, the gearing ratio of the Group was 77.07%, representing an increase of 0.63 percentage point as compared with 76.44% as at the end of 2020. (Note: gearing ratio = (total liabilities – accounts payable to brokerage clients – funds payable to securities issuers)/(total assets – accounts payable to brokerage clients – funds payable to securities issuers)); operating leverage ratio was 4.36 times, basically remaining flat as 4.28 times as at the end of 2020. (Note: operating leverage ratio = (total assets – accounts payable to brokerage clients – funds payable to securities issuers)/equity attributable to owners of the Company).

(iii) Financing Channels and Capability

The Company maintained a long-term and stable financial policy, focusing on liquidity management of assets and guaranteeing availability of financing channel. During the Reporting Period, the Company raised short-term funding primarily by means of interbank lending, repurchase, short-term commercial papers, short-term income certificates, margin and securities refinancing. Meanwhile, the Company may raise long-term capital through issuance of corporate bonds, subordinated bonds, long-term income certificates, perpetual subordinate bonds, convertible bonds and other ways approved by the competent authorities according to market environment and its own needs. At present, the Company has obtained consolidated credit line from several commercial banks and may employ the foregoing debt financing instruments in combination for raising funds according to its own business needs.

As at the End of the Reporting Period, line of credit granted to the Company amounted to approximately RMB400.6 billion.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

(iv) Cash Flows

Excluding the change in margin deposit of clients, cash and cash equivalents increased by RMB0.308 billion from the end of last year due to the fact that the cash inflows from the Group's operating activities for the year were more than the cash outflows from financing activities and investing activities.

Net cash flows from operating activities increased by RMB2.816 billion to RMB21.136 billion in 2021 from RMB18.32 billion for the same period of 2020; net cash flows from investing activities increased by RMB18.856 billion to RMB-23.702 billion in 2021 from RMB-42.558 billion for the same period of 2020; net cash flows from financing activities decreased by RMB30.412 billion to RMB2.874 billion in 2021 from RMB33.286 billion for the same period of 2020; increased net cash and cash equivalents decreased by RMB8.74 billion to RMB0.308 billion in 2021 from RMB9.048 billion for the same period of 2020.

(v) Operating Income and Profit Analysis

1. Items of income statement

Summary Financial Results

In 2021, the Group realized profit before tax of RMB12.791 billion, representing an increase of 39.69% as compared with 2020. Key financial results are as follows:

Unit: RMB in million

Item	2021	2020	Change	Year-on-year growth rate
Revenue				
Commission and handling fee income	10,614.1	9,422.9	1,191.2	12.64%
Interest income	13,596.7	10,804.4	2,792.3	25.84%
Net investment gains	7,131.0	4,827.6	2,303.4	47.71%
Total revenue	31,341.9	25,054.9	6,287.0	25.09%
Income from bulk commodity trading	13,654.7	6,065.2	7,589.5	125.13%
Other income and gains	280.5	147.1	133.4	90.60%
Total revenue and other income	45,277.1	31,267.2	14,009.9	44.81%
Total expenses	-32,532.6	-22,171.1	-10,361.5	46.73%
Including: expenses on bulk commodity trading	-13,008.3	-6,038.5	-6,969.8	115.42%
Share of results of a joint venture	46.6	60.6	-14.0	-23.16%
Profit before income tax	12,791.0	9,156.7	3,634.3	39.69%
Income tax expense	-2,274.1	-1,844.6	-429.5	23.28%
Profit for the year	10,517.0	7,312.1	3,204.9	43.83%
Net profit attributable to owners of the Company	10,430.2	7,243.7	3,186.5	43.99%

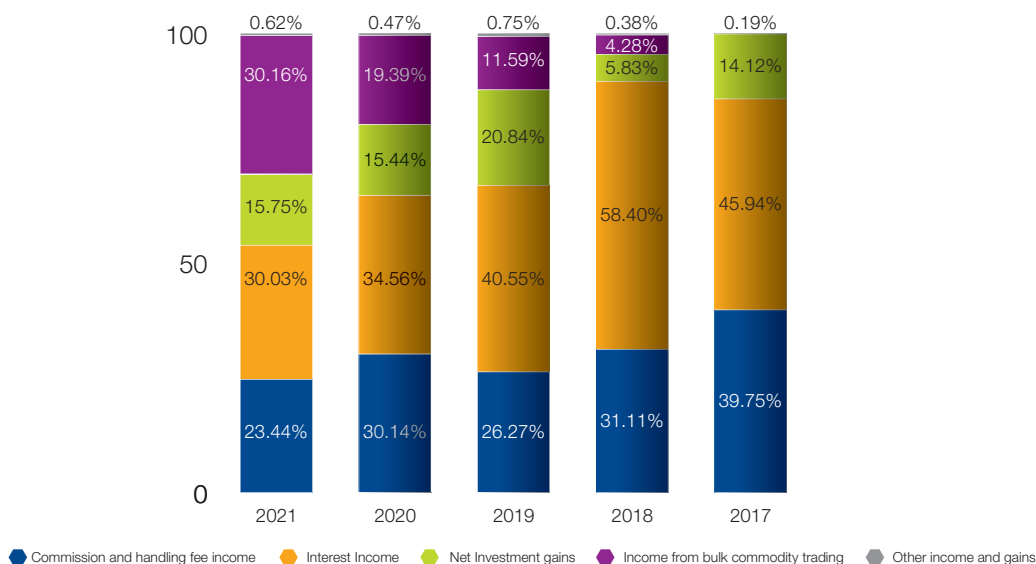
SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Revenue breakdown

In 2021, the Group realized total revenue and other income of RMB45.277 billion, representing an increase of 44.81% as compared with 2020, among which, commission and handling fee income accounted for 23.44%, representing a decrease of 6.70 percentage points as compared with 2020; interest income accounted for 30.03%, representing a decrease of 4.53 percentage points as compared with 2020; net investment gains accounted for 15.75%, representing an increase of 0.31 percentage point as compared with 2020; income from bulk commodity trading accounted for 30.16%, representing an increase of 10.77 percentage points as compared with 2020; income from bulk commodity trading increased by RMB7.59 billion; and other income and gains accounted for 0.62%, representing an increase of 0.15 percentage point as compared with 2020. Breakdown of the Group's revenue for the recent five years is as follows:

Item	2021	2020	2019	2018	2017
Commission and handling fee income	23.44%	30.14%	26.27%	31.11%	39.75%
Interest income	30.03%	34.56%	40.55%	58.40%	45.94%
Net investment gains	15.75%	15.44%	20.84%	5.83%	14.12%
Income from bulk commodity trading	30.16%	19.39%	11.59%	4.28%	0.00%
Other income and gains	0.62%	0.47%	0.75%	0.38%	0.19%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

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



From the perspective of change in revenue breakdown, the proportion of revenue from the Company's light-capital business which mainly generates commission and handling fee income decreased while the proportion of revenue from the Company's heavy-capital business which mainly generates interest income and net investment gains remained rather stable. The proportion of income from bulk commodity trading has been increasing gradually year-on-year. This reflects the fact that the Company's transformation in development has been successful.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Commission and handling fee income

Breakdown of the Group's commission and handling fee income in 2021 is as follows:

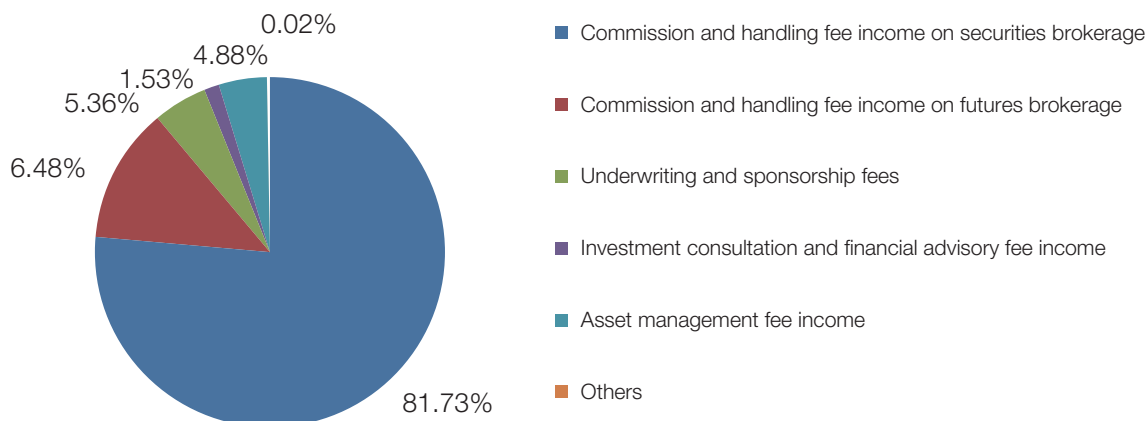
Unit: RMB in million

Item	2021	2020	Change	Year-on-year growth rate
Commission and handling fee income				
Commission and handling fee income on securities brokerage	8,675.6	7,314.6	1,361.0	18.61%
Commission and handling fee income on futures brokerage	687.6	460.5	227.1	49.32%
Underwriting and sponsorship fees	569.1	898.8	-329.7	-36.68%
Investment consultation and financial advisory fee income	162.1	153.0	9.1	5.95%
Asset management fee income	517.9	594.5	-76.6	-12.88%
Others	1.8	1.5	0.3	20.00%
Total commission and handling fee income	10,614.1	9,422.9	1,191.2	12.64%
Commission and handling fee expense	1,193.9	902.2	291.7	32.33%
Net commission and handling fee income	9,420.2	8,520.8	899.4	10.56%

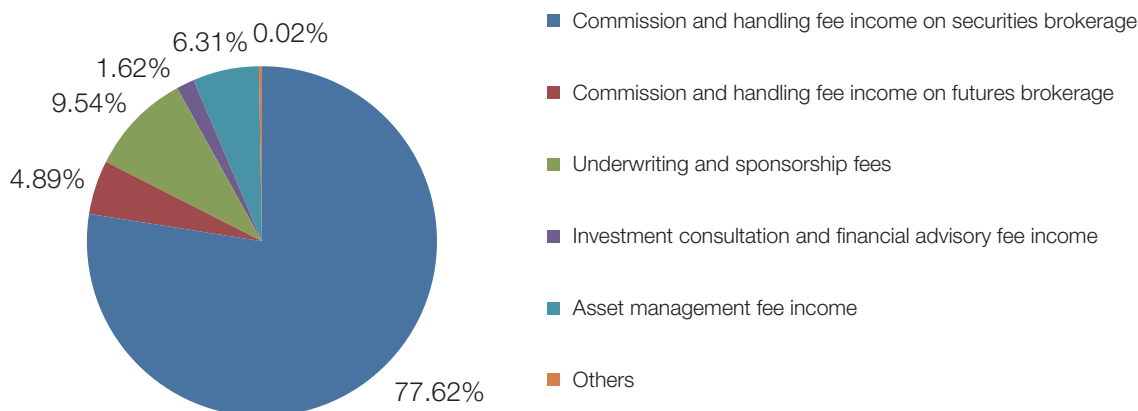
SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

The chart below illustrates the breakdown of the Group's commission and handling fee income in 2021 and 2020:

Breakdown of commission and handling fee income in 2021



Breakdown of commission and handling fee income in 2020



In 2021, the Group realized net commission and handling fee income of RMB9.420 billion, representing an increase of 10.56% as compared with 2020, which was mainly attributable to the increase in commission and handling fee income on securities brokerage.

Commission and handling fee income on securities brokerage increased by RMB1.361 billion or 18.61% as compared with 2020, which was mainly attributable to the upward trend of the fluctuating stock market index and the increased trading volume of shares and funds.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Interest income

In 2021, the Group realized net interest income of RMB5.456 billion, representing an increase of 30.58% as compared with 2020. Breakdown of the Group's net interest income in 2021 is as follows:

Unit: RMB in million

Item	2021	2020	Change	Year-on-year growth rate
Interest income				
Deposits and bank balances with exchanges and non-bank financial institutions	2,810.1	2,207.9	602.2	27.27%
Advances to financing customers and securities lending	6,540.6	5,060.5	1,480.1	29.25%
Financial assets held under resale agreements	1,279.5	1,691.2	-411.7	-24.34%
Debt instruments measured at fair value through other comprehensive income	2,549.0	1,610.7	938.3	58.25%
Debt instruments measured at amortized cost	286.0	230.9	55.1	23.86%
Others	131.5	3.1	128.4	4,141.94%
Total interest income	13,596.7	10,804.4	2,792.3	25.84%
Interest expenses	8,140.8	6,626.2	1,514.6	22.86%
Net interest income	5,455.9	4,178.2	1,277.7	30.58%

Interest income from deposits and bank balances with exchanges and non-bank financial institutions increased by RMB602 million or 27.27% as compared with 2020.

Interest income from advances to financing customers and securities lending increased by RMB1,480 million or 29.25% as compared with 2020, which was primarily attributable to the increase in business scale of margin financing and securities lending.

Interest income of financial assets held under resale agreements decreased by RMB412 million or 24.34%, which was mainly due to the decrease in scale of stock pledge repurchases as compared with 2020.

Interest income of debt instruments measured at fair value through other comprehensive income increased by RMB938 million or 58.25% as compared with 2020, which was primarily attributable to the increase in investment scale of such debt instruments.

Interest income of debt instruments measured at amortized cost increased by RMB55 million or 23.86% as compared with 2020, which was primarily attributable to the increase in investment scale of such debt instruments.

Interest expenses increased by RMB1,515 million or 22.86% as compared with 2020, which was mainly due to the increase in daily average scale of debts.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Net investment gains

In 2021, the Group realized net investment gains of RMB7.131 billion, representing an increase of 47.71% as compared with 2020. Breakdown of the Group's net investment gains in 2021 is as follows:

Unit: RMB in million

Item	2021	2020	Change	Year-on-year growth rate
Investment gain/(loss) from the following items				
Debt instruments measured at amortized cost	8.0	0.0	8.0	Not applicable
Financial assets measured at fair value through profit or loss	8,975.9	6,755.4	2,220.5	32.87%
Derivatives	-2,528.2	-2,130.9	-397.3	-18.64%
Debt instruments measured at fair value through other comprehensive income	337.8	217.4	120.4	55.38%
Equity instruments designated as at fair value through other comprehensive income	1,608.5	534.8	1,073.7	200.77%
Others	-1,271.0	-549.0	-722.0	-131.51%
Total	7,131.0	4,827.6	2,303.4	47.71%

Investment gains from financial assets measured at fair value through profit or loss increased by RMB2,221 million or 32.87% as compared with 2020, which was primarily attributable to the increase in investment scale in financial assets under improved market environment, resulting in the increase in investment gains.

Investment gains from derivatives decreased by RMB397 million or 18.64% as compared with 2020, which was primarily due to the increased hedge scale of the Company in 2021 and the increase in hedges against negative gains under the rising market.

Investment gains from debt instruments measured at fair value through other comprehensive income increased by RMB120 million or 55.38% as compared with 2020, which was mainly attributable to the increase in investment scale of such debentures.

Investment gains from equity instruments measured at fair value through other comprehensive income increased by RMB1,074 million or 200.77% as compared with 2020, which was mainly attributable to the increase in the amount of dividends distributed in respect of the investment in perpetual bonds.

Other investment gains decreased by RMB722 million or 131.51% as compared with 2020, which was mainly due to the increase in the scale of trading financial liabilities.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Operating expenses

In 2021, the Group's operating expenses (excluding handling fee and commission expenses and interest expenses) amounted to RMB23.198 billion, representing an increase of 58.43% as compared with 2020. Breakdown of the Group's operating expenses in 2021 is mainly as follows:

Unit: RMB in million

Item	2021	2020	Change	Year-on-year growth rate
Operating expenses				
Depreciation and amortization	825.9	810.9	15.0	1.85%
Staff costs	7,044.3	5,448.5	1,595.8	29.29%
Bulk commodity trading expenses	13,008.3	6,038.5	6,969.8	115.42%
Other operating expenses	2,362.5	1,849.1	513.4	27.76%
Impairment losses	-43.1	495.7	-538.8	-108.69%
Total	23,197.9	14,642.7	8,555.2	58.43%

Staff costs increased by RMB1,596 million or 29.29% as compared with 2020, which was primarily due to the increase in corresponding provision for remuneration in line with the business growth in 2021.

Bulk commodity trading expense increased by RMB6,970 million or 115.42% as compared with 2020, which was mainly due to the increase in costs of the basis spread trading business.

Other operating expenses increased by RMB513 million or 27.76% as compared with 2020, which was mainly due to the increase in general administrative expenses.

Impairment losses decreased by RMB539 million or 108.69% as compared with 2020, which was mainly attributable to the reversal of credit impairment losses in respect of the repayment of stock pledge business.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Impairment losses

Impairment losses amounted to RMB-43 million, representing a decrease of RMB539 million as compared with 2020, details of which are presented as follows:

Unit: RMB in million

Item	2021	2020	Change	Year-on-year growth rate
Impairment losses				
Provision for/(reversal of) impairment losses on accounts receivable	-36.8	13.6	-50.4	-370.59%
Impairment losses on other receivables	182.6	16.1	166.5	1,034.16%
Impairment losses on of margin financing and securities lending business	1.7	41.3	-39.6	-95.88%
Impairment losses on financial assets held under resale agreements	-160.8	214.5	-375.3	-174.97%
Credit impairment losses on financial assets measured at amortized cost	-19.5	101.9	-121.4	-119.14%
Credit impairment losses on debt instruments measured at fair value through other comprehensive income	-26.7	108.5	-135.2	-124.61%
Credit impairment losses on cash and bank balances	-1.0	1.2	-2.2	-183.33%
Inventory	17.4	-1.4	18.8	-1,342.86%
Total	-43.1	495.7	-538.8	-108.69%

In 2021, impairment losses on assets amounted to RMB-43 million, which was mainly due to the reversal of credit impairment losses of RMB161 million in respect of the repayment of stock pledge business, as compared with the provision of RMB215 million made last year.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

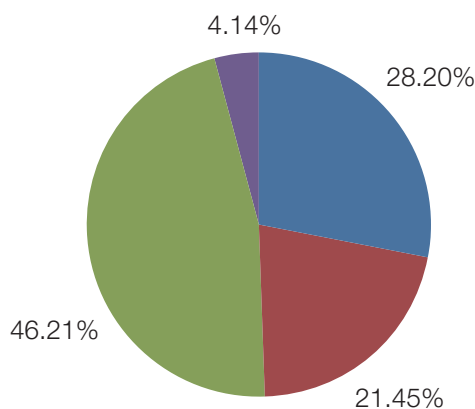
2. Asset items

As at 31 December 2021, the Group's total assets amounted to RMB560.135 billion, representing an increase of 25.67% as compared with 2020, among which, cash assets amounted to RMB157.949 billion, representing an increase of 24.86% with as compared with 2020; financing assets amounted to RMB120.169 billion, representing an increase of 5.52% as compared with 2020; financial investment assets amounted to RMB258.806 billion, representing an increase of 38.69% as compared with 2020; other operational assets such as properties and equipment, mainly including fixed assets, construction in progress, intangible assets and interest receivable, amounted to RMB23.212 billion, representing an increase of 23.92% as compared with 2020. Major changes in the Group's total assets are as follows:

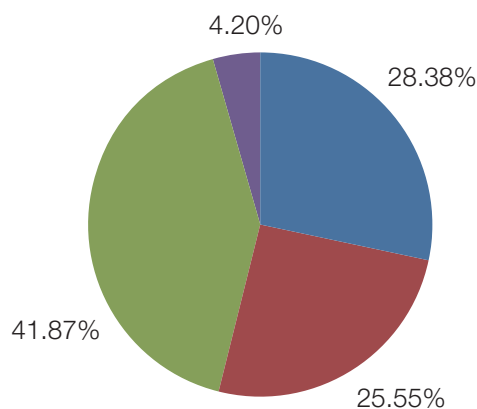
Unit: RMB in million

Item	31 December 2021	31 December 2020	Change	Year-on-year growth rate
Cash assets	157,948.6	126,505.5	31,443.1	24.86%
Financing assets	120,168.8	113,881.5	6,287.3	5.52%
Financial investment assets	258,806.0	186,612.4	72,193.6	38.69%
Other operational assets such as properties and equipment	23,211.6	18,730.8	4,480.8	23.92%
Total	560,135.0	445,730.2	114,404.8	25.67%

Breakdown analysis of assets in 2021



Breakdown analysis of assets in 2020



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

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Cash assets

As at 31 December 2021, the Group's cash assets increased by RMB31.443 billion or 24.86% as compared with 2020, accounting for 28.20% of the Group's total assets. Breakdown of the Group's cash assets is as follows:

Unit: RMB in million

Item	31 December 2021	31 December 2020	Change	Year-on-year growth rate
Cash assets				
Bank balances	113,938.4	92,727.6	21,210.8	22.87%
Clearing settlement funds	32,294.0	17,583.9	14,710.1	83.66%
Reserves and deposits with exchanges and other financial institutions	11,716.2	16,194.0	-4,477.8	-27.65%
Total	157,948.6	126,505.5	31,443.1	24.86%

Changes in cash assets was mainly reflected in bank balances, which amounted to RMB113.938 billion, representing an increase of RMB21.211 billion or 22.87% as compared with 2020, which was mainly attributable to the increase in scale of clients' funds.

Clearing settlement funds increased by RMB14.710 billion or 83.66% as compared with 2020, which was mainly due to the increase in clients' clearing settlement funds.

Reserves and deposits with exchanges and other financial institutions decreased by RMB4.478 billion or 27.65% as compared with 2020, which was primarily due to the decrease in transaction deposits.

Financing assets

As at 31 December 2021, the Group's financing assets increased by RMB6.287 billion or 5.52% as compared with 2020, accounting for 21.45% of the Group's total assets. Breakdown of the Group's financing assets is as follows:

Unit: RMB in million

Item	31 December 2021	31 December 2020	Change	Year-on-year growth rate
Financing assets				
Advances to financing customers	98,193.7	82,018.4	16,175.3	19.72%
Financial assets held under resale agreements	21,975.1	31,863.1	-9,888.0	-31.03%
Total	120,168.8	113,881.5	6,287.3	5.52%

Advances to financing customers amounted to RMB98.194 billion, representing an increase of 19.72% as compared with 2020, which was primarily due to the increase in the Group's business scale of margin financing and securities lending.

Financial assets held under resale agreements amounted to RMB21.975 billion, representing a decrease of 31.03% as compared with 2020, which was primarily due to the decrease in business scale of pledged repurchase and stock pledge repurchase.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Financial investment assets

As at 31 December 2021, the Group's financial investment assets increased by RMB72.194 billion or 38.69% as compared with 2020, accounting for 46.21% of the Group's total assets. The table below sets forth the breakdown of the Group's financial investment assets:

Unit: RMB in million

Item	31 December 2021	31 December 2020	Change	Year-on-year growth rate
Financial investment assets				
Investment in an associate	30.3	1,308.2	-1,277.9	-97.68%
Financial assets measured at fair value through profit or loss	135,642.9	92,647.0	42,995.9	46.41%
Financial instruments measured at amortized cost	5,269.4	5,789.3	-519.9	-8.98%
Debt instruments measured at fair value through other comprehensive income	81,232.9	52,130.2	29,102.7	55.83%
Equity instruments measured at fair value through other comprehensive income	34,684.6	33,868.2	816.4	2.41%
Derivative financial assets	1,945.9	869.5	1,076.4	123.80%
Total	258,806.0	186,612.4	72,193.6	38.69%

The Group's investment in an associate decreased by RMB1.278 billion or 97.68% as compared with 2020, which was mainly due to the decrease in investment in associates as a result of the acquisition of overseas joint ventures.

Financial assets measured at fair value through profit or loss increased by RMB42.996 billion or 46.41% as compared with 2020, which was mainly attributable to the increase in investment scale of bonds and funds.

Debt instruments measured at fair value through other comprehensive income increased by RMB29.103 billion or 55.83% as compared with 2020, which was mainly due to the increase in investment scale of bonds.

Derivative financial assets increased by RMB1.076 billion or 123.80% as compared with 2020, which was mainly due to the increase in business scale of over-the-counter derivatives and their price fluctuation.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

As at 31 December 2021, the Group's financial assets measured at fair value through profit or loss increased by RMB42.996 billion or 46.41% as compared with 2020, accounting for 24.22% of the Group's total assets, which was mainly attributable to the increase in investment scale of bonds, stocks, funds and other investments. The table below sets forth the breakdown of the Group's financial assets measured at fair value through profit or loss:

Unit: RMB in million

Item	31 December 2021	31 December 2020	Change	Year-on-year growth rate
Financial assets measured at fair value through profit or loss				
Debt securities	64,351.6	49,534.1	14,817.5	29.91%
Equity securities	19,878.9	14,652.1	5,226.8	35.67%
Funds	21,889.7	15,308.7	6,581.0	42.99%
Trust schemes	321.3	44.0	277.3	630.23%
Other investments	29,201.4	13,108.1	16,093.3	122.77%
Total	135,642.9	92,647.0	42,995.9	46.41%

Other operational assets such as properties and equipment

As at 31 December 2021, the Group's other operational assets such as properties and equipment amounted to RMB23.212 billion, representing an increase of RMB4.481 billion or 23.92% as compared with 2020, accounting for 4.14% of the Group's total assets. The table below sets forth the breakdown of the Group's other operational assets such as properties and equipment as at the dates indicated:

Unit: RMB in million

Item	31 December 2021	31 December 2020	Change	Year-on-year growth rate
Other operational assets such as properties and equipment				
Property and equipment	547.1	435.7	111.4	25.57%
Goodwill	1,008.7	426.5	582.2	136.51%
Other intangible assets	704.8	525.1	179.7	34.22%
Deferred tax assets	168.3	69.2	99.1	143.21%
Accounts receivable	10,150.7	12,215.0	-2,064.3	-16.90%
Tax recoverable	805.1	116.9	688.2	588.71%
Other receivables and prepayments	8,248.5	4,012.1	4,236.4	105.59%
Right-of-use assets	1,570.8	922.5	648.3	70.28%
Investment properties	7.6	7.8	-0.2	-2.56%
Total	23,211.6	18,730.8	4,480.8	23.92%

Goodwill increased by RMB0.582 billion or 136.51% as compared with 2020, which was mainly attributable to the goodwill arisen from the acquisition of overseas joint ventures.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Deferred tax assets increased by RMB99 million or 143.21% as compared with 2020, which was mainly attributable to the increase in deductible temporary differences.

Other intangible assets increased by RMB0.18 billion or 34.22% as compared with 2020, which was mainly attributable to the increase in investment in software.

Accounts receivable decreased by RMB2.064 billion or 16.90% as compared with 2020, which was mainly attributable to the decrease in client securities settlement.

Other receivables and prepayments increased by RMB4.236 billion or 105.59% as compared with 2020, which was mainly attributable to the increase in scale of over-the-counter derivative trading conducted and transaction performance deposits receivable from clients.

Right-of-use assets increased by RMB0.648 billion or 70.28% as compared with 2020, which was mainly attributable to the addition of lease for the headquarters.

3. Liability items

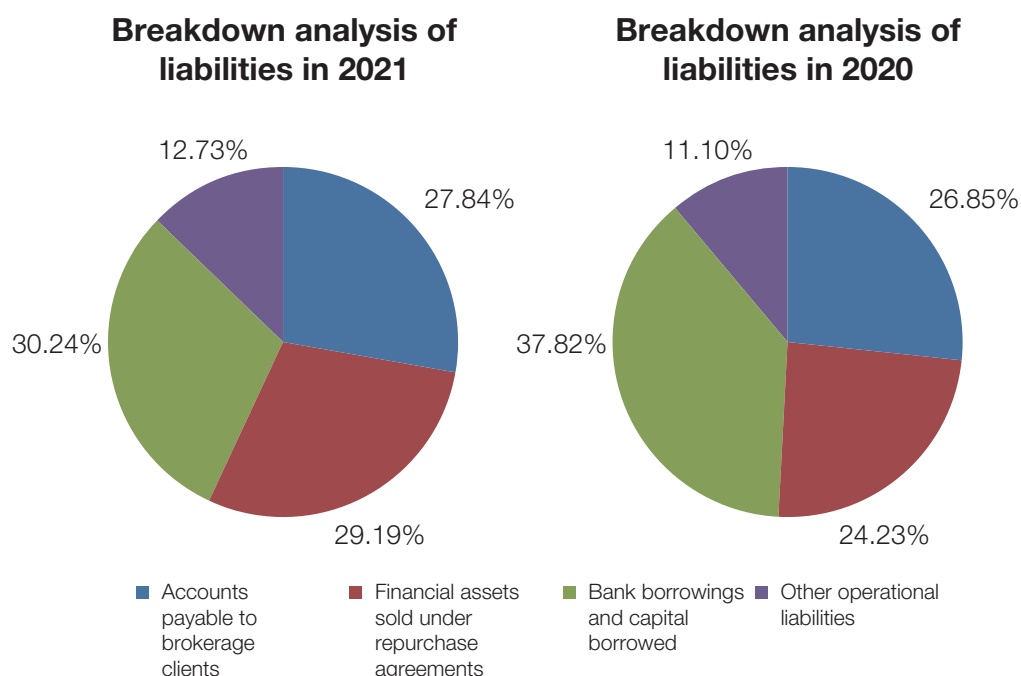
As at 31 December 2021, the Group's total liabilities amounted to RMB461.157 billion, representing an increase of RMB97.435 billion or 26.79% as compared with 2020. In order to vigorously develop the capital intermediary market, the Company increased the level of financial leverage, expanded the scale of financing and raised funds through various channels. As at 31 December 2021, accounts payable to brokerage clients amounted to RMB128.401 billion, representing an increase of 31.46% as compared with 2020; financial assets sold under repurchase agreements amounted to RMB134.604 billion, representing an increase of 52.76% as compared with 2020; bank borrowings and capital borrowed amounted to RMB139.436 billion, representing an increase of 1.36% as compared with 2020; and other operational liabilities amounted to RMB58.716 billion, representing an increase of 45.44% as compared with 2020. The table below sets forth the major changes in the Group's total liabilities:

Unit: RMB in million

Item	31 December 2021	31 December 2020	Change	Year-on-year growth rate
Liabilities				
Accounts payable to brokerage clients	128,400.8	97,670.9	30,729.9	31.46%
Financial assets sold under repurchase agreements	134,603.9	88,113.4	46,490.5	52.76%
Bank borrowings and capital borrowed	139,436.1	137,566.5	1,869.6	1.36%
Other operational liabilities	58,716.2	40,371.2	18,345.0	45.44%
Total	461,157.0	363,722.0	97,435.0	26.79%

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

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



Bank borrowings and capital borrowed

Unit: RMB in million

Item	31 December 2021	31 December 2020	Change	Year-on-year growth rate
Bank borrowings and capital borrowed				
Amounts payable to banks and other financial institutions	24,054.2	23,610.7	443.5	1.88%
Debt instruments	31,149.8	54,263.4	-23,113.6	-42.60%
Bonds payable	84,232.1	59,692.4	24,539.7	41.11%
Total	139,436.1	137,566.5	1,869.6	1.36%

Debt instruments decreased by RMB23.114 billion or 42.60% as compared with 2020, which was mainly due to the decrease in issuance scale of short-term commercial papers and short-term income certificates of the Company.

Bonds payable increased by RMB24.54 billion or 41.11% as compared with 2020, which was mainly due to the increase in the scale of long-term corporate bonds of the Company.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Other operational liabilities

Unit: RMB in million

Item	31 December 2021	31 December 2020	Change	Year-on-year growth rate
Other operational liabilities				
Accrued staff costs	4,906.8	3,714.2	1,192.6	32.11%
Other payables and accruals	29,651.8	23,420.8	6,231.0	26.60%
Income tax liabilities	208.8	127.4	81.4	63.89%
Financial liabilities measured at fair value through profit or loss	16,583.9	10,030.7	6,553.2	65.33%
Lease liabilities	1,578.8	913.5	665.3	72.83%
Derivative financial liabilities	4,647.3	1,973.4	2,673.9	135.50%
Deferred tax liabilities	1,138.8	191.2	947.6	495.61%
Total	58,716.2	40,371.2	18,345.0	45.44%

Accrued staff costs increased by RMB1.193 billion or 32.11% as compared with 2020, which was mainly due to the increase in performance-based salaries as a result of the business growth of the Group.

Other payables and accruals increased by RMB6.231 billion or 26.60% as compared with 2020, which was primarily due to the increase in scale of performance deposits payable to clients.

Financial liabilities measured at fair value through profit or loss increased by RMB6.553 billion or 65.33% as compared with 2020, which was mainly due to the increase in scale of stock index linked income certificates.

Lease liabilities increased by RMB0.665 billion or 72.83% as compared with 2020, which was primarily due to the addition of lease of new space in the headquarters of the Company.

Derivative financial liabilities increased by RMB2.674 billion or 135.50% as compared with 2020, which was mainly affected by the increase in business scale of over-the-counter derivatives and their price fluctuation.

Deferred tax liabilities increased by RMB0.948 billion or 495.61% as compared with 2020, which was mainly affected by the changes in fair value of financial instruments.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

4. Equity items

As at 31 December 2021, the Group's total equity amounted to RMB98.978 billion, representing an increase of 20.69% as compared with 2020. The table below sets forth the breakdown of the Group's equity as at the dates indicated:

Unit: RMB in million

Item	31 December 2021	31 December 2020	Change	Year-on-year growth rate
Share capital	10,137.3	10,137.3	0.0	0.00%
Other equity instruments	14,885.9	4,962.2	9,923.7	199.99%
Reserves	47,182.6	43,854.2	3,328.4	7.59%
Retained profits	26,750.1	22,300.9	4,449.2	19.95%
Non-controlling interests	22.2	753.5	-731.3	-97.05%
Total	98,978.1	82,008.1	16,970.0	20.69%

Other equity instruments increased by RMB9.924 billion or 199.99% as compared with 2020, which was mainly due to the increase in issuance scale of perpetual subordinated bonds of securities companies.

Non-controlling interests decreased by RMB0.731 billion or 97.05% as compared with 2020, which was mainly due to the forward acquisition of non-controlling interests of CGS-CIMB Securities and CGS-CIMB Holdings pursuant to the terms of the relevant contracts.

5. Segment results

A business segment is a group of assets and operations relating to the provision of products or services and different business segments are subject to different risks and rewards. The Group has four business lines: brokerage, sales and trading business, investment banking business, investment management business and overseas business. We present our financial results based on seven business segments, among which the three business segments, namely, securities brokerage, futures brokerage, and proprietary trading and other securities trading business, reflect the financial results of our brokerage, sales and trading business line; the two business segments, namely, asset management and private equity investment reflect the financial results of our investment management line. In addition, our other segments primarily record the interest income from our own bank deposits and our capital management activities, as well as staff costs and administrative expenses related to the management functions of our headquarters.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

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

Unit: RMB in million

	2021		2020	
	Amount	Percentage	Amount	Percentage
Securities brokerage	16,127.5	35.62%	16,075.9	51.41%
Futures brokerage	15,387.7	33.99%	6,661.4	21.30%
Proprietary trading and other				
securities trading services	9,128.3	20.16%	5,411.3	17.31%
Investment banking	593.5	1.31%	809.9	2.59%
Asset management	534.6	1.18%	555.9	1.78%
Private equity investment	511.8	1.13%	401.0	1.28%
Overseas business	3,246.5	7.17%	1,818.8	5.82%
Others	1,422.6	3.14%	343.0	1.10%
Inter-segment eliminations	-1,675.4	-3.70%	-810.0	-2.59%
Total	45,277.1	100.00%	31,267.2	100.00%

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

Unit: RMB in million

	2021		2020	
	Amount	Percentage	Amount	Percentage
Securities brokerage	8,486.1	26.09%	9,849.8	44.43%
Futures brokerage	14,366.6	44.16%	6,177.4	27.86%
Proprietary trading and other				
securities trading services	4,449.8	13.68%	3,111.9	14.04%
Investment banking	312.8	0.96%	408.4	1.84%
Asset management	520.6	1.60%	425.0	1.92%
Private equity investment	140.5	0.43%	80.4	0.36%
Overseas business	2,944.2	9.05%	1,623.8	7.32%
Others	1,652.1	5.08%	825.7	3.72%
Inter-segment eliminations	-340.1	-1.05%	-331.3	-1.49%
Total	32,532.6	100.00%	22,171.1	100.00%

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

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

Unit: RMB in million

	2021		2020	
	Amount	Percentage	Amount	Percentage
Securities brokerage	7,641.3	59.75%	6,226.1	68.00%
Futures brokerage	1,021.1	7.98%	483.9	5.28%
Proprietary trading and other securities trading services	4,678.5	36.58%	2,299.3	25.11%
Investment banking	280.7	2.19%	401.5	4.38%
Asset management	14.0	0.11%	130.9	1.43%
Private equity investment	371.4	2.90%	320.6	3.50%
Overseas business	350.7	2.74%	255.7	2.79%
Others	-231.5	-1.81%	-482.6	-5.26%
Inter-segment eliminations	-1,335.2	-10.44%	-478.7	-5.23%
Total	12,791.0	100.00%	9,156.7	100.00%

(vi) Contingent Liabilities

Nil

(vii) Analysis of Investment

Unit: RMB in million

Item	31 December 2021		Period from 1 January to 31 December 2021		
	Initial investment cost/nominal value	Fair value	Net interest income	Investment gains	Changes in fair value
Financial assets measured at fair value through profit or loss	130,846.6	135,642.9	-	6,789.2	2,186.7
Debt instruments measured at fair value through other comprehensive income	79,520.3	81,232.9	2,549.0	337.8	885.8
Equity instruments measured at fair value through other comprehensive income	33,935.0	34,684.6	-	1,608.5	116.8
Financial liabilities measured at fair value through profit or loss	15,866.5	-16,583.9	-	-800.3	-470.7
Derivative financial instruments	500,634.3	-2,701.4	-	-1,911.0	-621.5

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

(viii) Analysis of Major Controlled Companies and Investees

1. Galaxy Futures has a registered capital of RMB2.3 billion, in which the Company holds 100% equity interest. Its major business scope is commodity futures brokerage, financial futures brokerage, futures investment consultancy, assets management and sales of funds. According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, as at 31 December 2021, the total assets and net assets of Galaxy Futures were RMB67.8 billion and RMB3.932 billion, respectively. In 2021, it achieved operating income and net profit of RMB15.119 billion and RMB766 million, respectively.
2. Galaxy Capital has a registered capital of RMB1.0 billion, in which the Company holds an equity interest of 100%. Its major business scope is asset management, project investment and investment management, etc. According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, as at 31 December 2021, the total assets and net assets of Galaxy Capital were RMB1.426 billion and RMB1.147 billion, respectively. In 2021, it achieved operating income and net profit of RMB134 million and RMB51 million, respectively.
3. Galaxy International Holdings has a registered capital of HK\$5.0 billion, in which the Company holds 100% equity interest. Its major business scope is to provide services of securities and futures brokerage, research and analysis, investment banking, margin financing and securities lending, asset management, wealth management, foreign exchange trading and derivatives, etc. in regions and countries such as Hong Kong, Singapore, Malaysia, Indonesia, Thailand, India, South Korea, the United Kingdom, the United States and Mauritius and other countries through a number of wholly-owned subsidiaries and non-wholly-owned subsidiaries in Hong Kong such as CGS-CIMB Securities and CGS-CIMB Holdings. According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, as at 31 December 2021, the total assets and net assets of Galaxy International Holdings were RMB33.657 billion and RMB4.471 billion, respectively. In 2021, it achieved operating income, net profit and net profit attributable to the Company of RMB1.932 billion, RMB274 million and RMB188 million, respectively.
4. Galaxy Jinhui has a registered capital of RMB1.0 billion, in which the Company holds 100% equity interest. Its major business scope is securities assets management. According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, as at 31 December 2021, the total assets and net assets of Galaxy Jinhui were RMB1.617 billion and RMB1.337 billion, respectively. In 2021, it achieved operating income and net profit of RMB507 million and RMB11 million, respectively.
5. Galaxy Yuanhui has a registered capital of RMB3.0 billion, in which the Company holds 100% equity interest. Its major business scope is proprietary investment to enterprises business (including equity investment or bond investment), or to invest in other investment funds related to equity investment and bond investment. According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, as at 31 December 2021, the total assets and net assets of Galaxy Yuanhui were RMB3.434 billion and RMB3.227 billion, respectively. In 2021, it achieved operating income and net profit of RMB376 million and RMB238 million, respectively.

(ix) Structured Entities Controlled by the Company

As at 31 December 2021, the Group consolidated 51 structured entities, including asset management schemes and partnerships. The factors considered when determining the inclusion of the above structured entities in the scope of consolidation include: the Group is the manager or de facto controller and has a certain amount of investment in each of these structured entities, enjoying a greater variable return in such structured entities. It identifies the right of control over certain asset management schemes and certain partnerships and incorporates them into the scope of the consolidation after taking into account factors such as its right of investment decision-making and the exposure to variable returns. As at 31 December 2021, the above-mentioned structured entities incorporated into the scope of the consolidation recorded equity attributable to the Company of RMB13.262 billion.

(x) Others

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

As at the End of the Reporting Period, the Company had a total of 37 branch offices and 501 securities branches.

(1) *Establishment of new securities branches*

During the Reporting Period, the Company completed the establishment of 11 new securities branches in accordance with the Announcement on Various Issues in relation to the Cancellation or Adjustment of Certain Administrative Approval Projects of Securities Companies (《關於取消或調整證券公司部分行政審批項目等事項的公告》) [CSRC Announcement (2020) No. 18], namely Beijing Times Garden South Road Securities Branch, Beijing Old Palace Securities Branch, Beijing Youth Road Securities Branch, Beijing West Dawang Road Securities Branch, Beijing Jishuitan Securities Branch, Tonghua Binjiang West Road Securities Branch, Rudong Tonghai Road Securities Branch, Jingzhou Securities Branch, Nanning Jinhu South Road Securities Branch, Danzhou Zhongxing Street Securities Branch and Chongqing Jiangbeizui Securities Branch.

(2) *Disposal of branch offices and securities branches*

During the Reporting Period, Zhongshan Securities Branch was upgraded as Zhongshan branch office and completed the change of Business License on 16 August 2021.

(3) *Relocation of branch offices and securities branches*

The Company has constantly adjusted and optimized its branch layout. During the Reporting Period, the Company relocated a total of 27 branches within the same city, including 4 branch offices and 23 securities branches, namely Heilongjiang Branch, Xiamen Branch, Yunnan Branch, and Anhui Branch; Zhengzhou Longhai Road Securities Branch, Foshan Lvjing 1st Road Securities Branch, Zhumadian Zhidi Plaza Securities Branch, Yichang New Century Securities Branch, Zhanjiang Haibei Road Securities Branch, Taizhou Huangyan Weiyu Street Securities Branch, Mianyang Anchang Road Securities Branch, Harbin Zhongshan Road Securities Branch, Nanchang Liantang Securities Branch, Yuncheng Hedong Street Securities Branch, Guangzhou Panyu Wanbo 1st Road Securities Branch, Tianjin Nanmalu Securities Branch, Hangzhou Future Science and Technology City Shuxin Road Securities Branch, Guilin Zhongshan Middle Road Securities Branch, Chongqing Ruitian Road Securities Branch, Chongqing Shan'an Street Securities Branch, Beijing Yiheyuan Road Securities Branch, Zhongshan Xiaolan Shengping East Road Securities Branch, Guangzhou Huanshi East Road Securities Branch, Beijing Beisihuan Securities Branch, Hangzhou Jingfang Securities Branch, Foshan Shunde Ronggui Securities Branch, and Weinan Duhua Road Securities Branch.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

2. Introduction to account regulation

During the Reporting Period, the Company further implemented the long-term mechanism of standardized management of account of clients to carry out centralized verification of account information and centralized management of images in strict compliance with the requirements of the system, thereby ensuring that the newly opened accounts met the standards for qualified accounts; completed the procedures for activation of dormant accounts and regulation of unqualified accounts in strict accordance with the operating procedures, thereby safeguarding the orderly commencement of account regulation business.

During the Reporting Period, there was no risk disposition account under the branches, and the Company's original unqualified accounts were regulated orderly. As at the End of the Reporting Period, the Company had 1,788 unqualified fund accounts. During the Reporting Period, there was no new petty dormant account, and there were 9,625 reactivated petty dormant fund accounts. There were 2,572,624 petty dormant fund accounts as at the End of the Reporting Period (including 535,887 pure fund accounts under management with reference to standards for dormant account management). Besides, as at the End of the Reporting Period, the Company scored 293 fund accounts judicially frozen as at the end of the period, an increase of 116 accounts.

3. Business innovation and its influence and risk control during the Reporting Period

During the Reporting Period, the Company actively implemented business innovation, and successively obtained relevant business qualifications such as the qualification for pilot business of financing for exercising incentive share options of listed companies, the qualification for spot bond market-making business in the interbank market, and the qualification for pilot account management function optimization business. To ensure the safe operation of its innovative business, the Company attached importance to controlling risk at source and actively adopted various risk control measures to implement effective risk management, including:

(1) Carrying out adequate risk assessment from multiple perspectives

At the early stage of innovative business, the Company's business departments first carried out risk self-assessment and conducted a comprehensive analysis of the operation model of innovative business, main risks, measurement models, potential losses under pressure scenarios and supporting measures to cope with risks. The Company's risk and compliance departments or external experts conducted independent assessment of areas including laws and regulations, risk appetite, basic assumptions of risk management, risk point control and risk model from their respective professional perspectives. Based on the assessment results, the Company made decisions on innovative business and determines the conditions for business launch and the relevant restrictive requirements.

(2) Making preparations for risk control before the launch of business

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

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

After the innovative business is launched and put into operation, it is incorporated into the Company's daily risk management system for risk measurement, monitoring, assessment and reporting. The Company attached great importance to risk process management, continuously followed up the risk trend, and took timely measures to deal with the abnormal risk identified. In the operation process of innovative business, the Company constantly assessed whether each of its risk control measures was in line with the risk characteristics of its business and timely adjusted and improved the supporting system process, risk limit, risk control standard and system function based on the change of risk level in different development stages of innovative business, in order to meet the needs of business development and risk management.

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

(i) Industry Landscape and Trend

During the Reporting Period, the momentum of economic growth in China was sufficient, the macroeconomic policies were sound and effective, and the liquidity was reasonable and abundant. Under the compound effects of the policies of "Houses are for Living In, Not for Speculation", the removal of guaranteed repayment of the principal for bank wealth management, the net-worth transformation and the money earning effect arising from structural condition of capital market, as a result, the fund scale had expanded, the market trading was active, the average daily turnover of stock funds had exceeded trillion, and the balance of margin financing and securities lending rose to a record high. Under the environment that China has been pursuing high-quality economy development, resolving the conflicting issues of supply-side and increasing the weight of direct financing in China, the capital market has further consolidated its position as a hub to promoting technological innovation and transformation and upgrade of the real economy. The securities industry is expected to continuously reap the benefits of the dividends of in-depth system reform of the capital market, the overall industry business environment is positive with upward trend and improved profitability.

(ii) Development Strategy of the Company

In 2022, the Company will continue to engage the business model of "Dual-wheel Drive and Coordinated Development", optimize the management mechanism of "centralized organization + line supervision + hierarchical management", and build a "Trinity" business system comprising "wealth management, investment and financing, international business". On the basis of transformation development and preliminary consolidation, the Company will actively promote supply side structural reform in line with the national development strategies and macroeconomic trend in the PRC, and capture market opportunities in pursuit of strategic mergers and acquisitions for expansional development. Adopting various strategic measures to drive itself to improving competitiveness and achieving high-quality development, the Company will also strive to make steady progress in operating results of the Group and become a systemically dominant securities financial institution.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

(iii) Operational Plans

In 2022, under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New era, the Party Committee of the Company, revolving around the "14th Five-Year Plan" will vigorously serve the overall demand of the real economy, fully implement the "Three Major Tasks" of financial work, and solidly complete the works on "Six Stabilities" and "Six Guarantees". Adhering to the overall requirement of serving the national strategy, the Company will provide financial services of higher quality and efficiency following the real economy, and fully work as part of the new development pattern in delivering the harmonic resonant developments of the Company and the nation. Specifically, adhering to the principle of "customer-centric", our wealth management business at its headquarters will apply the business model of "professional empowerment + group customer base operations" to develop high-net-worth customers; leveraging margin financing and securities lending businesses, our credit business will build a comprehensive financial service system capturing institutional clients; in reliance on the core of independent management, our capital management business will make diligent effort to "address the shortcomings"; enhancing professional abilities output of the headquarters, our investment banking business will enhance capital strength and drive the correlated growth of investment and financing; actively promoting the development of innovative businesses, our proprietary business will explore new business opportunities; focusing on the layout of cross-border business, our international business will leverage platform construction for ability enhancement on cross-border business and will drive the growth of business scale and revenue, by virtue of key products as a breakthrough for attracting domestic and foreign customers; and our research business will strengthen the construction of research and sales teams for improvement of research quality and influence. In 2022, the Company shall embrace the idea of "Great One of the Nations" in active participation in the centennial change and shoulder the responsibility and mission as a national team in the securities industry. We will continue to uphold the deployment of the Party Committee of the Company in serving on areas of major national strategies, real economy, and transformation and development. Promoting financial technology strategy in full force, we will play a role of driving force and by virtue of ESG investment concept, sparking motivations and shielding protection in the healthy development of national economy and society.

(iv) Potential Risks

During the Reporting Period, the evolving COVID-19 epidemic and various intertwined risk factors increased the difficulty and complexity of the risk management of the Company. By focusing on the two major objectives of constant enhancement of risk management ability and effective prevention and control of significant risks, the Company continued to establish and improve the risk management system, with the focus on the establishment of country risk management system, mechanism of reporting significant risks by levels, and the comprehensive risk performance assessment mechanism, as well as optimized a number of credit risk prevention and control mechanisms, including negative list management. In addition to strict implementation of the Group's risk appetite, the Company optimized and adjusted risk limits at different levels in a dynamic manner to reduce marginal incremental risks while safeguarding its business development; continued to increase investment in talents and resources in areas such as data governance, system construction and risk measurement to further enrich its professional risk management tools and further enhance its standards for automation and intelligence. The Company also continued to deepen the comprehensive "penetrating, full coverage" group risk management system by promoting data collection, independent measurement and monitoring, management of critical limits, pre-assessment of significant events, risk reporting and risk identification, and strengthening the vertical risk control of its subsidiaries in a practical manner. During the Reporting Period, the risks of the Company were generally under control and no significant risks arose.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

1. Major risks affecting the operations of the Company

The risks faced by the Company in business activities mainly include, among others, market risk, credit risk, liquidity risk, operational risk and cyber security risk. During the Reporting Period, the Company adopted effective measures to actively address various risks and guaranteed the smooth commencement of operating activities.

(1) Market risk

Market risk refers to the risk of the potential or actual loss incurred by the Company due to the fluctuation of the fair value or future cash flows in respect of financial instruments held or to be held by the Company resulting from the adverse changes in securities price, interest rate and currency rate, including securities price risk, interest rate risk and currency rate risk, etc. Market risk is mainly measured by professional indicators such as sensitivity and VaR, and dynamically managed through measuring and monitoring the limit indicators by setting risk limits such as risk exposure, scale, concentration level, limit of loss, sensitivity and VaR.

① Securities price risk

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

The securities price risk of the Company mainly arose from the positions held in businesses such as proprietary capital investment and market making business. In order to control such risks effectively, the Company mainly adopted the following measures. Firstly, it made use of financial derivatives such as futures and options to carry out effective risk hedging; secondly, it implemented stringent risk limit management to effectively control indicators such as risk exposure, scale, concentration level, limit of loss, VaR and sensitivity, and implemented risk monitoring, measurement, analysis and reporting for indicators such as risk limits to identify and deal with risks in a timely manner as well as adjusted the risk limits on a regular basis or from time to time after taking into account changes in the market, business operation and risk characteristics, thereby coping with the potential changes in risks; thirdly, it adopted quantitative analysis to assess risks in a timely manner, and carried out dynamic and forward-looking assessment of risks of the securities portfolio by adopting scenario analysis, sensitivity analysis, risk performance attribution, stress tests and other methods. As at the End of the Reporting Period, the VaR of the Group amounted to RMB145 million.

② Interest rate risk

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

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

③ Exchange rate risk

Exchange rate risk refers to the risk of the loss incurred by the Company's positions held due to the adverse fluctuation in exchange rates. Given that the Company settles most of its transactions in RMB, the exchange rate risk actually encountered by the Company is relatively insignificant. With the gradual expansion of our international business and cross-border business as well as the progress in the internationalization of RMB, the exchange rate risk of the Company will increase gradually. Currently, the Company mainly adopts reasonable and effective measures such as hedging with foreign exchange derivatives to manage its exchange rate risk.

(2) Credit risk

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

During the Reporting Period, the Company's credit risk preference for bond investment remained relatively stable. The investors of credit bonds were mainly central enterprises and state-owned enterprises, with AA+ level or above accounting for approximately 94.30%, and the credit rating was generally high and the default risk was low. As at the End of the Reporting Period, the Company maintained an average margin ratio of 286% for the its margin financing and securities lending clients with outstanding liabilities, and an average margin ratio of 355% for its stock pledged repurchase clients with outstanding liabilities. The overall credit risk of the Company was within the acceptable range.

(3) Liquidity risk

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

To cope with and manage liquidity risk effectively, the Company mainly adopted the following measures: Firstly, it established and continued to optimize the liquidity risk indicator system to monitor the liquidity risk of the Company on a daily basis and issue risk warning and report in a timely manner; secondly, it constantly optimize the model for liquidity risk measurement to improve the accuracy and foresight of the indicators; thirdly, it conducted regular stress tests to analyze and assess the overall liquidity risk level of the Company; fourthly, it carried out regular emergency drills to constantly strengthen the Company's ability in tackling emergency in relation to liquidity; fifthly, it constantly optimized the asset and liability structure by establishing a hierarchical liquidity reserve system and diversified the capital replenishment channels through the money market, capital market and bank credit; sixthly, it strengthened the real-time monitoring and management of usage of large amounts of funds in order to achieve centralized fund allocation and coordinated liquidity risk management.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

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

(4) Operational risk

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

In order to manage operational risk effectively, the Company established the sound operational risk management system, fully implemented the three management tools of operational risk and control self-assessment (RCSA), key risk index management (KRI) and loss data collection (LDC), and continuously promoted the construction and functional improvement of the operational risk management system. Through the three major management tools of operational risk, closed-loop management was achieved before, during and after the evaluation. In addition, operational risk was managed in a hierarchical manner, and for processes with medium or higher level of operational risks, all relevant units were required to formulate action plans and rectify them in a practical manner. The Company promoted the improvement of the internal control system through the management of operational risk, and established a coordination mechanism of internal control departments to realize the sharing of data, results and system platforms, thereby improving the internal control linkage and work quality and efficiency. During the Reporting Period, the Company did not have any significant events in relation to operational risk.

(5) Cyber security risk

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

In order to effectively cope with and manage the cyber risks, the Company mainly adopted the following measures: establishing and improving the network security management system, making full use of various technologies, building a network security management ensuring system; formulating a system for disaster recovery and offsite backup within the same city, and ensuring a safe physical network environment; using data backup technology and hardware redundancy backup technology to improve the security level of hardware, software and data; maintaining good information security management and control in key matters, including network planning and isolation, information system security baseline, access to network, office terminal control and so on; deploying antivirus and data anti-leakage systems and installing firewalls, application firewalls, traffic safety detection systems and other anti-network attack security devices at network boundaries; conducting security vulnerability scanning on important systems on a regular basis; engaging external security companies to carry out security assessments, penetration tests and level evaluations for essential systems; and formulating a comprehensive contingency plan for information system emergencies and organizing drills on a regular basis. During the Reporting Period, the overall cyber risk of the Company was under control and the important information technology systems of the Company were operated in a safe and stable manner.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

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

The Company always attaches great importance to risk management, continues to improve the construction of the risk management system, strengthens the application of risk management methods and tools, continues to promote the construction of risk management information systems, implements risk management throughout the entire process, and further promotes risk management in a practical manner based on consolidated management, to ensure that the Company's sustainable and steady operation is in smooth progress.

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

The Company's board of directors and operating management at all levels attach great importance to risk management, firmly establish a bottom-line thinking, practice the important mission of preventing and resolving financial risks, organize leaders to deepen the Group's comprehensive risk management tasks, continuously improve the risk management environment, and enhance risk management guarantees, to improve the level of risk management. The Company has established and implemented the Group's risk appetite, optimized the hierarchical risk limit system based on the needs for business development and risk management, continued to improve the process of risk management mechanism, strengthened the T+1 risk measuring and monitoring, constantly optimized the risk reporting system, strengthened risk management culture publicity and training, and practically implemented the vertical risk management of subsidiaries, to effectively deepen the construction of a risk management system of "full coverage with penetration" across the Group.

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

The Company continued to invest more resources in strengthening risk assessment and measurement, enhancing the application of risk management methods and tools, thoroughly identifying risks in a timely manner, prudently assessing various types of risks, constantly monitoring risks, actively taking effective measures to deal with risks, and reporting risks in a timely and comprehensive manner. During the Reporting Period, the Company focused on optimizing the credit impairment model and economic capital model, exploring the application of models for valuation of over-the-counter derivatives, Greek alphabet and VaR measurement, PFE and stress tests, developing the application of models for realization of current assets, liquidity gap and liquidity stress tests, and constantly strengthening the standard for risk measurement; optimized the model for macro scenario stress tests and the one for corresponding risk transmission, to enhance forward-looking risk research and judgement; promoted research and application of risk performance attribution and scientific evaluation of risk return levels; continued to optimize the internal credit rating system, deepen management of the same client and improve the negative list management mechanism; as well as optimized loss databases, key risk indicators, risk control and self-assessment and other operational risk-based tools to further promote the application.

(3) Further promoting the construction of risk management information system

The Company built a risk management system group in accordance with the principles of "clear structure, comprehensive coverage, complementary, complete functions, and group sharing" to improve the information, automation, and intelligence of risk management, thereby providing strong support for the operation of the comprehensive risk management system, and based on group data integration and governance and guided by risk management requirements, it designed the overall structure of the risk management system to complete the transformation of related production systems and support systems, thereby building and expanding each of the professional risk management systems on an ongoing basis. As of the End of the Reporting Period, the Company has built a group risk data mart, a market risk measurement platform, an internal credit rating system, an operational risk management system, a financing business risk monitoring system, a liquidity risk management system, a consolidated financial statement management system, and comprehensive risk management platform, etc. The construction and function enhancement of various risk management systems is steadily advancing, effectively supporting the centralized monitoring, pre-warning, reporting and presentation of the Group's risks.

(4) *Implementing entire process risk management*

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

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

The Company set up a unified vertical risk management mechanism for its subsidiaries via the formulation and implementation of differentiated risk management plan on subsidiaries. Pre-assessment of the risk links of the subsidiaries such as basic systems, important quotas, major investment decision-making, new business and new products, have effectively controlled the major risks of the subsidiaries. System alignment and comprehensive data collection between parent and subsidiaries are promoted to integrate the subsidiaries' risks into the unified risk measurement, monitoring and reporting of the T+1 Group. A daily communication mechanism between parent and subsidiaries was established for vertical management of key risk positions in subsidiaries such as Chief Information Officer. In addition, the Group assigned key personnel in overseas subsidiaries to ensure the effective operation of the vertical risk management system of subsidiaries.

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

The Company has a sound organizational system for risk control indicator management. Management and monitoring of risk control indicators, stress test, internal audit review and other related work are carried out by designated staff of related departments. In 2021, the Company has conducted dynamic monitoring of routine net capital and liquidity risk control indicators using the risk control indicator dynamic monitoring system, realising real-time and dynamic monitoring and pre-warning of the Company's net capital and liquidity risk control indicators. On 23 January 2020, the CSRC issued “Regulations on the Calculation Standards for Risk Control Indexes of Securities Companies” [Announcement No. 10], which was effective from 1 June 2020. The Company completed the upgrade and transformation of the dynamic monitoring system for risk control indicators before 1 June 2020 to meet the regulatory requirements for dynamic monitoring of risk control indicators. In order to prevent any shock and impact on risk control indicators at the end of the period due to various factors, such as maturity of large debts, effective measures have been promptly taken, such as short-term borrowings and issuance of long-term bonds through earlier calculation and predicting net capital and liquidity risk control indicators at the end of the period, so as to prevent the possible risk of exceeding the limit of risk control indicators. The dynamic monitoring in 2021 showed that all of the Company's net capital and liquidity risk control indicators continued to conform to regulatory provisions. Based on the market and business development needs, we carried out stress test mechanism and sensitivity analysis on both regular and ad hoc basis to analyze the conditions which may appear in the future and their impact on the net capital and liquidity risk control indicator of the Company, and formulated the relevant response measures to ensure that all risk control indicators reached the target levels.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

In 2021, the Company strengthened asset-liability matching management, ensured safe liquidity, reasonable asset pricing, and optimized asset allocation, and strove to improve the asset-liability management level of the Company. The Company established a dynamic top-up mechanism and made long-term top-up plans for net capital. The Company raised short-term capital to increase its liquidity coverage by issuing income certificates and short-term commercial papers, etc. It replenished the long-term available stable fund to increase the net stable fund rate through the issuance of long-term corporate bonds and subordinated debts, etc. so as to ensure a dynamic balance between the business development and risk resistance capability of the Company. The Company made proper capital allocation and debt financing arrangements. When the capital adequacy target continued to fall or there were potentially significant adverse factors, the Company started the financing programme at an appropriate time based on the market conditions to guarantee the level of the capital adequacy. As at the end of 2021, the Company issued 6 long-term subordinated debts and 3 perpetual bonds to replenish net capital of subsidiaries with RMB17.0 billion. All risk control indicators of the Company, including net capital, met the relevant regulatory requirements throughout the Reporting Period.

(vi) Construction of Risk Management System

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

1. The Board of Directors and its special committees

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

(1) Risk Management Committee

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

(2) Audit Committee

The Audit Committee (i) supervises the disclosure of the Company’s accounting information and other major issues, reviews the critical accounting policies and their actual implementation and monitors the implementation of the Company’s major financial decisions and annual budget; (ii) reviews and evaluates the Company’s internal control system; (iii) formulates the Company’s internal audit development plans and approves the annual audit plan; (iv) controls connected transactions and carries out the daily management work under the leadership of the Board; (v) oversees the implementation of the rectifying measures by the management in response to the audit opinion; (vi) inspects, monitors and evaluates the Company’s internal audit work; (vii) makes suggestions to the Board on the appointment and removal of the external auditors, approves the remuneration and the terms of appointment of the external auditors and deals with any relevant issues regarding the resignation or removal of external auditors; (viii) inspects and monitors the independence and objectivity of the external auditors and the effectiveness of the audit procedure; (ix) develops and implements the policy on engaging external auditors to provide non-audit services; and (x) carries out other matters as authorized by the Board.

2. Supervisory Committee

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

3. The Management

The management is primarily responsible for risk management and performs risk management duties according to the authorization given by the Board, which includes: (i) formulating risk management systems and adjusting them timely; (ii) establishing and developing a sound corporate risk management structure; (iii) setting risk appetite, risk tolerance and limits for major risks and ensuring their effective implementation; (iv) regularly assessing the overall risk of the Company and the management status of key risks, solving existing issues in risk management and reporting to the Board; (v) establishing an appraisal system for all employees which includes the effectiveness of risk management; (vi) establishing a comprehensive IT system and data quality control system; and (vii) performing other functions of risk management.

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

4. Departments, branches and subsidiaries

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

The risk management department shall be responsible for promoting the comprehensive risk management under the leadership of the Chief Risk Officer, and shall coordinate the risk management work and independently identify, assess, monitor and report the overall risk, market risk, credit risk, operational risk and liquidity risk, shall provide risk management suggestions for business decisions, and shall assist, guide and inspect the risk management of all departments, branches and subsidiaries.

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



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

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

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

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

The financial management department shall be responsible for the capital allocation and liquidity management of the Company, and shall measure, monitor and report on the risk control indicators of the securities companies.

The audit department shall be responsible for independent and objective review and evaluation of the adequacy and effectiveness of risk management, supervise the relevant responsible personnel to rectify when problems are identified, and follow up the implementation of the rectification measures. The information technology department is responsible for the identification, evaluation, monitoring, reporting and response of information technology related risks to ensure the security and stability of the information system.

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

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

I. MAJOR BUSINESS AND BUSINESS OVERVIEW OF THE COMPANY

For details of the overall operation of the Company during the Reporting Period, future business development of the Company and the major risks faced by the Company, please refer to “Section IV Discussion and Analysis on Operation – I. Management Discussion and Analysis, II. Analysis of Major Operation During the Reporting Period, and III. Discussion and Analysis on Future Development of the Company” in this report. For details of the major events after the end of financial year, please refer to “Section VI Other Significant Events – VII. Important Issues after the Period” in this report.

For the financial key performance indicators of the Company, please refer to “Section II Company Profile and Major Financial Information – VII. Major Accounting Data and Financial Indicators” in this report.

For the environmental policies and performance of the Company, please refer to “XV. Other Disclosures – (viii) Active performance of social responsibilities” of this section. For details of the Company’s compliance with the laws and regulations having major impact on the Company, please refer to “XV. Other Disclosures – (viii) Active performance of social responsibilities” of this section, “Section VI Other Significant Events – VI. Other Material Issue” in this report and “Section IX Corporate Governance Report – XII. Development of Compliance Management System, and Inspection and Audit Completed by the Compliance Department and the Audit Department During the Reporting Period” in this report.

For details of the relationship between the Company and its employees and customers and others having material influence on the Company, please refer to “Section VIII Directors, Supervisors, Senior Management and Staff – VI. Staff and Remuneration” in this report and “XV. Other Disclosures – (vi) Major clients and suppliers and (viii) Active performance of social responsibilities” of this section.

The contents above form part of the Directors’ Report.

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

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

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

SECTION V DIRECTORS' REPORT

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

(ii) Schemes or plans for profit distribution of ordinary shares and conversion of capital reserve into share capital of the Company in the latest 3 years (including the Reporting Period)

Unit: Yuan Currency: RMB

Year of distribution	Number of bonus shares for every 10 shares (share)	Dividends paid for every 10 shares (tax inclusive) (RMB)	Number of shares to be converted into share capital for every 10 shares (share)	Amount of cash dividend (tax inclusive)	Net profit attributable to ordinary shareholders of the listed company in the consolidated statements of the year with dividend distribution	Percentage of net profit attributable to ordinary shareholders of the listed company in the consolidated statements (%)
2021	0	3.10	0	3,142,550,214.67	10,430,238,562.65	30.13
2020	0	2.20	0	2,230,196,926.54	7,243,654,385.20	30.79
2019	0	1.60	0	1,621,961,401.12	5,228,429,052.09	31.02

Based on the undistributed profits of the Company amounting to RMB20,369,533,218.62 at the end of 2020, plus net profit of RMB9,875,010,847.38 achieved by the Company in 2021 and less cash dividends of RMB2,230,196,926.54 in the 2020 profit distribution plan implemented by the Company in 2021 plus other comprehensive income carried over to retained earnings of RMB12,003,996.57, the distributable profit of the Company for 2021 amounted to RMB28,026,351,136.03. According to the requirements of the Company Law, the Financial Rules for Financial Enterprises and the Articles of Association, after setting aside the statutory reserve, the general risk reserve and the transaction risk reserve at a percentage of 10%, totaling RMB2,962,503,254.22, and deducting the interest expense for perpetual bonds of RMB683,500,000.00 from the net profit, the profit available for distribution to investors as at the end of 2021 amounted to RMB24,380,347,881.81.

Taking into account of the Company's long-term development and the interests of investors, the Company proposes to distribute a cash dividend of RMB3,142,550,214.67 (tax inclusive) for 2021, accounting for 30.13% of net profit attributable to owners of the Company in the consolidated statements for the year of 2021. Based on the total share capital of 10,137,258,757 shares at the end of 2021, cash dividend per 10 shares will be RMB3.10 (tax inclusive and the actual amount to be distributed may be different due to rounding). In case of any changes in the total share capital of the Company on the record date by reason of placing or repurchase, the amount of cash dividend per share will be adjusted accordingly, up to a total of RMB3,142,550,214.67 (tax inclusive). The aforesaid profit distribution plan of the Company is compliant with laws and regulations, and is transparent and consistent with the provisions of the Articles of Association and approval procedures, and the decision-making procedures and mechanisms are complete and sound. It fully safeguards the interests of minority shareholders. The 2021 profit distribution plan of the Company was passed at the 6th meeting (regular) of the fourth session of the Board, subject to the approval at the annual general meeting.

Subject to approval of the resolution relating to the 2021 profit distribution plan at the 2021 annual general meeting, the cash dividends will be distributed within two months from the date of the 2021 annual general meeting (which will be no later than 31 August 2022). The cash dividends will be denominated and declared in RMB, and paid in RMB and in Hong Kong dollars to holders of A Shares and holders of H Shares, respectively. The actual amount distributed in Hong Kong dollars will be calculated based on the average benchmark exchange rate of RMB against Hong Kong dollars announced by the People's Bank of China for five working days prior to the date of the 2021 annual general meeting of the Company.

The Company will announce in due course the date of the 2021 annual general meeting and the time for the closure of its register of members for the purpose of determining shareholders' eligibility to attend and vote at the 2021 annual general meeting, during which time no transfer of shares will be registered. The Company will make separate notice on the record date for the distribution to the H Shares dividends, the date for the closure of its register of members and the date of distribution of dividends.

SECTION V DIRECTORS' REPORT

III. ISSUANCE OF BONDS

(i) Issuance of bonds during the Reporting Period

- (1) As at 31 December 2021, the Company's issued subordinated bonds amounted to an aggregate principal amount of RMB43.7 billion, and such bonds were listed on the SSE. Details are set out as follows:

Type of shares and other derivative instruments	Date of completion of issuance	Issue price (or interest rate)	Issue amount (RMB100 million)	Listing date	Trading amount approved to be listed (RMB100 million)	Maturity date
18 Galaxy C2	2018/4/19	5.30%	32	2018/5/3	32	2021/4/19
18 Galaxy C6	2018/10/25	4.48%	50	2018/11/6	50	2021/10/25
18 Galaxy C8	2018/12/17	4.28%	15	2018/12/28	15	2021/12/17
19 Galaxy C2	2019/1/30	4.05%	40	2019/2/20	40	2022/1/30
19 Galaxy C4	2019/2/27	4.20%	34	2019/3/12	34	2022/2/27
19 Galaxy C5	2019/3/11	4.10%	32	2019/3/26	32	2021/3/11
19 Galaxy C6	2019/3/11	4.25%	34	2019/3/26	34	2022/3/11
20 Galaxy C1	2020/1/14	3.65%	10	2020/1/20	10	2022/1/14
20 Galaxy C2	2020/1/14	3.75%	40	2020/1/20	40	2023/1/14
20 Galaxy Y1	2020/11/24	4.80%	50	2020/12/2	50	N/A ^(Note 1)
21 Galaxy Y1	2021/3/29	4.57%	50	2021/4/6	50	N/A ^(Note 2)
21 Galaxy Y2	2021/4/21	4.30%	50	2021/4/29	50	N/A ^(Note 3)

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

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

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

During the Reporting Period, the proceeds from the Company's public issuance of perpetual subordinated bonds were utilized for the replenishment of the working capital of the Company or repayment of the Company's debt financing instruments at maturity or sold back by investors.

- (2) As at 31 December 2021, the Company's non-publicly issued corporate bonds amounted to an aggregate principal amount of RMB52.50 billion, and such corporate bonds were listed on the SSE. Details are set out as follows:

Type of shares and other derivative instruments	Date of completion of issuance	Issue price (or interest rate)	Issue amount (RMB100 million)	Listing date	Trading amount approved to be listed (RMB100 million)	Maturity date
18 Galaxy F2	2018/1/17	5.65%	15	2018/1/29	15	2021/1/17
18 Galaxy F4	2018/2/12	5.70%	10	2018/3/5	10	2021/2/12
20 Galaxy F1	2020/2/17	3.15%	32	2020/2/24	32	2022/2/17
20 Galaxy F2	2020/2/17	3.25%	18	2020/2/24	18	2023/2/17
20 Galaxy F3	2020/3/11	2.88%	40	2020/3/17	40	2022/3/11
20 Galaxy F4	2020/3/11	3.03%	10	2020/3/17	10	2023/3/11
20 Galaxy F5	2020/7/17	3.28%	40	2020/7/23	40	2021/7/17
20 Galaxy F6	2020/7/29	3.50%	30	2020/8/5	30	2022/7/29
20 Galaxy F7	2020/7/29	3.72%	30	2020/8/5	30	2023/7/29
21 Galaxy F1	2021/8/9	2.93%	20	2021/8/16	20	2023/8/9
21 Galaxy F2	2021/8/9	3.15%	40	2021/8/16	40	2024/8/9
21 Galaxy F3	2021/9/15	3.15%	32	2021/9/23	32	2023/9/15
21 Galaxy F4	2021/9/15	3.30%	13.05	2021/9/23	13.05	2024/9/15
21 Galaxy F5	2021/9/28	3.30%	25	2021/10/8	25	2023/9/28
21 Galaxy F6	2021/9/28	3.40%	10	2021/10/8	10	2024/9/28
21 Galaxy F7	2021/10/20	3.40%	42	2021/10/26	42	2023/10/20
21 Galaxy F8	2021/10/20	3.55%	18	2021/10/26	18	2024/10/20
21 Galaxy F9	2021/11/22	3.10%	24	2021/11/26	24	2023/11/22
21 Galaxy 10	2021/11/22	3.35%	36	2021/11/26	36	2024/11/22
21 Galaxy 11	2021/12/20	3.20%	39.95	2021/12/24	39.95	2024/12/20

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

SECTION V DIRECTORS' REPORT

- (3) As at 31 December 2021, the Company's publicly issued corporate bonds amounted to an aggregate principal amount of RMB37.60 billion, and such corporate bonds were listed on the SSE. Details are set out as follows:

Type of shares and other derivative instruments	Date of completion of issuance	Issue price (or interest rate)	Issue amount (RMB100 million)	Listing date	Trading amount approved to be listed (RMB100 million)	Maturity date
16 Galaxy G2	2016/6/1	3.35%	6	2016/6/28	6	2021/6/1
14 Galaxy G4	2016/8/23	3.14%	10	2016/9/13	10	2021/8/23
18 Galaxy G1	2018/3/14	5.15%	25	2018/3/29	25	2021/3/14
20 Galaxy S1	2020/8/31	3.04%	35	2020/9/4	35	2021/8/31
20 Galaxy S2	2020/10/23	3.17%	20	2020/10/30	20	2021/10/23
20 Galaxy G2	2020/10/23	3.70%	30	2020/10/30	30	2023/10/23
20 Galaxy S3	2020/11/27	3.58%	20	2020/12/4	20	2021/11/27
20 Galaxy G3	2020/11/27	3.80%	40	2020/12/4	40	2022/11/27
20 Galaxy S4	2020/12/24	3.10%	30	2020/12/31	30	2021/9/23
20 Galaxy S5	2020/12/24	3.12%	20	2020/12/31	20	2021/12/24
21 Galaxy G1	2021/1/21	3.24%	18	2021/1/26	18	2023/1/21
21 Galaxy G2	2021/1/21	3.58%	32	2021/1/26	32	2024/1/21
21 Galaxy G3	2021/2/4	3.50%	15	2021/2/9	15	2023/2/4
21 Galaxy G4	2021/2/4	3.67%	25	2021/2/9	25	2024/2/4
21 Galaxy G5	2021/7/20	3.13%	32	2021/7/26	32	2024/7/20
21 Galaxy G6	2021/7/20	3.45%	18	2021/7/26	18	2026/7/20

During the Reporting Period, the proceeds from the Company's public issuance of corporate bonds were utilized for the replenishment of the working capital of the Company or repayment of the Company's debt financing instruments at maturity or sold back by investors.

- (4) As at 31 December 2021, the Company's publicly issued short-term commercial papers amounted to an aggregate principal amount of RMB72.40 billion, and such bonds were listed on interbank market. Details are set out as follows:

Type of shares and other derivative instruments	Date of completion of issuance	Issue price (or interest rate)	Issue amount (RMB100 million)	Listing date	Trading amount approved to be listed (RMB100 million)	Maturity date
20 Galaxy Securities CP012	2020/10/16	2.90%	40	2020/10/19	40	2021/1/14
20 Galaxy Securities CP013	2020/10/28	2.98%	40	2020/10/29	40	2021/1/26
20 Galaxy Securities CP014	2020/11/11	3.08%	30	2020/11/12	30	2021/2/9
20 Galaxy Securities CP015	2020/11/25	3.30%	40	2020/11/26	40	2021/2/24
20 Galaxy Securities CP016	2020/12/11	2.95%	30	2020/12/14	30	2021/3/11
21 Galaxy Securities CP001	2021/1/12	2.45%	40	2021/1/13	40	2021/4/13

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Type of shares and other derivative instruments	Date of completion of issuance	Issue price (or interest rate)	Issue amount (RMB100 million)	Listing date	Trading amount approved to be listed (RMB100 million)	Maturity date
21 Galaxy Securities CP002	2021/1/29	2.95%	30	2021/2/1	30	2021/4/29
21 Galaxy Securities CP003	2021/3/9	2.63%	40	2021/3/10	40	2021/6/8
21 Galaxy Securities CP004	2021/5/21	2.30%	40	2021/5/24	40	2021/8/20
21 Galaxy Securities CP005	2021/6/22	2.35%	40	2021/6/23	40	2021/9/17
21 Galaxy Securities CP006	2021/7/14	2.15%	40	2021/7/15	40	2021/10/13
21 Galaxy Securities CP007	2021/8/10	2.10%	40	2021/8/11	40	2021/11/9
21 Galaxy Securities CP008	2021/8/26	2.15%	40	2021/8/27	40	2021/11/25
21 Galaxy Securities CP009	2021/9/15	2.43%	20	2021/9/16	20	2021/12/15
21 Galaxy Securities CP010	2021/9/27	2.68%	20	2021/9/28	20	2022/3/25
21 Galaxy Securities CP011	2021/10/15	2.60%	30	2021/10/18	30	2022/1/14
21 Galaxy Securities CP012	2021/10/28	2.75%	40	2021/10/29	40	2022/4/28
21 Galaxy Securities CP013	2021/11/11	2.75%	34	2021/11/12	34	2022/8/11
21 Galaxy Securities CP014	2021/11/18	2.76%	40	2021/11/19	40	2022/11/18
21 Galaxy Securities CP015	2021/12/9	2.70%	30	2021/12/10	30	2022/12/9
21 Galaxy Securities CP016	2021/12/16	2.70%	20	2021/12/17	20	2022/9/16

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

SECTION V DIRECTORS' REPORT

(ii) Bond financing activities after the Reporting Period

1. Corporate bonds issued after the Reporting Period

As at the date of this report, the new bonds issued by the Company in 2022 are detailed as follows:

Name	Issue size (RMB100 million)	Use of proceeds	Value date	Maturity date	Period (year(s))	Interest rate (%)
2022 Subordinate Bonds (Tranche 1) (Type 1) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	10.00	Fully utilized for the replenishment of the working capital of the Company or repayment of debts due	2022/1/18	2024/1/18	2	2.97
2022 Subordinate Bonds (Tranche 1) (Type 2) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	30.00	Fully utilized for the replenishment of the working capital of the Company or repayment of debts due	2022/1/18	2025/1/18	3	3.15
2022 Subordinate Bonds (Tranche 2) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	10.55	Fully utilized for the repayment of debts due	2022/3/21	2025/3/21	3	3.38

2. Short-term commercial papers issued after the Reporting Period

As at the date of this report, the new short-term commercial papers issued by the Company in 2022 are detailed as follows:

Name	Issue size (RMB100 million)	Use of proceeds	Value date	Maturity date	Period (day(s))	Interest rate (%)
2022 First Tranche of Short-term Commercial Paper of China Galaxy Securities Co., Ltd.	40	Satisfaction of the liquidity requirements of the Company and replenishment of the liquidity of the Company	2022/1/12	2022/4/12	90	2.50
2022 Second Tranche of Short-term Commercial Paper of China Galaxy Securities Co., Ltd.	40	Satisfaction of the liquidity requirements of the Company and replenishment of the liquidity of the Company	2022/2/24	2022/5/25	90	2.39
2022 Third Tranche of Short-term Commercial Paper of China Galaxy Securities Co., Ltd.	40	Satisfaction of the liquidity requirements of the Company and replenishment of the liquidity of the Company	2022/3/8	2022/6/8	92	2.39

Name	Issue size (RMB100 million)	Use of proceeds	Value date	Maturity date	Period (day(s))	Interest rate (%)
2022 Fourth Tranche of Short-term Commercial Paper of China Galaxy Securities Co., Ltd.	30	Satisfaction of the liquidity requirements of the Company and replenishment of the liquidity of the Company	2022/3/24	2022/9/22	182	2.53

3. Convertible corporate bonds issued after the Reporting Period

On 30 August 2021, after the consideration of relevant resolutions such as the “Resolution on the Schemes Relating to the Public Issuance of A Share Convertible Corporate Bonds of the Company”, the Company proposed the public issuance of A Share convertible bonds of not more than RMB11.0 billion (including RMB11.0 billion) in total. On 19 October 2021, the above-mentioned resolutions were considered and approved at the 2021 first extraordinary general meeting of the Company, pursuant to which, the Board was authorized to handle relevant issues of the public issuance of A Share convertible bonds.

On 12 January 2022, after the consideration of relevant resolutions such as the “Resolution on the Adjustment to the Issuance Schemes Relating to the Public Issuance of A Share Convertible Corporate Bonds of the Company”, the aggregate amount of the Company’s proposed public issuance of A Share convertible bonds was adjusted from not more than RMB11.0 billion (including RMB11.0 billion) to not more than RMB7.8 billion (including RMB7.8 billion).

On 7 March 2022, the Issuance Examination Committee of the CSRC reviewed the Company’s application for the public issuance of A Share Convertible Bonds. Based on the examination results of the meeting, the Company’s application for the public issuance of A Share Convertible Bonds was approved.

On 16 March 2022, the Company received the Approval for the Public Issuance of A Share Convertible Corporate Bonds of China Galaxy Securities Co., Ltd. (Zheng Jian Xu Ke [2022] No. 547) issued by the CSRC, pursuant to which, the Company was approved to publicly issue A Shares convertible bonds with an aggregate nominal value of RMB7.8 billion and a term of 6 years.

From 24 to 29 March 2022, the Company completed the issuance of RMB7.8 billion A Share convertible bonds in accordance with the convertible bond issuance procedures and completed the disclosure of relevant information in accordance with the requirements. According to relevant arrangement for the issuance, a total of 78 million A Share convertible bonds (7.8 million board lots) were issued at par value of RMB100 each with an aggregate amount of RMB7.8 billion. The A Share convertible bonds were issued to natural persons, legal persons, securities investment funds and other investors permitted by the laws who hold securities accounts with the Shanghai branch of China Securities Depository and Clearing Corporation Limited. The A Share convertible bonds were issued for a term of six years from the date of issuance, which is from 24 March 2022 to 23 March 2028, with the coupon rates of 0.2% for the first year, 0.4% for the second year, 0.6% for the third year, 1.0% for the fourth year, 1.8% for the fifth year and 2.0% for the sixth year, respectively. Within five trading days upon the expiry of the A Share convertible bonds under the issuance, the Company will redeem all unconverted A Share convertible bonds at a redemption price of 106% of the par value of the A Share convertible bonds under the issuance (including payment of the final interest).

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The initial conversion price of the A Share convertible bonds under the issuance is RMB10.24 per share. Such initial conversion price is not lower than the highest of the average trading price of the Company's A Shares during the 30 trading days immediately preceding the date of publication of the offering documents (i.e. 22 March 2022), the average trading price of the Company's A Shares during the 20 trading days immediately preceding the date of publication of the offering documents, and the average trading price of the Company's A Shares on the trading day immediately preceding the date of publication of the offering documents, and is also not lower than the latest audited net assets per share and the nominal value per share. As at 22 March 2022, the closing price of the Company's A Shares was RMB10.10.

The issuance of A Share convertible bonds can strengthen the Company's capital base, promote the Company's comprehensive development of its "Trinity" business comprising wealth management, investment and financing, and international business, and further optimize the Company's business model of "Dual-wheel Drive and Coordinated Development", thereby enhancing the Company's competitiveness to achieve high-quality development.

The proceeds from the issuance of A Share convertible bonds, after deducting the issuance expenses, are intended to be fully utilized for the development of investment trading business, capital intermediary business, capital increase in investment banking business and replenishment of other working capital of the Company, and will be used to replenish the capital of the Company in accordance with relevant regulatory requirements after the conversion of A Share convertible bonds. The proposed investment projects and the proposed investment amounts of the proceeds are as follows:

Investment projects of the proceeds	Proposed investment amounts	Expected timeline of investment
Investment trading business	Not exceeding RMB3.0 billion	31 March 2022 – 30 September 2022
Capital intermediary business	Not exceeding RMB3.0 billion	31 March 2022 – 30 September 2022
Investment banking business	Not exceeding RMB1.0 billion	31 March 2022 – 30 September 2022
Replenishment of other working capital	Not exceeding RMB0.8 billion	31 March 2022 – 30 June 2022
Total	Not exceeding RMB7.8 billion	

The net proceeds from the issuance of A Share convertible bonds, after deducting the issuance expenses, amounted to approximately RMB7.735 billion. The Company will utilize the proceeds for the intended purposes as disclosed. For details of the public issuance of A Share convertible bonds, please refer to the announcements and circular published by the Company on the websites of the SSE, the Hong Kong Stock Exchange and the Company, respectively.

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

Save as disclosed in "III. Bonds Issue" in this section, none of the Company or its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

V. LIST OF DIRECTORS

For the list of Directors during the Reporting Period and as of the date of this report, please refer to "Section VIII. Directors, Supervisors, Senior Management and Staff" in this report.

VI. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

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

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

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

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

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

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

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

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

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

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

XI. MANAGEMENT CONTRACTS

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

XII. PERMITTED INDEMNITY PROVISION

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

XIII. EQUITY-LINKED AGREEMENT

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

XIV. MAJOR CONTRACTS BETWEEN THE COMPANY AND THE CONTROLLING SHAREHOLDER

For details of the major contracts between the Company and its subsidiaries and the controlling shareholder and its subsidiaries during the Reporting Period, please refer to "Section VI Other Significant Events – IV. Material Connected Transactions" in this report.

XV. OTHER DISCLOSURES

(i) Pre-emptive rights

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

(ii) Sufficient public float

As at the latest practicable date (i.e. 30 March 2022) prior to the printing of this report and based on the information available to the Company and to the knowledge of the Directors, the Company has a public float of H Shares which satisfies the relevant requirements of the Stock Exchange Listing Rules.

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

Nil

(iv) Information on tax relief and exemption

Holdings of A Shares

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

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

Holders of H Shares

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

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

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

(v) Reserves and distributable profit reserves

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

(vi) Major clients and suppliers

The Company provides services for various types of institutional and individual clients in many industries. The customers of the Company include multinational corporations, medium and small-sized enterprises, high-net-worth clients and retail clients. Major clients are located in the PRC. The Company expects to serve more overseas clients as it expands to overseas markets. In 2021, the handling fee and commission income from the top five clients of the Company accounted for 1.56% of its revenue.

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

(vii) Property and equipment

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

(viii) Active performance of social responsibilities

During the Reporting Period, the Company adhered to the business idea of complying with laws and regulations, effectively boosted the construction of enterprise culture, and actively shouldered its responsibilities towards the state, employees, clients and other stakeholders, while conscientiously safeguarding the rights and interests of shareholders so as to promote the coordinated and sustainable development of the Company and the society. The Company attaches great importance to poverty alleviation. In 2021, the Company invested approximately RMB37.8504 million in its poverty alleviation fund to help the poor households based on the advantages of local resources and actual needs of the place by taking into consideration the characteristics and strengths of financial enterprises, and continuously reinforced the leadership and protection of the local organizations, increasingly contributing to poverty alleviation.

1. *The Company actively promotes environmental protection concept and cultivates ecological civilization*

The Company actively responds to the call on green development, low carbon and energy saving. The Company strictly abides by the Environmental Protection Law, the Energy Conservation Law and other laws and regulations of the country. It actively advocates the environmental protection idea in emissions, resources consumption and green travel and puts them into action. It always implements green operation in the whole process of the operation and management of the Company. The Company focuses on the development of green finance, It optimizing social resources allocation through financial means to help enterprises reduce capacities and transform towards the direction of sustainable development and facilitate the development of green industries. In 2021, the Company thoroughly reviewed the philosophy of green development and facilitated the realization of ecological civilization, and had no significant environmental protection problems and recorded no environmental lawsuits, significant punishment or non-economic punishment in connection with environmental problems.

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

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

- (1) In terms of employment, the Company adheres to the principles of open recruitment, fair competition, comprehensive appraisal and recruitment of outstanding candidates. The Company will sign Employment Contract with the staff employed strictly in compliance with the Labor Contract Law sets clear responsibilities and obligations between the Company and its staff and completely eradicates child Labor and forced labor. Pursuant to the principles of “appropriate personnels, appropriate positions and reasonable allocation”, the Company accepted 1 demobilized army cadre, recruited 144 fresh graduates and attracted 615 outstanding talents to meet the urgent needs for business development through social recruitment in 2021. In order to actively respond to the call to resolutely win the battle against poverty and help impoverished counties to get rid of poverty, the Company continued to select temporary poverty alleviation cadres from the designated poverty alleviation county in Jingning County, Gansu Province.
- (2) The Company sticks to putting people first, cares about the health and safety of its staff, optimizes the staff training system and safeguards their legitimate interests, creating room for individual growth of its staff. The Company's labor union focuses on the macro development of the Company and considers the demands of employees as the ultimate work objective. It cares about the difficulties of employees in their living and pays attention to the exchange of ideas and communications with them. The Company establishes an employee representative meeting and employees actively participate in the Company's management through the employee representative meeting to conduct, safeguard their own legitimate rights and promote the improvement of the democratic management system of the Company. The Company also cares about the safety and mental health of employees in working and guarantees that employees can enjoy their work both physically and mentally.
- (3) The Company strictly abides by national laws and regulations on personnel and strives to improve relevant systems on human resources. In 2021, the Company combined to the Measures for Implementation of Remuneration Allocation and Measures for Management of Company Employee Benefits to provide more protection of, the employees' legitimate rights and interest and safeguard their development.

3. The Company strives to improve customer services

In 2021, the Company continued to establish the “customer-centered” wealth management business system and the “enterprise-centered” investment and financing business system. With the spirit of “clients always come first” and providing high-quality products, the Company intensified financial services by refining product categories, enhancing customer experience and responding to customer feedback.

- (1) The Company upgraded the retail customer comprehensive service platform, enriched the retail customer labeling system and formed a label matrix of 6 major categories and 18 small categories. A total of 537 customer labels were realized, which gradually realized accurate customer portraits. The Company can effectively enhance accurate, proactive and real time services based on customer profiling.

- (2) The Company sets up a leading group and working group for handling customer complaints to coordinate and manage complaints from brokers business clients. The Company also actively assumes the primary responsibility of mediating and dealing with conflicts and disputes for clients to properly deal with the special compensation work for clients. In 2021, the Company properly handled various major, complicated and special complaints and no customer complaints were escalated due to improper handling. In addition, the satisfaction feedback of new clients exceeded 97.84% in 2021.
- (3) The Company provides customers with various trading tools. Customers can complete a transaction through Internet, mobile terminals (including mobile phones, tablets, etc.), telephone, counter and outlets trading terminals and other means. Currently, the Company is committed to improving customer experience continuously, diversifying products suitable for internet marketing, and providing the comprehensive financial services with characteristics of the Company and meeting individualized needs through the innovation in products, channels, services and marketing and the application of the Internet operating service concept.
- (4) The Company actively responds to the state's social responsibility requirements for financial institutions, which promotes the Company for transformation and development so as to effectively playing its role as a modern investment bank. Taking "serving the real economy" as its starting point and ultimate goal, the Company continuously improves its ability and level of serving the real economy and extends its comprehensive financial services capabilities at home and abroad.

4. *The Company insists on compliance operation according to law and being responsible for the market, customers and shareholders*

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

- (1) Enhancing communications between the Company and investors. In 2021, the Company further refined and improved the management on investor relations and strived to improve the smooth information communication channels between the Company and investors through one-to-one onsite communication, telephone, email, Internet Q&A and other forms, so as to transmit the voice of the Company to the market and investors in a right way and open channels for investors to know more about the Company.
- (2) Compliance procurement. In accordance with the requirements of the Interim Provisions on the Centralized Procurement Management of State-owned Financial Enterprises, in 2021, the Company maintained more smoothly procurement management process and achieved a good balance between quality and efficiency, which is conducive to preventing procurement risks.
- (3) For the safety and stability of trading market, the Company adopts various measures to ensure safe system operations and provide safe trading channel service. Currently, the Company has implemented a safe and efficient technical structure with "three centres in two regions" to ensure the safety of trading channels and environments. It has safeguarded the information system at different levels, classes and priorities by adopting variety of security protection technical measures such as network isolation, firewall, anti-virus, intrusion detection system, database audit system and sensitive data desensitization, and regularly conducts security risk assessment and penetration testing to strengthen the security protection against computer viruses and network attacks. The Company also strengthened operation and maintenance monitoring and daily security inspection, established and improved emergency system for information security events and fully implemented information security responsibility system.

- (4) The Company actively carries out its social responsibilities of respecting and protecting rights and interests of investors and regards investor protection as an important task for promoting the healthy development of the market. In 2021, the Company pragmatically promoted the protection of investors by improving the management of investors on appropriateness, increasing the efforts to crack down illegal fund-raising, preventing illegal securities activities, strengthening the education of small and medium-sized investors and other practical and effective measures.
- (5) Legal compliance operation. Pursuant to the principles of “full coverage, unified management and classified policies”, the Company clarifies the overall framework and specific arrangement of its compliance management. The Company also continues to improve a multi-layered compliance management system with the Board of Directors and its Compliance and Risk Management Committee, the Supervisory Committee, senior management, compliance officer, the Legal Compliance Department, responsible persons and compliance management of subordinated units (referring to all departments, branches and subsidiaries) and all working staff. The Company establishes a compliance monitoring system to perform the functions of monitoring and reporting the abnormal transaction behaviors of customers, so as to prevent fraudulent transactions. In 2021, the Company had no lawsuit on insider trading nor market manipulation nor related money-laundering transactions escalating to the level of legal action.
- (6) Overall risk management. The Company adheres to the idea that risk management creates value. The Company actively creates a risk control culture with the principles of “never touching the red line, never stepping on the gray zone, never playing edge ball” as foundation, the proficiency in business as the premises, the professional code of conduct as the basis, the regulatory requirements as the standard, and the sense of development as the purpose, so as to uphold the concept of “compliance operation and steady development”. It adopts a prudent risk profile and firmly strives for no occurrence of systematic risks, and gradually promotes the overall risk management from the aspects of full coverage, monitorability, measurability, analysis and risk-response ability to continuously improve the risk management standard. The Company has taken effective measures and actively responded to the risks, and has made them measurable, controllable and tolerable as a whole.
- (7) Anti-corruption. The Company upholds and gives emphasis on the education theme of “not forgetting the original intention, keeping in mind the mission” and conducts precise supervision over its business development in a high-quality way. It further optimizes the supervisory system, makes good use of the manpower and promotes information sharing between different departments so as to form a cooperative supervising force. The Company sets itself against corruption and bribery. It improves anti-corruption, and anti-bribery work through early prevention, process monitoring and post review and rectification. There was no lawsuit against fraud and bribery laws in 2021.

5. *Scientific deployment by the Company to build a strong defence against the COVID-19*

- (1) In the face of the continuous outbreak of the Novel Coronavirus (COVID-19), the Company's special leading group for the prevention and control of the epidemic, in accordance with the general requirements of "having strong confidence, working together diligently, adopting preventive and control measures in a scientific approach and executing policies with precision", ensured that all the deployments of the CPC Central Committee, the State Council and China Investment Corporation Limited were put in place and implemented to the end, and gathered strong positive energy from the public to overcome the difficulties together. The Company has always put the safety and health of its employees in the first place, adjusted its preventive and control measures in a timely manner according to the phased results of the COVID-19 prevention and control, made various relevant arrangements and worked together to maintain the stable and orderly operation of the capital market.
- (2) Since the outbreak of COVID-19, the Company has reduced on-site transactions on the premise of ensuring that health and services are in place, and has effectively prevented and controlled the spread of the epidemic in its business outlets by strengthening publicity on COVID-19 prevention and control, enhancing personnel access management, strengthening the prevention and disinfection of business premises, making on-site business appointments and evacuating on-site customers in a timely manner. At the same time, the Company took multiple measures to maintain transaction security and improve customer service. Customers can access financial product purchases, investment advisory and wealth management online through the rich and convenient online business service content.

6. *Advocating green finance*

The Company has strengthened its position and seized the opportunity to continuously increase the allocation of resources for green finance, actively explore product and service model innovation to meet the diversified financing service needs of green enterprises and projects, and fully play the role of linkage between financial capital and the real economy. In 2021, the Company further expanded and strengthened its green bond business, which covered green corporate bonds, green private bonds, carbon neutral small-scale public offerings, green renewable corporate bonds and green ABS. It successfully achieved financing breakthroughs in the field of "carbon neutrality". The Company obtained approval for the first "green carbon neutral infrastructure" REITS product in the city, adding momentum to its own high-quality development. As at the end of 2021, the Company invested a total of RMB7.208 billion in the field of green development.

The Company fully understands the significance of the development of green finance and takes green finance as its mission to facilitate ecological civilization and realize "carbon peaking" and "carbon neutrality" goals. The Company has grasped the general trend, strengthened its green financing service capability, injected new momentum into the low-carbon industry through its financial strength, and increased research on green finance with an eye on long-term development.

Further information about the ESG aspects of the Company, please refer to "2021 Social Responsibility & Environmental, Social and Governance Report", which will be published with this report.

By order of the Board
China Galaxy Securities Co., Ltd.
Chen Gongyan
Chairman

30 March 2022

I. MATERIAL LITIGATION AND ARBITRATION

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

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

Enforcement of the notarized instrument of the creditor's rights to the stock pledges of Yang Zhenhua and application for arbitration

Yang Zhenhua entered into an agreement with the Company in connection with stock pledge repurchase transactions with the Company. The Company and Yang Zhenhua and Luo Jun, his spouse, applied to a notary office for the issuance of the notarized instrument of the creditor's rights for some of the transactions. As Yang Zhenhua and Luo Jun, being the obligors under the notarized instrument of the creditor's rights, failed to perform the obligation of repayment, the Company submitted an application to Beijing First Intermediate People's Court in 2019 for the enforcement of the notarized instrument of the creditor's rights, requesting Yang Zhenhua and Luo Jun to repay the principal amount of RMB141,010,273.50 together with interest, liquidated damages and other expenses. The Company has received RMB19.82 million. For certain transactions that had not been notarized, Yang Zhenhua failed to perform the obligation of repayment as agreed under the relevant stock pledge agreement, and the Company submitted an application for arbitration to Beijing Arbitration Commission in 2019, claiming the repayment of the principal amount of financing of RMB141,518,600.00 together with interest, liquidated damages and other expenses, and the confirmation of the Company's right of priority to be repaid from Mr. Yang Zhenhua's proceeds of the discounted pledged stocks and auction or sale of such pledged stocks.

In September 2021, the Company received a total amount of RMB98,186,983.26 withheld from the amounts under the name of the persons subject to enforcement by the Beijing First Intermediate People's Court under the enforcement of the notarized instrument of the creditor's rights. In January 2022, the Company received a total amount of RMB25,000,000 paid by the outsider on behalf of Yang Zhenhua, the person subject to enforcement. On 16 February 2022, the Company entered into the Enforcement Settlement Agreement with Yang Zhenhua and Luo Jun, the persons subject to enforcement. As at 28 February 2022, Yang Zhenhua and Luo Jun have paid to the Company a total amount of RMB178,704,839.87 pursuant to the Enforcement Settlement Agreement. The Company has submitted explanatory documents for close of case and the application for revocation and release of freezing order to the Beijing First Intermediate People's Court.



SECTION VI OTHER SIGNIFICANT EVENTS

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

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

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

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

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

IV. MATERIAL CONNECTED TRANSACTIONS

During the Reporting Period, the related party transactions under the relevant accounting standards are detailed in Note 54 to the Consolidated Financial Statements "Related Party Transactions" in Section XI. Among these related party transactions, the transactions between the Company and Galaxy Financial Holdings and its subsidiaries (Note 54(a)(1)) constitute continuing connected transactions under Chapter 14A of the Listing Rules of the Stock Exchange (see below for details).

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

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

On 2 May 2013, the Company entered into the “Securities and Financial Services Framework Agreement” (hereinafter referred to as the “Original Framework Agreement”) with Galaxy Financial Holdings, for a term of three years from the listing date of H Shares (being 22 May 2013). The Company entered into the supplemental agreements to the Original Framework Agreement with Galaxy Financial Holdings on 29 December 2015 and 21 December 2018, respectively, pursuant to which the term of the Original Framework Agreement was extended to 31 December 2021. Pursuant to the Original Framework Agreement and the supplemental agreements thereto, the Group shall provide securities and financial services based on normal commercial terms to Galaxy Financial Holdings and its subsidiaries (“Galaxy Financial Holdings Group”), including (1) securities brokerage services, (2) sales agency services, (3) leasing of exchange trading units and (4) other related securities and financial services. The Group shall receive service charges and commissions from Galaxy Financial Holdings Group for the provision of such services and shall pay interest to Galaxy Financial Holdings Group in respect of its funds entrusted to the Group in connection with such services. The service charges and commissions receivable and interests payable by the Group shall be based on negotiation between the parties with reference to the prevailing market rates and shall be in compliance with the applicable laws and regulations. On 28 December 2021, the Company entered into the “Securities and Financial Services Framework Agreement” (hereinafter referred to as the “New Framework Agreement”) with Galaxy Financial Holdings, pursuant to which, the Group will continue to provide the aforesaid securities and financial services to the Galaxy Financial Holdings Group during the ordinary course of business from 1 January 2022 to 31 December 2024. The terms of the New Framework Agreement are substantially the same as the terms of the Original Framework Agreement. Galaxy Financial Holdings is the controlling shareholder of the Company and therefore a connected person of the Company. As such, the transaction constitutes a continuing connected transaction of the Company under the Stock Exchange Listing Rules.

For the three years ending 31 December 2021, the annual caps of the service charges and commissions payable by Galaxy Financial Holdings Group to the Group for the provision of securities and financial services under the Original Framework Agreement and supplemental agreements were RMB267 million, RMB320 million and RMB416 million, respectively, and the annual caps of the interests payable by the Group to Galaxy Financial Holdings Group for the entrusted funds were RMB10 million, RMB15 million and RMB20 million, respectively. For the three years ending 31 December 2024, the annual caps of the service charges and commissions payable by Galaxy Financial Holdings Group to the Group for the provision of securities and financial services under the New Framework Agreement will be RMB458 million, RMB499 million and RMB541 million, respectively, and the annual caps of the interests payable by the Group to Galaxy Financial Holdings Group for the entrusted funds will be RMB25 million, RMB30 million and RMB35 million, respectively. As the annual caps in respect of the applicable percentage ratios under the Stock Exchange Listing Rules are more than 0.1% but less than 5%, the transactions are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders’ approval requirement under the Stock Exchange Listing Rules.

SECTION VI OTHER SIGNIFICANT EVENTS

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

Unit: RMB in thousand

Item	Annual cap for 2021	Actual transaction amount for 2021
Revenue		
Securities brokerage services		3,981
Sales agency services		20,383
Leasing of exchange trading units		18,632
Other related securities and financial services		1,332
Total	416,000	44,329
Expenses		
Interest expenses		
Total	20,000	415

Notes:

- Income from securities brokerage services is the income received from Galaxy Financial Holdings and Galaxy Capital Assets Management Co., Ltd. for securities brokerage business;
- Income from sales agency services is the income received from Galaxy Fund Management and Galaxy Capital Assets Management Co., Ltd. for agency sale of financial products;
- Income from leasing of exchange trading units is the commission received from the leasing of exchange trading units in respect of the funds managed by Galaxy Fund Management;
- Income from other related securities and financial services is the targeted asset management income, management fee, performance compensation received, etc. from Galaxy Capital Assets Management Co., Ltd.; and
- Interest expense is the interest expense for deposits payable to Galaxy Financial Holdings, Galaxy Fund Management and Galaxy Capital Assets Management Co., Ltd..

SECTION VI OTHER SIGNIFICANT EVENTS

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

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

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

In respect of the disclosed continuing connected transactions:

- a. Nothing has come to our attention that causes us to believe that the transactions have not been approved by the Company's Board of Directors.
- b. For transactions involving the provision of goods or services by the Group, nothing has come to our attention that causes us to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company.
- c. Nothing has come to our attention that causes us to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- d. With respect to the aggregate amount of the continuing connected transactions, nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate value for the entire year of 2021 disclosed in the relevant announcements made by the Company in respect of the disclosed continuing connected transactions.

(ii) Fund Redemption of the Company

On 26 December 2018, the asset management plan under the management of Galaxy Jinhui was approved, and pursuant to the then effective Securities and Financial Services Framework Agreement entered into between the Company and Galaxy Financial Holdings, the Company had subscribed for the Galaxy Wallet Money Market Fund (銀河錢包貨幣市場基金) (hereinafter referred to as the "Fund") issued by Galaxy Fund Management in a subscription amount of RMB500,000,000. On 1 September 2021, the Company had redeemed all of its interest in the Fund through the asset management plan under the management of Galaxy Jinhui. Galaxy Fund Management had made payments of the redemption price and dividends to the Company in the amounts of RMB511,809,734.88 and RMB22,806,557.79, respectively in relation thereto. As Galaxy Financial Holdings is a controlling shareholder of the Company, it is therefore a connected person of the Company. Galaxy Fund Management is a non-wholly owned subsidiary of Galaxy Financial Holdings and is also a connected person of the Company. As such, the aforesaid transaction constitutes a connected transaction of the Company under the Listing Rules of the Stock Exchange. As the redemption in respect of the applicable percentage ratios is more than 0.1% but less than 5% under the Stock Exchange Listing Rules, the redemption is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements.

With regard to the aforementioned connected transactions, the Company confirmed that it has complied with the requirements of Chapter 14A of the Stock Exchange Listing Rules. For the continuing connected transactions above, the Company followed the pricing policies and guidelines established when the transactions were concluded during the Reporting Period.

SECTION VI OTHER SIGNIFICANT EVENTS

V. CONTRACTS OF SIGNIFICANCE AND THEIR PERFORMANCE

(i) Guarantees

Unit: Yuan Currency: RMB

External guarantee granted by the Company (excluding the guarantee for subsidiaries)													
Guarantor	Relationship between guarantor and listed company party	Guaranteed amount	Date of guarantee (Date of Agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Collateral (if any)	Is the guarantee fully fulfilled	Is the guarantee overdue	Amount overdue	Counter guarantee	Is the guarantee provided to related parties	Related party relationship
Nil													
Total guarantee incurred during the Reporting Period (excluding the guarantee for subsidiaries)													
												-	
Total guarantee balance as at the End of the Reporting Period (A) (excluding the guarantee for subsidiaries)													
												-	
Guarantee by the Company and its subsidiaries for their subsidiaries													
Total guarantee for its subsidiaries incurred during the Reporting Period													
												4,037,068,326.55	
Total guarantee balance for its subsidiaries as at the End of the Reporting Period (B)													
												7,744,068,326.55	
Total guarantee by the Company (including the guarantee for its subsidiaries)													
Total guarantee (A+B)													
												7,744,068,326.55	
Total guarantee as a percentage of the Company's net assets (%)													
												7.82	
Including:													
Amount of guarantee for shareholders, actual controller and their related parties (C)													
												-	
Amount of debt guaranteed directly or indirectly for any guaranteed party with gearing ratio over 70% (D)													
												-	
Total guaranteed amount over 50% of the net asset (E)													
												-	
Total of the above three guarantees (C+D+E)													
												-	
Statement on the possible joint and several liability in connection with outstanding guarantees													
Description of guarantee													
(1) In August 2016 and August 2017, the Company provided a net capital guarantee of RMB1,000 million and RMB2,000 million for Galaxy Jinhui, a subsidiary of the Company, to meet the needs of its business development.													
(2) As at 31 December 2021, the guarantees provided by Galaxy International Holdings amounted to RMB4,744 million, and the guarantees authorized but not granted yet amounted to RMB756 million.													

In addition, the Company has authorized guarantees as follows:

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

SECTION VI OTHER SIGNIFICANT EVENTS

upon completion of exercising the option for the second time for the CIMB merger and acquisition project, which is upon obtaining 100% shareholding in CGS-CIMB by Galaxy International, the maximum amount of guarantees and quasi-guarantees provided by Galaxy International for CGS-CIMB shall be RMB7,000 million. As at 31 December 2021, the maximum amount of guarantees and quasi-guarantees provided by Galaxy International Holdings for CGS-CIMB were RMB5,500 million, and the guarantees provided amounted to RMB4,744 million and the guarantees authorized but not granted yet amounted to RMB756 million.

(ii) Other Contracts

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

Unit: Ten thousands Yuan Currency: RMB

Full Name of Partners of the Contracts	Date of the Contracts	Period and Expiration date of the Contracts	Summary of the Contracts	Amount of the Contracts	Notes
SSE Technology Co., Ltd.	18 December 2017	The contract is valid from 1 January 2019 to 31 December 2019. If either party fails to submit a written notice to the other party to terminate the Contract two months before the expiration date of this Contract (including the extended period of this Contract), the period of this Contract shall be automatically extended for one year, and so on	SSE Technology Co., Ltd. Provides data center services to the Company	1,029.34	-
SSE Technology Co., Ltd.	25 January 2021, 12 October 2021	The contract is valid from 1 June 2021 to 31 May 2025. If either party fails to submit a written notice to the other party to terminate the Contract two months before the expiration date of this Contract (including the expiration date of the extended Contract), the period of this Contract shall be automatically extended for one year in accordance with the contract, and so on. On 12 October 2021, the supplemental agreement was signed	SSE Technology Co., Ltd. Provides data center services to the Company	12,954.04	RMB26.9441 million in the first year of the contract; RMB27.3961 million in the second year of the contract; RMB28.3001 million in the third year of the contract; RMB46.9001 million in the fourth year of contract. Pursuant to the supplemental agreement, adjustment was made to the standard for charges and settlement shall be made according to the adjusted standard for charges and based on the actual situation every year

SECTION VI OTHER SIGNIFICANT EVENTS

Full Name of Partners of the Contracts	Date of the Contracts	Period and Expiration date of the Contracts	Summary of the Contracts	Amount of the Contracts	Notes
Beijing Anda Xintong System Integration Co., Ltd.	12 March 2021	The contract is valid until the date on which all obligations of both parties are fulfilled	The Company procures equipment such as switches and routers from Beijing Anda Xintong System Integration Co., Ltd.	1,730.00	–
Wind Information Co., Ltd	10 September 2020	The contract is valid from 1 January 2020 to 31 December 2021	Wind Information Technology Co., Ltd. Provides services of the use of Wind terminal software and training services to the Company	1,058.90	–
Digital China System Integration Service Co., Ltd.	9 December 2021	Until the date on which all obligations of both parties are fulfilled	Golden Bridge Data Center Phase I Server Room Infrastructure and Domestic Network Equipment Procurement	1,813.57	–
Beijing Anda Xintong System Integration Co., Ltd.	9 December 2021	Until the date on which all obligations of both parties are fulfilled	Contract for Procurement of Arista Switches for Golden Bridge Data Center Phase I IT Construction Project	1,890.00	–
Digital China (China) Limited	9 December 2021	Until the date on which all obligations of both parties are fulfilled	Contract for Procurement of SSE's special servers for extremely fast trading with low latency for Golden Bridge Data Center Phase I Construction Project	1,099.00	–

VI. OTHER MATERIAL MATTERS

(i) Administrative supervision measures and related matters faced by the Company and its branch offices during the Reporting Period

1. *Regulatory measures ordering correction by the Sales Department of Wenzhou Danan Street Securities Branch from Zhejiang Office of the CSRC*

On 8 November 2021, the sales department of Wenzhou Danan Street Securities Branch received the “Decision Ordering Corrective Measures of the Sales Department of Wenzhou Danan Street Securities Branch of China Galaxy Securities Co., Ltd.” ([2021] No.95) issued by Zhejiang Office of the CSRC, pursuant to which, it was found that between January 2016 and January 2021, there were problems in the sales department that the practitioners, who handled securities trading operations for customers, acted as a money and account middle-man engaging shadow margin lending for a long time for illegal benefits. It reflected inadequate compliance and lack of management and risk control of the sales department.

The Company attached great importance to this matter and had adopted effective measures on rectifications including holding strictly accountable relevant responsible personnel, performing comprehensive review and investigation on relevant problems revealed and actively implementing the rectifications of the problems. The Company will strengthen its force of internal control management in branches and enhance warning education in avoidance of similar violations.

2. *Issuance of warning letter to the Sales Department of Changchun Renmin Street Securities Branch from Jilin Office of the CSRC*

On 20 December 2021, the sales department of Changchun Renmin Street Securities Branch received the “Decision on Issuance of Warning Letter Measures to the Sales Department of Changchun Renmin Street Securities Branch of China Galaxy Securities Co., Ltd. issued by Jilin Office of the CSRC” (Letter of Ji Zhengjian Office of the CSRC [2021] No.31), pursuant to which, the sales department was found to adopt inadequate management in respect of employee-customer solicitation activities, and failed to strictly regulate the practice behavior of employees.

The Company attached great importance to this matter and had adopted effective measures on rectifications including holding strictly accountable relevant responsible personnel, performing comprehensive review and investigation on relevant problems revealed and implementing actively the rectifications of the problems, and the Compliance Alert Letter on Prohibitions of Commissioning Others or Third Parties on Customer Recruitment was sent to all branches to further enhance warning education and raise employees’ awareness on compliance in avoidance of similar violations.

SECTION VI OTHER SIGNIFICANT EVENTS

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

1. On 18 January 2022, SZSE expressed its consent to the Company in respect of conducting pilot business of financing for exercising incentive share options of listed companies, and the Company received the “Letter of Consent to Galaxy Securities On the Implementation Of Pilot Business Of Financing For Exercising Incentive Share Options Of Listed Companies” (SZSE Letter [2022] No. 14).
2. On 10 November 2021, the Company received the Membership Certificate from BSE and was granted membership of BSE.
3. On 25 November 2021, the National Inter-bank Funding Center expressed its consent to the Company in respect of conducting market making business in its existing bonds, and the Company received the “Notice on the Formal Launching of Market Making Business of Ten Market Makers, Inclusive of Bank of Tianjin Co., Ltd.” (China Foreign Exchange Trade System [2021] No. 415).
4. On 30 November 2021, the CSRC expressed its consent to the Company in respect of conducting pilot business of account management function optimization, and the Company received the “Letter of Supervisory Opinions Concerning the Application of China Galaxy Securities Co., Ltd. on Pilot Account Management Function Optimization Business” (Institutional Department Letter [2021]No. 3754) from the CSRC.

(iii) Material Equity Investment

(1) Capital Increase in Subsidiaries

- ① On 25 December 2020, the Board of the Company approved the “Resolution on Capital Increase in Galaxy Futures Company Limited”. Based on the needs for business development, consenting to the Company’s capital increase in Galaxy Futures, its wholly-owned subsidiary, and the registered capital of Galaxy Futures increased from RMB1.2 billion to RMB2.3 billion. On 6 January 2021, Galaxy Futures completed the industrial and commercial registration procedures for the change in registered capital, and the registered capital of Galaxy Futures increased to RMB2.3 billion.
- ② On 29 November 2021, the Company increased its capital in Galaxy International Holdings by HK\$1,738,791,750 and the share capital of Galaxy International Holdings was changed to HK\$5,000,000,000.

(2) Overseas Acquisitions of Subsidiaries

On 7 December 2021, Galaxy International Holdings and CIMB Group Sdn Bhd completed the first transaction in relation to the purchase option of CGS-CIMB Securities and CGS-CIMB Holdings. Upon completion of the transaction, Galaxy International Holdings holds 74.99% of the ordinary shares in the issued share capital of CGS-CIMB Securities and 75% of the ordinary shares in the issued share capital of CGS-CIMB Holdings, respectively.

(3) Others

On 31 December 2020, China Securities Lize Real Estate (Beijing) Co., Ltd. convened its 2020 second extraordinary general meeting, at which, the resolution on its capital increase for expanding share capital was considered and approved. The meeting resolved to approve the Company's unilateral capital increase of RMB5,364,100 in China Securities Lize. Upon the capital increase, the registered capital of China Securities Lize is RMB25,364,100, of which the Company contributed RMB8,664,100, representing a capital contribution of 34.16%. As at the End of the Reporting Period, the above-mentioned capital increase was completed.

(iv) Matters related to the public transfer of the creditor's rights of the Company to the stock pledges of customers

On 14 August 2020, the Company convened the 60th meeting (extraordinary) of the third session of the Board, at which, the "Resolution on the Public Transfer of the Creditor's Rights of the Company to the Stock Pledges of Customers" was considered and approved. Details are as follows:

1. It was agreed to adopt dynamic quotation approach to conduct the public transfer of the creditor's rights of the Company to Zhou Weihong in accordance with the relevant transaction rules of the Beijing Financial Assets Exchange for transfer of creditors' rights.
2. Pursuant to the relevant requirements of the "Interim Measures for the Supervision and Administration of Valuation of State-owned Assets of Financial Enterprises" and "Measures for the Supervision and Administration of Transactions of State-owned Assets of Enterprises", the Company shall adopt the valuation price filed with relevant authorities as at the valuation benchmark date as the transfer reserve price in the first formal information disclosure. If the intended transferee cannot be solicited by the expiration of the first disclosure period, the Company's management can re-determine the transfer reserve price within the scope of not less than 90% (inclusive) of the valuation result and re-disclose information.

On 12 January 2021, Beijing Financial Assets Exchange Co., Ltd. issued a Notice of Transaction Results to the Company. As at 11 January 2021, the two information disclosure periods as mentioned above have expired, and no eligible investors have been solicited. At present, the Company is working on the next disposal plan.

VII. IMPORTANT ISSUES AFTER THE PERIOD

For details, please refer to "Section V Directors' Report – III. Issuance of Bonds – (ii) Bond financing activities after the Reporting Period".

VIII. RESULTS OF THE CLASSIFICATION AND APPRAISAL OF THE COMPANY BY THE SECURITIES REGULATORY AUTHORITIES

Among the classification and appraisal of securities companies by the CSRC, the Company obtained an A rating in Category A in 2019, an AA rating in Category A in 2020 and an AA rating in Category A in 2021.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN ORDINARY SHARES

During the Reporting Period, the total number of ordinary shares and share capital structure of the Company had no changes.

II. INFORMATION OF SHAREHOLDERS

(i) Total number of shareholders

Total number of holders of ordinary shares as at the End of the Reporting Period (account)	95,385
Total number of holders of ordinary shares as at the end of the previous month before the date of disclosure of annual report (account)	92,517
Total number of preference shareholders with voting rights restored as at the End of the Reporting Period (account)	0
Total number of preference shareholders with voting rights restored as at the end of the previous month before the date of disclosure of annual report (account)	0

Note: The total number of shareholders includes the number of holders of ordinary A Shares and registered holders of H Shares. As at the End of the Reporting Period, 94,706 accounts were holders of A Shares and 679 accounts were registered holders of H Shares. As at the end of the previous month before the date of disclosure of annual report, 91,836 accounts were holders of A Shares and 681 accounts were registered holders of H Shares.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

(ii) Shareholdings of the top 10 shareholders and top 10 holders of circulating shares (or shareholders not subject to lock-up) as at the End of the Reporting Period

Unit: Share(s)

Shareholdings of the top 10 shareholders							
Name of shareholders (Full name)	Increase or decrease during Reporting Period	Number of Shares held as at the End of Reporting Period	Percentage (%)	Number of Shares subject to lock-up held	Pledged, marked or frozen		Nature of shareholders
					Status of shares	Number of shares held	
China Galaxy Financial Holdings Limited	0	5,186,538,364	51.16%	0	Nil	0	State-owned legal person
HKSCC Nominees Limited	194,500	3,688,362,546	36.38%	0	Nil	0	Overseas legal person
China Securities Finance Corporation Limited	0	84,078,210	0.83%	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	-6,887,494	60,253,648	0.59%	0	Nil	0	Overseas legal person
Bank of Lanzhou Co., Ltd.	0	41,941,882	0.41%	0	Nil	0	Domestic non-State-owned legal person
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	-4,229,400	24,176,383	0.24%	0	Nil	0	Others
Joincare Pharmaceutical Industry Group Co., Ltd.	0	18,979,863	0.19%	0	Nil	0	Domestic non-State-owned legal person
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	522,670	16,422,782	0.16%	0	Nil	0	Others
China Everbright Bank Company Limited – Springs Strategic Optimal Hybrid Securities Investment Fund (匯泉策略優選混合型證券投資基金)	15,699,919	15,699,919	0.15%	0	Nil	0	Others
Jiaying Highway Investment Co., Ltd.	0	11,497,828	0.11%	0	Nil	0	State-owned legal person

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

Shareholdings of the top 10 shareholders not subject to trading restriction			
Name of shareholders	Number of shares not subject to trading restriction held	Type and number of shares held	
		Type	Number
China Galaxy Financial Holdings Limited	5,186,538,364	Renminbi ordinary Shares	5,160,610,864
		Overseas listed foreign shares	25,927,500
HKSCC Nominees Limited	3,688,362,546	Overseas listed foreign shares	3,688,362,546
China Securities Finance Corporation Limited	84,078,210	Renminbi ordinary Shares	84,078,210
Hong Kong Securities Clearing Company Limited	60,253,648	Renminbi ordinary Shares	60,253,648
Bank of Lanzhou Co., Ltd.	41,941,882	Renminbi ordinary Shares	41,941,882
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	24,176,383	Renminbi ordinary Shares	24,176,383
Joicare Pharmaceutical Industry Group Co., Ltd.	18,979,863	Renminbi ordinary Shares	18,979,863
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	16,422,782	Renminbi ordinary Shares	16,422,782
China Everbright Bank Company Limited – Springs Strategic Optimal Hybrid Securities Investment Fund (匯泉策略優選混合型證券投資基金)	15,699,919	Renminbi ordinary shares	15,699,919
Jiaxing Highway Investment Co., Ltd.	11,497,828	Renminbi ordinary shares	11,497,828
Description of special repurchase accounts among the top ten shareholders	Nil		
Description of the voting rights exercised by proxy of the aforesaid shareholders, the voting rights exercised by the aforesaid shareholders as authorized by and on behalf of other shareholders, the voting rights that the aforesaid shareholders abstained from	Nil		
Description of the associated relationship of or action in concert among the aforesaid shareholders		The Company is not aware of any associated/connected relationship of or any parties acting in concert among the aforesaid shareholders. In particular, the shares held by HKSCC Nominees Limited are H shares entrusted by overseas investors; the shares held by Hong Kong Securities Clearing Company Limited are A shares held by overseas investors through Shanghai Stock Connect.	
Preference shareholders with voting rights restored and number of shares held	Nil		

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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

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

(iii) Interests and short positions of substantial shareholders and other persons in shares and underlying shares

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

Name of substantial shareholder	Class of shares	Nature of interest	Number of shares held (shares) (Note 1)	Percentage of the total number of issued shares of the Company	Percentage of the total number of issued A Shares of the Company	Long position/ short position/ shares available for lending
				(%)	(%)	
Huijin (Note 2)	A Shares	Interests of controlled corporation	5,160,610,864	50.91	80.06	Long position
	H Shares	Interests of controlled corporation	25,927,500	0.26	0.70	Long position
Galaxy Financial Holdings (Note 2)	A Shares	Beneficial owner	5,160,610,864	50.91	80.06	Long position
	H Shares	Beneficial owner	25,927,500	0.26	0.70	Long position
Wenze International Investment Limited (Notes 3 and 4)	H Shares	Beneficial owner	219,524,000	2.17	5.95	Long position
Wang Yili (Note 3)	H Shares	Interests of controlled corporation	219,524,000	2.17	5.95	Long position
Yan Yuqing (Note 4)	H Shares	Interests of controlled corporation	219,524,000	2.17	5.95	Long position
Black Rock, Inc. (Note 5)	H Shares	Interests of controlled corporation	189,294,059	1.87	5.13	Long position
	H Shares	Interests of controlled corporation	3,809,000	0.04	0.10	Short position

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

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

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

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

Note 5: Black Rock, Inc. holds a long position of 189,294,059 H shares and a short position of 3,809,000 H shares through various entities under its control. In addition, a short position of 1,552,000 H shares is related to derivatives classified as: unlisted derivatives – cash settled.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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

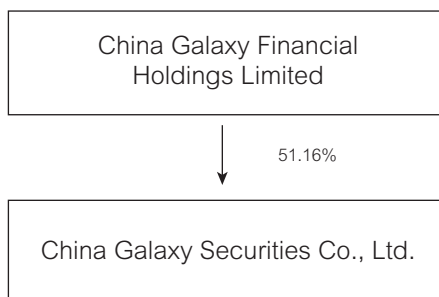
III. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(i) Controlling Shareholder

1. Legal person

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

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



SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

(ii) De Facto Controller

1. Legal person

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

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



IV. COMPLIANCE WITH UNDERTAKING BY CONTROLLING SHAREHOLDER

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

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

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

I. SHAREHOLDING CHANGES AND REMUNERATIONS

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

Name	Position (Note)	Gender	Age	Starting date of term of office	Expiry date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shares during the year	Reason for the change	Total remuneration before tax received from the Company during the Reporting Period (RMB0'000)	Whether received remuneration from the Company's related parties or not
Chen Gongyan	Executive Director, Chairman of the Board and Chairman of the Executive Committee	Male	59	2016.10.18	Present	0	0	0	-	288.84	No
Chen Liang	Executive Director, Vice Chairman of the Board, Vice Chairman of the Executive Committee and President	Male	54	2019.12.20	Present	0	0	0	-	205.70	No
Liu Dingping	Non-executive Director	Male	59	2018.2.9	Present	0	0	0	-	0.00	Yes
Yang Tijun	Non-executive Director	Male	56	2021.6.29	Present	0	0	0	-	0.00	Yes
Liu Chang	Non-executive Director	Female	42	2021.6.29	Present	0	0	0	-	0.00	Yes
Liu Zhihong	Non-executive Director	Male	56	2021.6.29	Present	0	0	0	-	0.00	Yes
Liu Ruizhong	Independent Director	Male	68	2017.9.29	Present	0	0	0	-	26.00	No
Wang Zhenjun	Independent Director	Male	65	2018.2.9	Present	0	0	0	-	27.00	No
Liu Chun	Independent Director	Female	59	2019.2.26	Present	0	0	0	-	26.00	No
Law Cheuk Kin, Stephen	Independent Director	Male	59	2020.6.29	Present	0	0	0	-	21.00	No
Jiang Yuesheng	Employee Director	Male	58	2021.6.29	Present	0	0	0	-	255.39	No
Qu Yanping	Supervisor and Chairman of Supervisory Committee	Female	55	2021.10.19	Present	0	0	0	-	58.31	No
Chen Jijiang	Employee Supervisor	Male	55	2015.6.29	Present	0	0	0	-	234.07	No
Fan Minfei	Employee Supervisor	Male	55	2020.3.25	Present	0	0	0	-	246.77	No
Tao Libin	External Supervisor	Male	44	2016.10.18	Present	0	0	0	-	12.00	No
Xue Jun	Vice President and member of Executive Committee	Male	52	2021.10.29	Present	0	0	0	-	31.71	No
Luo Liming	Member of the Executive Committee and Business Director	Male	46	2017.6.30	Present	0	0	0	-	250.26	No
Wu Guofang	Member of the Executive Committee and Business Director	Male	51	2017.12.20	Present	0	0	0	-	254.48	No
Liang Shipeng	Member of the Executive Committee, Chief Compliance Officer and Chief Risk Officer	Male	52	2019.7.5	Present	0	0	0	-	222.18	No
Xiao Lihong (Resigned during the Reporting Period)	Non-executive Director	Female	57	2019.2.26	2021.6.29	0	0	0	-	0.00	Yes

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Name	Position (Note)	Gender	Age	Starting date of term of office	Expiry date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shares during the year	Reason for the change	Total remuneration before tax received from the Company during the Reporting Period (RMB'000)	Whether received remuneration from the Company's related parties or not
Chen Jing (Resigned during the Reporting Period)	Chairman of Supervisory Committee	Female	59	2017.5.5	2021.10.19	0	0	0	-	257.86	No
Fang Yan (Resigned during the Reporting Period)	External Supervisor	Female	54	2019.2.26	2021.6.29	0	0	0	-	12	No
Li Xianglin (Resigned during the Reporting Period)	Vice President and member of Executive Committee	Male	54	2016.8.30	2021.8.30	0	0	0	-	260.00	No
Wu Jianhui (Resigned during the Reporting Period)	Member of Executive Committee and Chief Risk Officer	Male	52	2011.11.18	2021.8.30	0	0	0	-	206.91	No
Yin Yanwu (Resigned during the Reporting Period)	Member of Executive Committee and Business Director	Male	48	2012.12.31	2021.5.10	0	0	0	-	130.09	No
Wu Chengming (Resigned during the Reporting Period)	Secretary to the Board and member of Executive Committee	Male	58	2012.8.16	2021.10.29	0	0	0	-	253.05	No
Total	/	/	/	/	/				/	3,279.62	/

- Notes: 1. Unless otherwise stated, when there are several positions in the position column, the term of the first position is listed only.
2. The Company did not grant shares or share options to Directors, Supervisors and senior management of the Company. Directors, Supervisors and senior management did not hold any shares of the Company at the beginning or the end of the year.
3. Total remuneration before tax of the Company's Directors, Supervisors and senior management received from the Company during the Reporting Period was in accrual nature. The final numbers of remuneration are under audit, which will be disclosed once confirmed.
4. The remuneration received by employee Directors and employee Supervisors from the Company during the Reporting Period was the remuneration they received as employees of the Company.

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Name	Key working experience
Chen Gongyan	<p>born in June 1962, has been an Executive Director, the Chairman and the chairman of the Executive Committee of the Company since October 2016; the chief supervisor of Securities Association of China since May 2021. Mr. Chen served as the chairman of the board of directors of China Securities Investor Protection Fund Corporation Limited from July 2005 to September 2011 and the chairman of Securities Association of China from June 2011 to May 2021, during which, he served as a director and chairman of Galaxy Financial Holdings from May 2016 to October 2018, and deputy general manager of Huijin from August 2016 to June 2019. Prior to that, Mr. Chen held various positions in CSRC from February 1998 to July 2005, including the person in charge of the Information Center from February 1998 to October 1998, an assistant inspector of the Policy Research Office from October 1998 to October 2000, the deputy director of the Institution Regulatory Department from October 2000 to November 2004, and the director of the Risk Management Office for Securities Companies and the deputy director of the Institution Regulatory Department from November 2004 to July 2005. Mr. Chen served as a director and the vice president of Beijing Commodity Exchange from May 1993 to February 1998, an advisory researcher and the deputy researcher of Development Research Center of the State Council from February 1988 to May 1993, and a teacher of Tongling County Party School of Anhui Province from August 1982 to August 1985. Mr. Chen graduated from the Department of Economics of Peking University with a master's degree in foreign history of economic thoughts, and from the School of Economics and Management of Tongji University with a doctorate degree in technical economics and management.</p>
Chen Liang	<p>born in January 1968, is an Executive Director, Vice Chairman, President, vice chairman of the Executive Committee of the Company. Mr. Chen Liang graduated from Xinjiang University majoring in mathematics and obtained a bachelor's degree in July 1989, and obtained an EMBA degree from Fudan University in January 2016. From October 1994 to February 2001, Mr. Chen successively served as the director of the Computer Division, deputy general manager of the Securities Division, manager of the Securities Branch in Wenyi Road, and deputy general manager of the Securities Business Headquarters of Xinjiang Hongyuan Trust Investment Co., Ltd.. From February 2001 to September 2009, he successively served as the general manager and assistant to the general manager of the Urumqi Business Headquarters, general manager of the Xinjiang Sales and Marketing Center, and general manager of the Corporate Brokerage Business Headquarters of Hong Yuan Securities Co., Ltd.. From September 2009 to January 2015, he served as deputy general manager of Hong Yuan Securities Co., Ltd. and chairman of the board of directors of Hongyuan Futures Co., Ltd.. From December 2014 to May 2019, he served as a member of the Party Committee of each of Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd., the general manager of Shenwan Hongyuan Group, and an executive director of Shenwan Hongyuan Securities (Western) Co., Ltd.. From August 2015 to May 2019, he served as the secretary of the Party Committee of Shenwan Hongyuan Securities (Western) Co., Ltd..</p>

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Liu Dingping

born in September 1962, has been a non-executive Director of the Company since February 2018. Mr. Liu joined China Construction Bank Corporation in July 1984, and served as a cadre of its Anhui Branch from July 1984 to February 1992, and a cadre and the deputy general manager of Hainan Trust & Investment Company, a subsidiary of China Construction Bank Corporation, from February 1992 to July 1998. Mr. Liu served as an assistant to the general manager of Hong Yuan Trust & Investment Co., Ltd. and concurrently the general manager of its Shenzhen headquarters from July 1998 to June 2000; an executive director and the general manager of Hong Yuan Securities Co., Ltd. from June 2000 to January 2005; the deputy general manager of the securities department of China Cinda Asset Management Corporation and the team leader of the liquidation team of Hantang Securities Co., Ltd. from January 2005 to June 2007; and a non-executive director of CSC Financial Co., Ltd. from March 2011 to December 2017. Mr. Liu obtained a bachelor's degree in economics from the Department of Infrastructure Economics of Liaoning Institute of Finance and Economics in July 1984, a master's degree in business administration from the School of Economics and Management of Tsinghua University in July 2006, and a doctorate degree in management from the School of Management of Wuhan University of Technology in June 2017, and obtained the qualification of senior economist in December 1997.

Yang Tijun

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



SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Liu Chang

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

Liu Zhihong

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

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Liu Ruizhong

born in July 1953, has been an independent non-executive Director of the Company since September 2017. Mr. Liu Ruizhong was a teacher of Tongling Finance and Economics College in Anhui Province from September 1982 to September 1984. He served as the deputy director of the Information Department of Chinese Economic System Reform Research Institute from December 1986 to May 1992, and the director of the Information Department of China International Futures Brokerage Co., Ltd. from May 1992 to May 1993. He served as the executive vice president of Beijing Commodity Exchange from May 1993 to July 1997, the consultant of Shenzhen Special Zone Securities Company from July 1997 to September 2000, an independent director of Essence Securities Co., Ltd. from 2007 to 2013, and an independent director of PPM (Shenzhen) Inc. from June 2015 to August 2021. Mr. Liu has been an independent director of Harfor Fund Management Co., Ltd. since 2006, an independent director of Shenhua Futures Co., Ltd. since 2010, and an independent director of Guantong Futures Brokerage Co., Ltd. since 2012. Mr. Liu graduated from the Department of Economics of Anhui University in 1982 with a bachelor's degree in economics, and graduated from the Department of Economics of Peking University in December 1986 with a master's degree in economics.

Wang Zhenjun

born in May 1957, has been an independent non-executive Director of the Company since February 2018. Mr. Wang served as a cadre and vice president of the People's Bank of China, Huang County Sub-branch of Shandong, from December 1975 to October 1987. Mr. Wang joined Industrial and Commercial Bank of China Limited in 1987 and served as the director of the office of Industrial and Commercial Bank of China Limited, Yantai Branch of Shandong, from October 1987 to December 1991; an inspector (at the deputy director level) of the inspection office of Industrial and Commercial Bank of China Limited, Shandong Branch, from December 1991 to February 1993; the deputy head of the general office of the personnel department of headquarters of Industrial and Commercial Bank of China Limited from February 1993 to July 1993; the head of the general office of the office of headquarters of Industrial and Commercial Bank of China Limited from July 1993 to January 1995; the deputy director and director of the office of headquarters of Industrial and Commercial Bank of China Limited and the director of the office of its Party Committee from January 1995 to August 2008; the president of Industrial and Commercial Bank of China Limited, Beijing Branch, from August 2008 to June 2017; and the regional director of Industrial and Commercial Bank of China Limited from October 2016 to July 2017. He has been an independent director of Bank of Dalian Co., Ltd. since April 2019. Mr. Wang graduated from the Correspondence College of the Party School of the Central Committee of the Communist Party of China with a major in economics in December 1993; from Tianjin College of Finance and Economics with a major in monetary banking in May 1998; and from Tianjin College of Finance and Economics with a major in finance and obtained a master's degree in economics in June 1999 and was qualified as senior economist in November 1994.



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Liu Chun

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

Law Cheuk Kin, Stephen

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

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Jiang Yuesheng

born in January 1964, is a senior economist. From July 1984 to December 1984, Mr. Jiang served as a clerk in the Science Education Division of the Anhui Branch of the People's Bank of China. From January 1985 to March 1998, he served as a clerk in the Personnel Division, the deputy chief and the chief of the Credit Division, the general manager of the FinTech Department, the deputy director of the Planning Division and the head of the Public Depository Division of the Anhui Branch of the Industrial and Commercial Bank of China. From March 1998 to August 2000, he served as the deputy general manager of the Shanghai Securities Headquarters and the general manager of the Anhui Securities Department of China Huarong Trust Company. Since August 2000, he has successively served at various positions in the Company, including the general manager of the Anhui Management Department and the general manager of the Hefei Tongchenglu Securities Branch, the deputy general manager of the Shanghai Headquarters, the general manager (director) of the Anhui Management Department (Representative Office) and the general manager of the Hefei Jincheng Securities Branch, the director of the Shanghai Representative Office and the general manager of the Shanghai Jiangsu North Road Securities Branch, the director of the Shanghai Representative Office, the Secretary of the Party Committee and the general manager of the Shanghai Branch. He has been serving as the vice chairman of the labor union of the Company since March 2019; the vice chairman of the Shanghai Securities Association since 2010; and an Employee Director of the Company since June 2021. Mr. Jiang graduated from the Philosophy Department of Sun Yat-sen University with a bachelor's degree in philosophy in July 1984.

Qu Yanping

born in July 1966, obtained a master's degree in business administration from Tsinghua University, and is a senior economist. She has been a shareholder Supervisor of the Company since October 2021. Ms. Qu has joined China Investment Corporation since July 2008. She served as the deputy director (departmental manager level) and managing director of the Leading Group Office of the Directly Managed Enterprise/Equity Management Department II of Huijin from April 2020 to September 2021. Ms. Qu successively served as the senior manager and vice general manager of Human Resources Department and managing director of China Investment Corporation from July 2008 to January 2021 and concurrently served as a director of Shenyin & Wanguo Securities Co., Ltd. from November 2010 to January 2015, a director of Shenwan Hongyuan Securities Co., Ltd. from January 2015 to March 2019, a director of Shenwan Hongyuan Group Co., Ltd. from February 2015 to March 2019, and the Chief Supervisor of Central Huijin Asset Management Ltd. from May 2017 to September 2020. Before joining China Investment Corporation, Ms. Qu successively served as the cadre and vice general manager of the Trust and Loan Department and Fund Planning Department of China Construction Bank Trust and Investment Corporation (later renamed as China Cinda Trust and Investment Company) from May 1988 to October 1999, vice general manager and general manager of the Beijing Securities Trading Branch of China Cinda Trust and Investment Company (later renamed as Beijing Shuangyushu Securities Branch of China Galaxy Securities Company Limited) from October 1999 to April 2003. Ms. Qu served as the inspector general of Galaxy Fund Management Company Limited from April 2003 to July 2008. Ms. Qu obtained a bachelor's degree in economics from Central Institute of Finance and Banking (later renamed as Central University of Finance and Economics) in June 1987, and a master's degree in business administration from Tsinghua University in January 2005. Ms. Qu has served as the deputy secretary of the Party Committee of the Company since September 2021, a shareholder Supervisor of the Company since October 2021, and the chairman of the Supervisory Committee of the Company since January 2022.



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Tao Libin

born in November 1977, holds a doctorate degree in finance and has been an external Supervisor of the Company since October 2016. Mr. Tao Libin obtained a bachelor's degree in finance from the University of Science and Technology of China in July 2000, a master's degree in finance from the University of Science and Technology of China in June 2003, and a doctorate degree in finance from the University of Hong Kong in September 2008. He was entitled as a professor in December 2012. Mr. Tao Libin was a lecturer of the Statistics and Finance Department of the University of Science and Technology of China from June 2003 to April 2005, and has successively been a lecturer, associate chairman, associate professor, chairman and professor of the Investment Department of the School of Banking and Finance of the University of International Business and Economics since January 2009.

Chen Jijiang

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

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Fan Minfei

born in October 1966, holds a master's degree in law and is a senior accountant. He has been an Employee Supervisor of the Company since March 2020. Mr. Fan Minfei obtained a bachelor's degree in law from Peking University in 1989 and a master's degree (full-time) in law from the Party School of the Central Committee of the Communist Party of China in 1993. From February 1993 to October 2002, Mr. Fan served as the chief manager of the financial planning department of China SCI-Tech International Trust Investment Co., Ltd. (中國科技國際信託投資有限責任公司), the chief financial officer of its Beihai Branch, the chief financial officer of its Hainan representative office, as well as the deputy general manager of Shengsheng Department Store (生生百貨商場) in Hainan, an assistant to the general manager of its audit department, and the deputy general manager of its asset management department. From October 2002 to November 2006, he served as the deputy general manager and the general manager of the finance and accounting department, and the general manager of the clearing department of China Sci-tech Securities Co., Ltd. (中國科技證券有限責任公司). From November 2006 to June 2009, he served as the general manager of the cost consulting center and the general manager of the asset management department of Beijing Zhongguancun Science City Construction Co., Ltd. (北京中關村科學城建設股份有限公司). From June 2009 to May 2010, he was the senior manager of the office of the general manager of Cinda Securities Co., Ltd. (信達證券股份有限公司). Since May 2010, he has been the deputy general manager (in charge of work) of the strategy and research department, the general manager of the strategy and research department, the supervisor of the office of the president, the general manager of the financial planning department, and the general manager of the financial management department and the capital management department of the Company, a director of Galaxy Futures and a director of Galaxy Capital. He is currently the general manager of the finance & treasury department of the Company and the chairman of Galaxy Capital.

Xue Jun

born in February 1970, obtained a bachelor's degree in economics from Central Institute of Finance and Banking and a master's degree in business administration from Guanghua School of Management of Peking University. He is currently the vice president, a member of the Executive Committee and the person in charge of accounting affairs of the Company. Mr. Xue worked as a staff member at Jingdu Certified Public Accountant Co., Ltd. from August 1992 to October 1997. He served as a principal staff member, the deputy division chief and a researcher of the Department of Public Offering Supervision of the CSRC from November 1997 to January 2008, an assistant to the president of Guosen Securities Co., Ltd. from February 2008 to April 2009, the deputy general manager of Qilu Securities Co., Ltd. from May 2009 to December 2011, and an assistant to the general manager of Shenyin & Wanguo Securities Co., Ltd. from January 2012 to December 2014. He was an assistant to the general manager of Shenwan Hongyuan Securities Co., Ltd. from January 2015 to April 2020 and concurrently served as its chief compliance officer from April 2020 to September 2021.

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Luo Liming

born in September 1976, holds a doctorate degree in computer science, and is a member of securities sub-committee of China Financial Standardization Technical Committee (CFSTC), the chief expert of the Professional Working Group on Information Disclosure of CFSTC (證標委信息披露領域專業工作組), the deputy director of Internet Securities Committee of the Securities Association of China, vice chairman of the China Computer Users Association, vice chairman of the Securities Association of Beijing and chairman of its brokerage business committee. Mr. Luo is currently a member of the Executive Committee and the Business Director of the Company. Mr. Luo successively served as operation and maintenance engineer, programmer, project leader and project manager of Changzhou Securities Company (常州市證券公司) (now known as Donghai Securities Company Limited (東海證券股份有限公司)) and its subsidiaries from August 1998 to May 2002; successively served as project manager and manager of the development department of Beijing Shihua International Financial Information Company Limited (北京世華國際金融信息有限公司) from May 2002 to October 2005; successively served as consultant, senior consultant, project manager, senior project manager, director of department, assistant to the general manager and deputy general manager of Global Business Intelligence Consulting Co. (吉貝克信息技術有限公司) from October 2005 to February 2013; a researcher of Planning and Development Committee of the CSRC from March 2013 to February 2015; successively served as the director of technical development department and concurrently the director of system operation and maintenance department, the director of IT department and a member of executive committee of China Securities Inter-Institution Quotation System Company (中證機構間報價系統公司) from February 2015 to April 2016; and the IT director of Zhongtai Securities Co., Ltd. from April 2016 to June 2017.

Wu Guofang

born in July 1971, a member of the Communist Party of China, and holds a doctorate degree in law. He is vice chairman of investment banking committee of the Securities Association of China and vice president of Ningxia Securities and Futures Fund Association. He is a member of the Executive Committee, Business Director and chairman of the Investment Banking Management Committee of the Company. Mr. Wu successively worked at the Legal Affairs Committee of the Standing Committee of the National People's Congress and the CSRC since July 2000, and successively served as the director of legal department, a member of the ChiNext Stock Issuance Review Committee and the director of issuance supervision department of the CSRC, assistant to the director of the Administrative Committee of Zhongguancun Science Park, Beijing, and deputy director of legal department of the CSRC from May 2002 to November 2017.

Liang Shipeng

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

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

1. Positions in Shareholder Entities

Name of employee	Name of shareholder entity	Position in shareholder entity	Starting date of term of office	Expiry date of term of office
Yang Tijun	Galaxy Financial Holdings	Director	September 2020	Present
Liu Zhihong	Galaxy Financial Holdings	Director, general manager, chairman of the board of directors	September 2019	Present
Liu Chang	Huijin	Director of office of direct corporate management leading group/first division of the second department of equity management	April 2012	Present
Xiao Lihong (Resigned)	Galaxy Financial Holdings	Director	October 2018	October 2021
Description of positions in shareholder entities	–			

Note: In February 2022, Mr. Liu Zhihong was appointed as the chairman of the board of directors of Galaxy Financial Holdings.

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2. Positions in Other Entities

Name of employee	Name of other entity	Position in other entity	Starting date of term of office	Expiry date of term of office
Chen Gongyan	SSE	Director and chairman of the risk management committee of the board of directors	April 2020	Present
	SZSE	Member of strategic development committee	April 2017	Present
	Securities Association of China	Chairman of the supervisory committee	May 2021	Present
	Asian Financial Cooperation Association	Director of green finance cooperation committee	November 2018	Present
Chen Liang	Research Association of Ideological and Political Work of China Financial Institutions	Executive director	August 2021	Present
	China Association for Public Companies	Vice president	September 2020	Present
	Financing Business Committee of Securities Association of China	Chairman	December 2019	Present
Liu Zhihong	China Galaxy Asset Management Co., Ltd.	Secretary of Party committee, vice chairman of board of directors	July 2020	Present
Liu Ruizhong	Harfor Fund Management Co., Ltd.	Independent director	April 2006	Present
	Shenhua Futures Co., Ltd.	Independent director	May 2010	Present
	Guantong Futures Brokerage Co., Ltd.	Independent director	July 2012	Present
Wang Zhenjun	Bank of Dalian Co., Ltd.	Independent director	April 2019	Present
Liu Chun	Wonders Information Co., Ltd.	Deputy general manager of the finance center	August 2021	Present

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Name of employee	Name of other entity	Position in other entity	Starting date of term of office	Expiry date of term of office
Law Cheuk Kin, Stephen	ANS Capital	Managing director	January 2017	Present
	China Everbright Limited	Independent non-executive director	May 2018	Present
	Bank of Guizhou Company Limited	Independent non-executive director	November 2018	Present
	Somerley Capital Holdings Limited	Independent non-executive director	February 2019	Present
	CSPC Pharmaceutical Group Limited	Independent non-executive director	March 2021	Present
	Keymed Biosciences Inc.	Independent non-executive director	July 2021	Present
Jiang Yuesheng	Shanghai Securities Association	Vice chairman	October 2010	Present
Tao Libin	University of International Business and Economics	Dean and professor of investment department of school of banking and finance	September 2020	Present
Fan Minfei	Banking Accounting Society of China	Deputy secretary	September 2021	Present
Xue Jun	Securities Association of China	Vice chairman of over-the-counter markets and derivatives business committee	January 2022	Present
	Securities Association of Beijing	Vice chairman of fixed income business committee	November 2021	Present
	National Equities Exchange and Quotations for medium and small-sized enterprises	Member of review committee	August 2019	Present
	Beijing Stock Exchange	Member of review committee	November 2021	Present

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Name of employee	Name of other entity	Position in other entity	Starting date of term of office	Expiry date of term of office
Luo Liming	Securities Association of China	Vice chairman of internet securities committee	January 2018	January 2022
		Vice chairman of Securities brokerage and wealth management committee	January 2022	Present
	China Financial Standardization Technical Committee (CFSTC)	Member of the sub-committee of securities technology committee	April 2015	Present
		Chief expert of the professional working group on information disclosure of securities technology committee	September 2014	August 2021
	China Computer Users Association	Vice chairman	May 2018	Present
	Securities Association of Beijing	Director of the fifth session of the board of directors	August 2020	Present
	Securities Association of Beijing	Chairman of brokerage business committee	September 2021	Present
	Wu Guofang	Securities Association of China	Vice chairman of investment banking committee	January 2018
Ningxia Securities and Futures Fund Association Shanghai Stock Exchange		Vice president of the association	May 2019	Present
		Vice chairman of bonds development committee	January 2020	Present
		Representative of Star Market share public offerings self-regulation committee	April 2021	Present
Securities Association of Beijing		Member of quality control committee of investment banking	September 2021	Present
Zhejiang Equity Exchange Center Co., Ltd.		Director	May 2021	Present

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Name of employee	Name of other entity	Position in other entity	Starting date of term of office	Expiry date of term of office
Liang Shipeng	Securities Association of China	Member of securities industry culture construction committee	November 2019	January 2022
		Member of compliance management and integrity practice committee	January 2022	Present
	Securities Association of Beijing	Vice chairman of the securities industry compliance committee	September 2021	Present
Description of positions in other entities	–			

Note: Mr. Law Cheuk Kin, Stephen, an independent non-executive Director of the Company, tendered a letter to Bank of Guizhou Company Limited for his resignation as an independent non-executive director due to work related reasons in November 2021 and such resignation will be effective on the date when the appointment of the successor is approved by the Guizhou Banking and Insurance Regulatory Bureau.

III. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision-making procedure of remuneration of Directors, Supervisors and senior management	The remunerations of Directors and Supervisors shall be determined by the shareholders general meeting and the remuneration of senior management shall be determined by the Board. The remuneration figures are determined according to the respective duties and performance review.
Basis of determination of remuneration of Directors, Supervisors and senior management	The Company has formulated the “Administrative Measures for Remuneration of Directors and Supervisors of the Company” and the “Interim Measures for Management of Remuneration of Senior Management”. The Company will continue to improve the performance and remuneration management system according to the relevant regulatory requirements and based on its actual situation.
Actual payments of remuneration of Directors, Supervisors and senior management	Please see relevant content in this section of the report for details of the remuneration of the existing Directors, Supervisors and senior management and those resigned during the Reporting Period expected to receive from the Company during the Reporting Period.
Actual total remuneration of all the Directors, Supervisors and senior management as at the End of the Reporting Period	The total amount of remuneration (before tax) received by all the Directors, Supervisors and senior management was RMB32.7962 million in 2021.

Note: The chairman of the Board, chairman of the Supervisory Committee and senior management of the Company (the “Deferred Distribution Officers”) receive deferred performance-based remuneration. Before 2019 (excluding 2019), the performance-based remuneration of the Deferred Distribution Officers was decided by the Board based on the results of their annual performance appraisal, and 40% or more shall be paid by way of deferred distribution. The payment of deferred distribution remuneration shall follow the principle of equal division, and the deferred distribution period shall not be less than three years. After 2019 (including 2019), the performance-based remuneration of the Deferred Distribution Officers shall be deferred for distribution over three years according to the ratio of 30%, 30%, 30%, with 10% as incentive income for the term of office, which will be paid together with the third year performance-based remuneration, based on the results of the comprehensive assessment and evaluation for the term.

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

Name	Position	Changes	Reason for changes
Yang Tijun	Non-executive Director	Election	On 29 June 2021, Mr. Yang Tijun was elected as a non-executive Director of the fourth session of the Board of Directors of the Company at the 2020 general meeting of the Company.
Liu Zhihong	Non-executive Director	Election	On 29 June 2021, Mr. Liu Zhihong was elected as a non-executive Director of the fourth session of the Board of Directors of the Company at the 2020 general meeting of the Company.
Liu Chang	Non-executive Director	Election	On 29 June 2021, Ms. Liu Chang was elected as a non-executive Director of the fourth session of the Board of Directors of the Company at the 2020 general meeting of the Company.
Xiao Lihong	Non-executive Director	Resignation	On 29 June 2021, after the election of the new session of the Board of Directors at the 2020 general meeting, Ms. Xiao Lihong resigned as a Director of the Company and ceased to be a member of each of the Strategic Development Committee and the Compliance and Risk Management Committee.
Chen Jing	Chairman of Supervisory Committee	Resignation	On 19 October 2021, Ms. Chen Jing, a Supervisor and the chairman of the fourth session of the Supervisory Committee of the Company, ceased to be a Supervisor and the chairman of the Supervisory Committee of the Company due to change in work.
Qu Yanping	Supervisor, chairman of Supervisory Committee	Election	On 19 October 2021, Ms. Qu Yanping was elected as a shareholder Supervisor of the fourth session of the Supervisory Committee of the Company at the 2021 first extraordinary general meeting of the Company. On 27 January 2022, the Company convened the 2022 second extraordinary meeting of the fourth session of the Supervisory Committee, at which, Ms. Qu Yanping was elected as the chairman of the fourth session of the Supervisory Committee.
Fang Yan	External Supervisor	Resignation	On 29 June 2021, Ms. Fang Yan, a Supervisor of the third session of the Supervisory Committee of the Company, ceased to be a Supervisor of the Company upon the expiry of her term of office.
Li Xianglin	Vice President, member of Executive Committee	Resignation	On 30 August 2021, the "Resolution on the Resignation of Mr. Li Xianglin as Vice President and a Member of the Executive Committee" was considered and approved at the second meeting (regular) of the fourth session of the Board of Directors of the Company, at which, it was agreed that Mr. Li Xianglin ceased to be a member of the Executive Committee and the Vice President of the Company due to redesignation of work.

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Name	Position	Changes	Reason for changes
Wu Jianhui	Member of Executive Committee, Chief Risk Officer	Resignation	On 30 August 2021, the “Resolution on the Resignation of Mr. Wu Jianhui as a Member of the Executive Committee and Chief Risk Officer” was considered and approved at the second meeting (regular) of the fourth session of the Board of Directors of the Company, at which, it was agreed that Mr. Wu Jianhui ceased to be a member of the Executive Committee and the Chief Risk Officer of the Company due to redesignation of work.
Yin Yanwu	Member of Executive Committee, Business Director	Resignation	On 10 May 2021, the “Resolution on the Removal of Mr. Yin Yanwu as a Member of the Executive Committee and Business Director” was considered and approved at the 68th meeting (extraordinary) of the third session of the Board of Directors of the Company, at which, it was agreed that Mr. Yin Yanwu was removed as a member of the Executive Committee and the Business Director of the Company due to redesignation of work.
Wu Chengming	Secretary to the Board, member of Executive Committee (Former)	Resignation	On 29 October 2021, the “Resolution on the Resignation of Mr. Wu Chengming as a Member of the Executive Committee, the Secretary of the Board and Any Other Positions” was considered and approved at the third meeting (regular) of the fourth session of the Board of Directors of the Company, at which, it was agreed that Mr. Wu Chengming ceased to be a member of the Executive Committee, the Secretary to the Board and any other positions of the Company due to redesignation of work.
Xue Jun	Vice President, member of Executive Committee, person in charge of accounting affairs	Appointment	On 29 October 2021, the “Resolution on the Appointment of Mr. Xue Jun as Vice President, a Member of the Executive Committee and Person in charge of Accounting Affairs” was considered and approved at the third meeting (regular) of the fourth session of the Board of Directors of the Company, at which, it was agreed that Mr. Xue Jun was appointed as the Vice President, a member of the Executive Committee and person in charge of accounting affairs.

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Explanation on the Election of Members of the New Session of the Board and the Supervisory Committee of the Company:

- (1) On 29 June 2021, the Company convened the 2020 annual general meeting for the election of members of the fourth session of the Board and the Supervisory Committee, at which, Mr. Chen Gongyan and Mr. Chen Liang were elected as the executive Directors of the fourth session of the Board of the Company, Mr. Liu Dingping, Mr. Yang Tijun, Ms. Liu Chang and Mr. Liu Zhihong were elected as the non-executive Directors of the fourth session of the Board of the Company, and Mr. Liu Ruizhong, Mr. Wang Zhenjun, Ms. Liu Chun and Mr. Law Cheuk Kin Stephen were elected as the independent non-executive Directors of the fourth session of the Board of the Company. Due to the expiry of her terms of office, Ms. Xiao Lihong ceased to be a non-executive Director of the Company. At the meeting, Ms. Chen Jing was elected as a shareholder Supervisor of the fourth session of the Supervisory Committee of the Company and Mr. Tao Libin was elected as an external Supervisor of the fourth session of the Supervisory Committee of the Company. Due to the expiry of her terms of office, Ms. Fang Yan ceased to be an external Supervisor of the Company. At the same time, the Company convened the sixth meeting of the second session of the employee representatives' meeting, at which, Mr. Jiang Yuesheng was elected as an employee Director of the fourth session of the Board of the Company, and Mr. Chen Jijiang and Mr. Fan Minfei were elected as employee supervisors of the fourth session of the Supervisory Committee of the Company.
- (2) On 29 June 2021, the Company convened the first (extraordinary) meeting of the fourth session of the Board of the Company, at which, Mr. Chen Gongyan was elected as the chairman of the fourth session of the Board of the Company, and Mr. Chen Liang was elected as the vice chairman of the fourth session of the Board of the Company. Meanwhile, the Strategy and Development Committee, Compliance and Risk Management Committee, Nomination and Remuneration Committee and Audit Committee were established under the Board. The composition of each of the dedicated committees was as follows:

Name of Committee	Member of Committee
Strategy and Development Committee	Chairman: Chen Gongyan Members: Chen Liang, Liu Dingping, Yang Tijun, Liu Zhihong, Liu Ruizhong, Wang Zhenjun
Compliance and Risk Management Committee	Chairman: Liu Dingping Members: Chen Liang, Yang Tijun, Wang Zhenjun, Liu Chun, Jiang Yuesheng
Nomination and Remuneration Committee	Chairman: Liu Ruizhong Members: Wang Zhenjun, Liu Chun, Law Cheuk Kin Stephen, Liu Dingping, Liu Chang
Audit Committee	Chairman: Liu Chun Members: Liu Ruizhong, Wang Zhenjun, Law Cheuk Kin Stephen, Yang Tijun, Liu Chang

- (3) On 29 June 2021, the Company convened the first (extraordinary) meeting of the fourth session of the Supervisory Committee of the Company, at which, Ms. Chen Jing was elected as the chairman of the fourth session of the Supervisory Committee of the Company. On 19 October 2021, Ms. Chen Jing, a Supervisor and the chairman of the fourth session of the Supervisory Committee of the Company, ceased to be a Supervisor and the chairman of the Supervisory Committee of the Company due to change in work.

On 27 January 2022, the Company convened the 2022 second extraordinary meeting of the fourth session of the Supervisory Committee, at which, Ms. Qu Yanping was elected as the chairman of the fourth session of the Supervisory Committee of the Company.

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

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

Nil

VI. STAFF AND REMUNERATION

(i) Staff

Number of employees of the Company	9,371
Number of employees of major subsidiaries	3,290
Total number of employees	12,661
Number of resigned and retired employees with expenses borne by the Company and major subsidiaries	781

Profession Structure

Category	Number of persons
Securities broker	8,140
Futures broker	532
Investment bank	440
Assets management	171
Proprietary trading	281
Private equity investment	35
Investment research	256
Clearing	161
Legal/Risk Control/Audit	797
IT	732
Planning and Finance	324
Administrative management	792
Total	12,661

Educational Background

Category	Number of persons
Doctors	96
Masters	2,754
Bachelors	7,957
Associate degree and below	1,854
Total	12,661

As at the End of the Reporting Period, the proportion of male and female employees of the Group was 53.38% and 46.62%, respectively.

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

(ii) Remuneration Policy

The remuneration of staffs of the Company comprises of basic remuneration, allowances, performance based bonus and benefits.

The basic remuneration is a relatively fixed part in the composition of remuneration, which is the basic income of staff. The pay scale of basic remuneration corresponds to the rank of employees.

The allowances include allowances for management positions and for professional and technical personnel, which are supplement to the basic remuneration.

The performance based bonus will be distributed based on results of performance assessment.

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

(iii) Training Plan

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

During the Reporting Period, the online training and learning platform of Galaxy Securities, "Galaxy Academy", released a total of 327 courses, with a total course duration of 414 hours and a total course playing duration of 536,022 hours; As at the End of the Reporting Period, the platform had a total of 868 courses and a total course duration of 965 hours. During the Reporting Period, the corporate organizational function of Galaxy Securities organized 20 offline training sessions, with a total training duration of 1,139 class hours and a total of 1,328 person-times (including personnel of the headquarters and branches).

The Company's training covers management training, business training, general skills training and vocational skills training. The Company continued to promote the development of courses for the core positions and systems in its principal business areas and the establishment of a team of internal trainers, to accumulate and deploy the Company's internal training resources to continue to serve its growth.

(iv) Labor Outsourcing

Total working hours outsourced	315,123.97 working hours
Total remuneration paid for labor outsourcing	RMB14,940,996.50

VII. DETAILS OF ENGAGING BROKERS TO SOLICIT CUSTOMERS AND PROVIDE CUSTOMER SERVICES

Securities brokers entered into agency contract with the Company, accepting the Company's mandate. They are natural persons other than the Company's employees who act as agents and engage in brokerage related activities such as customer solicitation and customer services within the authorisation of the Company. The Company adopts centralized management of such brokers. The headquarters of the Company formulated securities broker management measures and related systems, established a securities broker management platform, and centralized the management of securities branch and broker's qualification review, registration, business training, performance appraisal, risk control etc. The Company's securities branch is responsible for the daily management of brokers. As at the End of the Reporting Period, there were 774 brokers working for the Company.

I. INFORMATION ON CORPORATE GOVERNANCE

(i) Overview of Corporate Governance

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

In accordance with the provisions of laws, regulations and regulatory documents, the Company has formulated the corporate governance systems including the Articles of Association, the Rules of Procedures of the General Meetings, the Rules of Procedures of the Board of Directors, the Rules of Procedures of the Supervisory Committee, the Rules of Procedures of the Executive Committee which set out the scope of responsibilities and working procedures of the general meeting, the Board of Directors, the Supervisory Committee and the Executive Committee, providing an institutional guarantee for the standardized operation of the Company. Meanwhile, the Strategy and Development Committee, the Compliance and Risk Management Committee, the Audit Committee and the Nomination and Remuneration Committee have been established under the Board. The rules of procedures of each special committee are developed, defining clearly the duties and responsibilities and the procedures of meetings of each special committee that enable their roles to be played to the full extent in each special committee. During the reporting period, pursuant to the Securities Law, the Provisions on the Administration of Equities of Securities Companies, the Guidance for the Articles of Listed Company and other laws and regulations, and taking into account the actual operation, the Company amended 17 corporate governance systems of the Company, such as the Articles of Association, the Rules of Procedures of the General Meetings, the Rules of Procedures of the Board of Directors, the Rules of Procedures of the Supervisory Committee, the Rules of Procedures of the Executive Committee, the Working Rules for General Manager (President), the Rules of Procedures of the Strategy and Development Committee of the Board of Directors, the Rules of Procedures of the Compliance and Risk Management Committee of the Board of Directors, Rules of Procedures of the Nomination and Remuneration Committee of the Board of Directors, the Rules of Procedures of the Audit Committee of the Board of Directors, the Working Rules for Independent Directors, the Working Rules for the Secretary of the Board of Directors, the Rules for the Implementation of Work of Press Spokesperson, the Administrative Measures for Connected Transactions, the Implementation Rules of the Administration of Connected Transactions, the Administrative Measures for External Investment, and the Administrative Measures for Provision of External Guarantees, to secure the corporate governance systems and the advancement of governance mechanism, and the above amendments have completed the procedures for corporate governance and had been filed with regulatory authorities.

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



SECTION IX CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Company strictly complied with the CG Code and complied with all the code provisions except for code provision B.2.2, and met the requirements of the recommended best practice provisions set out in the CG Code. In accordance with the requirements under B.2.2 of the CG Code, in view of the fact that the three-year term of office of the third session of the Board of Directors and the Supervisory Committee of the Company has expired, the Company actively promoted the nomination of candidates for Directors and Supervisors of the fourth session of the Board of Directors and the Supervisory Committee. Meanwhile, members of the third session of the Board of Directors and the Supervisory Committee continued to perform their duties before the establishment of the new session of the Board of Directors and the Supervisory Committee in accordance with the Articles of Association. The Company held the 2020 annual general meeting on 29 June 2021 and the employee representative meeting on 28 June 2021 and elected the Directors of the fourth session of the Board of Directors and the Supervisors of the fourth session of the Supervisory Committee in accordance with the statutory procedures.

(ii) Information of Insider Registration Management

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

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

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

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

Details of the performance of duties by the Board and its special committees during the Reporting Period are set out in “III. Board Meetings and Performance of Duties by Directors” and “IV. Composition and Operation of Special Committees Under the Board” of this section.

SECTION IX CORPORATE GOVERNANCE REPORT

II. INTRODUCTION TO GENERAL MEETINGS

Session of meeting	Date of the meeting	Index for the designated websites on which resolutions were published	Date of publication of resolutions	Resolutions of the meeting
2020 annual general meeting	29 June 2021	http://www.sse.com.cn www.hkexnews.hk www.chinastock.com.cn	29 June 2021	For details of resolutions of the meeting, please refer to the announcement on the poll results of general meeting
2021 first A Share class meeting	29 June 2021	http://www.sse.com.cn www.hkexnews.hk www.chinastock.com.cn	29 June 2021	For details of resolutions of the meeting, please refer to the announcement on the poll results of general meeting
2021 first H Share class meeting	29 June 2021	http://www.sse.com.cn www.hkexnews.hk www.chinastock.com.cn	29 June 2021	For details of resolutions of the meeting, please refer to the announcement on the poll results of general meeting
2021 first extraordinary general meeting	19 October 2021	http://www.sse.com.cn www.hkexnews.hk www.chinastock.com.cn	19 October 2021	For details of resolutions of the meeting, please refer to the announcement on the poll results of general meeting

DESCRIPTION OF GENERAL MEETINGS

As the supreme authority of the Company, the general meeting of the Company exercises its powers according to the requirements of the Articles of Association and the Rules of Procedures of the General Meetings. The Company strictly adheres to the rules in convening and conducting the general meeting and ensures that all shareholders have equal status and can fully exercise their rights. During the Reporting Period, the Company convened 4 general meetings, the details and resolutions of which are as follows:

- On 29 June 2021, the 2020 annual general meeting was held, at which the “2020 Work Report of the Board of Directors”, the “2020 Work Report of the Supervisory Committee”, the “Resolution on 2020 Annual Report of the Company”, the “Resolution on 2020 Final Accounts Plan of the Company”, the “Resolution on 2020 Profit Distribution Plan of the Company”, the “Resolution on 2021 Capital Expenditure Budget of the Company”, the “Resolution on 2021 Appointment of the External Audit Firms of the Company”, the “Resolution on Remuneration Settlement Plan of Mr. Chen Gongyan in 2019”, the “Resolution on Remuneration Settlement Plan of Ms. Chen Jing in 2019”, the “Resolution on Revising the Rules of Procedure of the General Meeting of Shareholders”, the “Resolution on Revising the Rules of Procedure of the Board of Directors”, the “Resolution on Revising the Rules of Procedure of the Supervisory Committee”, the “Resolution on Revising the Working Rules for Independent Directors”, the “Resolution on Revising the Measures for the Administration of Connected Transactions”, the “Resolution on Revising the Measures for the Administration of External Investment”, the “Resolution on Revising the Measures for the Administration of External Guarantees”, the “Resolution on Revising the Articles of Association”, “Resolution on General Mandate to Issue Shares”, “Resolution on Election of Executive and Non-Executive Directors of the Fourth Session of the Board of Directors at the General Meeting”, “Resolution on Election of Independent Directors of the Fourth Session of the Board of Directors at the General Meeting”, and “Resolution on Election of Shareholder Supervisors and External Supervisors of the Fourth Session of the Supervisory Committee at the General Meeting” were considered and approved; and the “2020 Duty Performance Report of Independent Directors” was heard.

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2. On 29 June 2021, the 2021 first A Share class meeting was held, at which the “Resolution on Revising Certain Provisions of the Rules of Procedure of the General Meeting of Shareholders” and the “Resolution on Revising Certain Provisions of the Articles of Association” were considered and approved.
3. On 29 June 2021, the 2021 first H Share class meeting was held, at which the “Resolution on Revising Certain Provisions of the Rules of Procedure of the General Meeting of Shareholders” was considered and approved, while the “Resolution on Revising Certain Provisions of the Articles of Association” was considered but was not approved.
4. On 19 October 2021, the “Resolution on the Satisfaction of Conditions Relating to the Public Issuance of A Share Convertible Corporate Bonds by the Company”, “Resolution on the Proposed Plan Relating to the Public Issuance of A Share Convertible Corporate Bonds of the Company”, “Resolution on the Feasibility Report on the Use of Proceeds of the Public Issuance of A Share Convertible Bonds of the Company”, “Resolution on the Report of the Use of Proceeds Previously Raised by the Company”, “Resolution on the Dilution of the Current Return by the Public Issuance of A Share Convertible Corporate Bonds and the Remedial Measures by the Company”, “Resolution on Formulating the Rules of Meetings of the Convertible Bonds Holders of the Company”, “Resolution on the Plan of Shareholders’ Return for the Next Three Years (2021-2023) of the Company”, “Resolution on the General Meeting’s Grant of Authorization to the Board of Directors to Deal with Matters Relating to the Public Issuance of A Share Convertible Corporate Bonds of the Company”, and “Resolution on Election of Ms. Qu Yanping as a Shareholder Supervisor of the Fourth Session of the Supervisory Committee at the General Meeting” were considered and approved; and the “Resolution on the Schemes Relating to the Public Issuance of A Share Convertible Corporate Bonds of the Company” were considered and approved on an individual basis at the 2021 first extraordinary general meeting.

III. BOARD MEETINGS AND PERFORMANCE OF DUTIES BY DIRECTORS

(i) Composition of the Board of Directors

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

The Board currently comprises 11 Directors, including 2 executive Directors (Mr. Chen Gongyan and Mr. Chen Liang), 5 non-executive Directors (Mr. Liu Dingping, Mr. Yang Tijun, Ms. Liu Chang, Mr. Liu Zhihong and Mr. Jiang Yuesheng), 4 independent non-executive Directors (Mr. Liu Ruizhong, Mr. Wang Zhenjun, Ms. Liu Chun and Mr. Law Cheuk Kin, Stephen). The number of independent Directors accounts for no less than one-third of the number of Directors. Mr. Chen Gongyan is the chairman of the Board of the Company and Mr. Chen Liang is the president of the Company. There is no relation (including financial, business, family and other major or relevant relations) between or amongst the Directors, Supervisors and senior management officers. During the Reporting Period and as of the date of this report, the changes in the members of the Board are shown in the section headed “Section VIII Directors, Supervisors, Senior Management and Staff – IV. Changes in Directors, Supervisors and Senior Management of the Company”.

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

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

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(ii) Attendance of Directors at Board meetings and general meetings during the Reporting Period

Name of Director	Attendance at Board meetings							Attendance at general meetings
	Independent Director	Required Attendance during the year	Attendance in person	Attendance via communication device	Attendance by proxy	Absence	Absence from	Attendance at general meetings
							two consecutive meetings in person	
Chen Gongyan	No	9	9	2	0	0	No	4
Chen Liang	No	8	8	2	0	0	No	3
Liu Dingping	No	8	8	2	0	0	No	4
Yang Tijun	No	4	4	1	0	0	No	1
Liu Chang	No	4	4	2	0	0	No	1
Liu Zhihong	No	4	4	1	0	0	No	1
Liu Ruizhong	Yes	9	9	2	0	0	No	4
Wang Zhenjun	Yes	9	9	2	0	0	No	4
Liu Chun	Yes	9	9	2	0	0	No	4
Law Cheuk Kin Stephen	Yes	9	9	2	0	0	No	0
Jiang Yuesheng	No	4	4	4	0	0	No	1
Xiao Lihong (Resigned)	No	4	4	3	0	0	No	0
Number of Board meetings held during the year								9
Of which: Number of on-site meetings								–
Number of meetings held via communication device								2
Number of meetings held by way of combination of both								7

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

The Board performs its duties in accordance with the relevant regulations and the requirements of the Articles of Association and the Rules of Procedure of the Board of Directors. During the Reporting Period, the Company held 9 Board meetings through communication tool or a combination of on-site meeting and communication tool, details of which are as follows:

Session of meeting	Date of the meeting	Resolution(s) of the Meeting
The 65th Meeting (Extraordinary) of the Third Session of the Board of Directors	10 February 2021	The "Resolution on the Recommending candidates for Directors of the Fourth Session of the Board of China Galaxy Securities Co., Ltd.", was considered and approved and submitted to the general meeting for election; and it was resolved that Mr. Chen Gongyan and Mr. Chen Liang were nominated as candidates for Executive Directors of the fourth session of the Board of the Company; Mr. Liu Dingping, Mr. Yang Tijun, Ms. Liu Chang, Mr. Liu Zhihong were nominated as candidates for Non-Executive Directors of the fourth session of the Board of the Company; Mr. Liu Ruizhong, Mr. Wang Zhenjun, Ms. Liu Chun and Mr. Law Chuek Kin Stephen were nominated as candidates for Independent Directors of the fourth session of the Board of the Company.
The 66th Meeting (Regular) of the Third Session of the Board of Directors	29 March 2021	1. The "Resolution on 2020 Final Accounts Plan" was considered and approved and submitted to the general meeting for consideration and approval. 2. The "Resolution on 2020 Profit Distribution Plan of the Company" was considered and approved and submitted to the general meeting for consideration. 3. The "Resolution on 2020 Compliance Report" was considered and approved. 4. The "Resolution on 2020 Risk Management Report" was considered and approved. 5. The "Resolution on 2020 Internal Control Evaluation Report" was considered and approved. 6. The "Resolution on 2020 Special Report of Management of Information Technology" was considered and approved. 7. The "Resolution on 2020 Annual Report" was considered and approved and submitted to the general meeting for consideration and approval. 8. The "Resolution on 2020 Social Responsibility & Environmental, Social and Governance Report" was considered and approved. 9. The "2020 Business Management Work Report" was considered and approved. 10. The "2020 Work Report of the Board" was considered and approved and submitted to the general meeting for consideration and approval. 11. The "2020 Duty Performance Report of the Audit Committee of the Board" was considered and approved, 12. The "2020 Duty Performance Report of Independent Directors" was considered and approved and submitted to the general meeting for reporting. 13. The "Resolution on the Appointment of External Auditing Firms of the Company for 2021" was considered and approved and submitted to the general meeting for consideration. 14. The "Resolution on 2021 Business and Financial Plan" was considered and approved. 15. The "Resolution on 2021 Capital Expenditure Budget" was considered and approved and submitted to general meeting for consideration and approval. 16. The "Resolution on 2021 Poverty Alleviation Fund Budget was considered and approved. 17. The "Resolution on the Amendment to the Management Measures for Financing and Securities Lending Business" was considered and approved. 18. The "Resolution on the Amendment to the Internal Audit Management System" was considered and approved. 19. The "Resolution on the General Mandate to Issue Shares" was considered approved and submitted to the general meeting for consideration and approval. 20. The "Resolution on Convening 2020 Annual General Meeting" was considered and approved. 21. The 2020 Work Reports of the Strategy and Development Committee, the Nomination and Remuneration Committee and the Compliance and Risk Management Committee were heard. 22. The 2020 Report on Anti-Money Laundering Work was heard. 23. The 2020 Report on Integrity Management was heard. 24. The 2020 Report on the Construction Progress of Operating Housing Projects of the Company was heard.

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Session of meeting	Date of the meeting	Resolution(s) of the Meeting
The 67th Meeting (Regular) of the Third Session of the Board of Directors	29 April 2021	1. The Report on the Operation of the Company in the First Quarter of 2021 was heard. 2. The "Resolution on 2021 First Quarterly Report" was considered and approved.
The 68th Meeting (Extraordinary) of the Third Session of the Board of Directors	10 May 2021	1. It was consented to that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. The "Resolution on the Amendment to the Articles of Association" was considered and approved and submitted to the general meeting for consideration and approval. 3. The "Resolution on the Amendment to the Rules of Procedures of the General Meeting" was considered and approved and submitted to the general meeting for consideration and approval. 4. The "Resolution on the Amendment to the Rules of Procedures of the Board of Directors" was considered and approved and submitted to the general meeting for consideration and approval. 5. The "Resolution on the Amendment to Rules of Procedures of the Strategy and Development Committee" was considered and approved. 6. The "Resolution on the Amendment to the Rules of Procedures of the Compliance and Risk Management Committee" was considered and approved. 7. The "Resolution on the Amendment to the Rules of Procedures of the Nomination and Remuneration Committee of the Board of Director" was considered and approved. 8. The "Resolution on the Amendment to the Rules of Procedures of the Audit Committee of the Board of Director" was considered and approved. 9. The "Resolution on the Amendment to the Working Rules for Independent Directors" was considered and approved and submitted to the general meeting for consideration and approval. 10. The "Resolution on the Amendment to the Working Rules for the Secretary of the Board" was considered and approved. 11. The "Resolution on the Amendment to the Rules for the Implementation of Work of Press Spokesperson" was considered and approved. 12. The "Resolution on the Amendment to the Measures for the Administration of Connected Transactions" was considered and approved and submitted to the general meeting for consideration and approval. 13. The "Resolution on the Amendment to the Measures for the Administration of External Investment" was considered and approved and submitted to the general meeting for consideration and approval. 14. The "Resolution on the Amendment to the Measures for the Administration of External Guarantees" was considered and approved and submitted to the general meeting for consideration and approval. 15. The "Resolution on the Amendment to the Rules of Procedures of the Executive Committee" was considered and approved. 16. The "Resolution on the Amendment to the Working Rules of Procedures for General Manager (President) was considered and approved. 17. The "Resolution on the Removal of Mr. Yin Yanwu as a Member of the Executive Committee and Business Director" was considered and approved. 18. The "Resolution on Convening 2021 First A Share Class Meeting and 2021 First H Share Class Meeting" was considered and approved.
The 1st Meeting (Extraordinary) of the Fourth Session of the Board of Directors	29 June 2021	1. It was consented to that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. The "Resolution on Recommending the Appointment of Mr. Chen Gongyan as the Chairman of the Fourth Session of the Board of Directors of the Company" was considered and approved. 3. The "Resolution on Recommending the Appointment of Mr. Chen Liang as the Vice Chairman of the Fourth Session of the Board of Directors of the Company" was considered and approved. 4. The "Resolution on the Composition of the Special Committees under the Fourth Session of the Board of Directors" was considered and approved. 5. The "Resolution on Requesting the Board of Directors to Review the Assessment Results of the Compliance Director in 2020" was considered and approved.

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Session of meeting	Date of the meeting	Resolution(s) of the Meeting
The 2nd Meeting (Regular) of the Fourth Session of the Board of Directors	30 August 2021	<p>1. The "Resolution on 2021 Interim Report of China Galaxy Securities Co., Ltd." was considered and approved. 2. The "Resolution on the Redemption of Remaining Alleviation Fund in the Principal Amount of RMB500,000,000 in the Connected Transaction" was considered and approved. 3. The "Resolution on the Satisfaction of Conditions Relating to the Public Issuance of A Share Convertible Bonds by the Company" was considered and approved and submitted to the general meeting for consideration and approval. 4. The "Resolution on the Schemes Relating to the Public Issuance of A Share Convertible Bonds of the Company" were considered and approved on an individual basis and submitted to the general meeting for consideration and approval. 5. The "Resolution on the Proposed Plan Relating to the Public Issuance of A Share Convertible Bonds of the Company" was considered and approved and submitted to the general meeting for consideration and approval. 6. The "Resolution on the Feasibility Report on the Use of Proceeds of The Public Issuance of A Share Convertible Bonds of the Company" was considered and approved and submitted to the general meeting for consideration and approval. 7. The "Resolution on the Report of the Use of Proceeds Previously Raised by the Company" was considered and approved and submitted to the general meeting for consideration and approval. 8. The "Resolution on the Dilution of Current Return by the Public Issuance of A Share Convertible Bonds and Remedial Measures of the Company" was considered and approved and submitted to the general meeting for consideration and approval. 9. The "Resolution on Formulating the Rules of the Meetings of Convertible Bonds Holders of the Company" was considered and approved and submitted to the general meeting for consideration and approval. 10. The "Resolution on the Plan of Shareholders' Returns for the Next Three Years (2021-2023) of the Company" was considered and approved and submitted to the general meeting for consideration and approval. 11. The "Resolution on the General Meeting's Grant of Authorization to the Board of Directors to deal with Matters Relating to the Public Issuance of A Share Convertible Bonds of the Company" was considered and approved to be submitted to the general meeting for consideration and approval. 12. The "Resolution on the Grant of Authorization by the Board of Directors to Relevant Person to deal with Matters Relating to the Public Issuance of A Share Convertible Bonds of the Company" was considered and approved. 13. The "Resolution on the Increase in the Shareholdings in CGS-CIMB to Increase the Amount of Guarantees and Quasi-Guarantees by Galaxy International" was considered and approved. 14. The "Resolution on Matters Relating to the Increase of Investment in China Galaxy International Financial Holdings Company Limited." was considered and approved. 15. The "Resolution on the First Phase IT Construction Project of Jinqiao Data Center of Shanghai Stock Exchange" was considered and approved. 16. The "Resolution on the Regulations on System Administration of China Galaxy Securities Co., Ltd. (Revised in July 2021)" was considered and approved. 17. The "Resolution on the Resignation of Mr. Li Xianglin as Vice President and a Member of the Executive Committee" was considered and approved. 18. The "Resolution on the Resignation of Mr. Wu Jianhui as a Member of the Executive Committee and Chief Risk Officer" was considered and approved. 19. The "Resolution on Convening 2021 First Extraordinary General Meeting of China Galaxy Securities Co., Ltd." was considered and approved. 20. The Report on the Operation in the First Half of 2021 was heard. 21. The Interim Compliance Report of the Company was heard. 22. The Interim Risk Management Report was heard. 23. The "Report on the Construction Progress of Operating Housing Projects of the Company in the First Half of 2021" were heard.</p>

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Session of meeting	Date of the meeting	Resolution(s) of the Meeting
The 3rd Meeting (Regular) of the Fourth Session of the Board of Directors	29 October 2021	1. The "Resolution on 2021 Third Quarterly Report of China Galaxy Securities Co., Ltd" was considered and approved. 2. The "Resolution on the Resignation of Mr. Wu Chengming as a Member of the Executive Committee, the Secretary of the Board and Any Other Positions" was considered and approved. 3. The "Resolution on the Appointment of Mr. Xue Jun as Vice President, a Member of the Executive Committee and Person in Charge of Accounting Affairs" was considered and approved. 4. The "Resolution on the Appointment of Mr. Liang Shipeng as Chief Risk Officer" was considered and approved. 5. The 2021 Third Quarterly Business Report was heard.
The 4th Meeting (Extraordinary) of the Fourth Session of the Board of Directors	23 December 2021	1. It was consented to that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. The "Resolution on the Amendment to the Insider Registration System of the Company" was considered and approved. 3. The "Resolution on the Change of Company Secretary and Authorized Representatives of China Galaxy Securities Co., Ltd." was considered and approved. 4. The "Resolution on the Extension of Securities and Financial Services Framework Agreement between Galaxy Financial Holdings and the Company and the Capping of Connected Transaction from 2022 to 2024" was considered and approved. 5. The "Resolution on the Amendment to the Enterprise Pension Scheme" was considered and approved.
The 1st Meeting of the Fourth Session of the Independent Non-Executive Directors	23 December 2021	Communication and exchange on matters relating to the construction of the Board of Directors and the operation and management of the Company.

(iv) Objection raised by the independent Directors to the relevant issues of the Company

Nil

(v) Term of office of non-executive Directors

Currently, the Company has 5 non-executive Directors and 4 independent non-executive Directors, all of whom are appointed for a term of three years.

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

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

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

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

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

(vii) Training of Directors

No.	Date of training	Main content	Directors who participated in the training
1	30 August 2021	2021 Anti-money Laundering Training	Chen Gongyan, Chen Liang, Liu Dingping, Yang Tijun, Liu Chang, Liu Zhihong, Liu Ruizhong, Wang Zhenjun, Liu Chun, Law Cheuk Kin Stephen, Jiang Yuesheng
2	9 November 2021	"Seventh Capital Operation Training" organized by The Listed Companies Association of Beijing	Liu Dingping
3	12-13 November 2021	"Third Follow-up Training Program for Independent Directors of Listed Companies" organized by the SSE	Liu Ruizhong, Wang Zhenjun, Liu Chun
4	27 December 2021	"Special Training on Sustainable Responsibility" organized by the Stock Exchange	Chen Gongyan, Chen Liang, Liu Dingping, Yang Tijun, Liu Chang, Liu Zhihong, Liu Ruizhong, Wang Zhenjun, Liu Chun, Law Cheuk Kin Stephen, Jiang Yuesheng
5	31 December 2021	Special Training on ESG	Chen Gongyan, Chen Liang, Liu Dingping, Yang Tijun, Liu Chang, Liu Zhihong, Liu Ruizhong, Wang Zhenjun, Liu Chun, Law Cheuk Kin Stephen, Jiang Yuesheng

IV. COMPOSITION AND OPERATION OF SPECIAL COMMITTEES UNDER THE BOARD

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

Name of committee	Chairman	Member
Strategy and Development Committee	Chen Gongyan (Executive Director)	Executive Director: Chen Liang Non-executive Directors: Liu Dingping, Yang Tijun, Liu Zhihong Independent non-executive Directors: Liu Ruizhong, Wang Zhenjun
Compliance and Risk Management Committee	Liu Dingping (Non-executive Director)	Executive Director: Chen Liang Non-executive Directors: Yang Tijun, Jiang Yuesheng Independent non-executive Directors: Wang Zhenjun, Liu Chun
Nomination and Remuneration Committee	Liu Ruizhong (Independent non-executive Director)	Non-executive Directors: Liu Dingping, Liu Chang Independent non-executive Directors: Wang Zhenjun, Liu Chun, Law Cheuk Kin Stephen
Audit Committee	Liu Chun (Independent non-executive Director)	Non-executive Directors: Yang Tijun, Liu Chang Independent non-executive Directors: Liu Ruizhong, Wang Zhenjun, Law Cheuk Kin Stephen

Notes:

- Ms. Xiao Lihong resigned as a member of each of the Strategy and Development Committee and the Compliance and Risk Management Committee on 29 June 2021.
- Mr. Yang Tijun has been appointed as a member of each of the Strategy and Development Committee, the Compliance and Risk Management Committee and the Audit Committee with effective from 29 June 2021.
- Ms. Liu Chang has been appointed as a member of each of the Nomination and Remuneration Committee and the Audit Committee with effective from 29 June 2021.
- Mr. Liu Zhihong has been appointed as a member of the Strategy and Development Committee with effective from 29 June 2021.
- Mr. Jiang Yuesheng has been appointed as a member of the Compliance and Risk Management Committee with effective from 29 June 2021.

① Functions of the Strategy and Development Committee:

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



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

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

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

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

④ **Functions of the Audit Committee:**

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

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

Date of Meeting	Content of Meeting	Key Opinions and Recommendations
19 March 2021	<p>(1) To consider and pre-approve the "Resolution on 2020 Special Report of Management of Information Technology". (2) To consider and pre-approve the "Resolution on 2020 Profit Distribution Plan of China Galaxy Securities Co., Ltd.". (3) To pre-approve the "Resolution on 2021 Business and Financial Plan of China Galaxy Securities Co., Ltd.". (4) To pre-approve the "Resolution on 2021 Capital Expenditure Budget of China Galaxy Securities Co., Ltd.". (5) To consider and pre-approve the "Resolution on 2021 Poverty Alleviation Fund Budget". (6) To consider and pre-approve the "Resolution on the Amendment to the Management Measures for Financing and Securities Lending Business of China Galaxy Securities Co., Ltd.". (7) To pre-approve the "Resolution on the General Mandate to Issue Shares". (8) To consider 2020 Work Report of the Board was pre-approved. (9) To consider "2020 Duty Performance Report of the Strategy and Development Committee".</p>	<p>1. It was agreed that the "Resolution on 2020 Special Report of Management of Information Technology" would be submitted to the Board for consideration. 2. It was agreed that the "Resolution on 2020 Profit Distribution Plan of China Galaxy Securities Co., Ltd." would be submitted to the Board for consideration. 3. It was agreed that the "Resolution on 2021 Business and Financial Plan of China Galaxy Securities Co., Ltd." would be submitted to the Board for consideration. 4. It was agreed that The "Resolution on 2021 Capital Expenditure Budget of China Galaxy Securities Co., Ltd." would be submitted to the Board for consideration. 5. It was agreed that subsequent to the revisions being made on opinions of the meeting, the "Resolution on 2021 Poverty Alleviation Fund Budget" would be submitted to the Board for consideration. 6. It was agreed that the "Resolution on the Amendment to the Management Measures for Financing and Securities Lending Business of China Galaxy Securities Co., Ltd." would be submitted to the Board for consideration. 7. It was agreed that the "Resolution on the General Mandate to Issue Shares" would be submitted to the Board for consideration. 8. It was agreed that the 2020 Work Report of the Board would be submitted to the Board for consideration. 9. It was agreed that the 2020 Duty Performance Report of the Strategy and Development Committee of the Board was considered.</p>
10 May 2021	<p>To consider and pre-approve matters relating to the amendments to corporate governance system of the Company: the "Resolution on the Amendment to the Articles of Association of the Company, the "Resolution on the Amendment to the Rules of Procedures of the General Meeting", the "Resolution on the Amendment to the Rules of Procedures of the Board of Directors", the "Resolution on the Amendment to the Rules of Procedures of the Strategy and Development Committee of the Board", the "Resolution on the Amendment to the Rules of Procedures of the Compliance and Risk Management Committee of the Board", the "Resolution on the Amendment to the Rules of Procedures of the Nomination and Remuneration Committee of the Board", the "Resolution on the Amendment to the Rules of Procedures of the Audit Committee of the Board of Director", the "Resolution on the Amendment to the Working Rules for Independent Directors", the "Resolution on the Amendment to the Working Rules for the Secretary of the Board", the "Resolution on the Amendment to the Rules for the Implementation of Work of Press Spokesperson", the "Resolution on the Amendment to the Measures for the Administration of Connected Transactions", the "Resolution on the Amendment to the Measures for the Administration of External Investment", the "Resolution on the Amendment to the Measures for the Administration of External Guarantees", the "Resolution on the Amendment to the Rules of Procedures of the Executive Committee", the "Resolution on the Amendment to the Working Rules of Procedures for General Manager (President)".</p>	<p>1. It was agreed that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. It was agreed that the 15 draft amendments to governance systems including the Articles of Association would be submitted the Board of Directors for consideration.</p>

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Date of Meeting	Content of Meeting	Key Opinions and Recommendations
26 August 2021	(1) To consider and pre-approve the "Resolutions on the Public Issuance of A Share Convertible Bonds of the Company". (2) To consider and pre-approve the "Resolution on the Increase Amount of Guarantees and Quasi-Guarantees provided by Galaxy International for CGS-CIMB Securities". (3). To consider and pre-approve the "Resolution on Matters Relating to the Increase of Investment in China Galaxy International Financial Holdings Company Limited". (4) To pre-approve the "Resolution on Consideration of the Establishment of Institutional Business Headquarters by the Board of Directors". (5) To pre-approve the "Resolution on Consideration of the Establishment of Investment Advisory Headquarters by the Board of Directors". (6) To consider and pre-approve the "Resolution on the First Phase IT Construction Project of Jinqiao Data Center of Shanghai Stock Exchange".	1. It was agreed that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. It was agreed that the 10 resolutions, including the "Resolution on the Satisfaction of Conditions Relating to the Public Issuance of A Share Convertible Bonds by the Company", would be submitted the Board of Directors for consideration. 3. It was agreed that the "Resolution on the Increase Amount of Guarantees and Quasi-Guarantees provided by Galaxy International for CGS-CIMB Securities" would be submitted the Board of Directors for consideration. 4. It was agreed that the "Resolution on Matters Relating to the Increase of Investment in China Galaxy International Financial Holdings Company Limited." would be submitted the Board of Directors for consideration. 5. It was agreed that subsequent to further revision and improvement, the "Resolution on Consideration of the Establishment of Institutional Business Headquarters by the Board of Directors" would be submitted the Board of Directors for consideration. 6. It was agreed that subsequent to further revision and improvement, the "Resolution on Consideration of the Establishment of Investment Advisory Headquarters by the Board of Directors" would be submitted the Board of Directors for consideration. 7. It was agreed that the "Resolution on the First Phase IT Construction Project of Jinqiao Data Center of Shanghai Stock Exchange." would be submitted the Board of Directors for consideration.
23 December 2021	(1) To receive report on "2022 Macroeconomics Situation Analysis". (2) To receive report on "2022 Key Industries Situation Analysis" was heard. (3) To receive report on the "Conditions of the Company in Serving the Real Economy and Implementation of "Six Stabilities and Six Guarantees".	1. It was agreed that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. The special report on the analysis of macroeconomic situation in 2022 was heard. 3. The special report on the analysis of key industries situation in 2022 was heard. 4. The special report on the conditions of the Company in serving the real economy and implementation of "Six Stabilities and Six Guarantees" was heard.
Notes: 1.	In 2021, members of the Strategic Development Committee had regularly reviewed the monthly and quarterly reports submitted by the management of the Company.	
2.	In 2021, the Strategic Development Committee organized the management team of the Company in preparing the "Opinions on Optimizing the Implementation Measures of the Five-Year Strategic Development Plan of China Galaxy Securities (2018-2022) by Virtue of Realization of Spirit of the Fifth Plenary Session of 19th Central Committee of the Communist Party of China, based on an objective review on the implementation of preliminary strategy,	
3.	Members of the Strategic Development Committee visited Zhejiang branch and Beijing branch in April and in September 2021, respectively for the purpose of special research on the conditions of comprehensive reform of these first-class branches. In December 2021, a visit was made to branches in Tianjin, Guangxi and Yunnan for the purpose of research on conditions of the branches in exercising "local advantages" in respect of promoting construction of a comprehensive financial service platform and accelerating wealth management transformation.	

Attendance of members at meetings

Name	Position	Required attendance	Actual attendance
Chen Gongyan	Chairman	4	4
Chen Liang	Member	4	4
Liu Dingping	Member	4	4
Yang Tijun	Member	2	2
Liu Zhihong	Member	2	2
Liu Ruizhong	Member	4	4
Wang Zhenjun	Member	4	4
Xiao Lihong (Resigned)	Member	2	2

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(2). During the Reporting Period, the Compliance and Risk Management Committee convened 3 meetings.

Date of Meeting	Content of Meeting	Key Opinions and Recommendations
26 February 2021	(1) To receive the report from the custodian headquarters on three public funds custody business including Agricultural Forestry No. 1 Private Equity Fund (農林1號私募股權投資基金) and "Qianhai Open Source Agricultural Thematic Fund (前海開源農業主題基金)". (2) To receive the analysis report from the legal and compliance headquarters on three public funds custody business including Agricultural Forestry No. 1 Private Equity Fund (農林1號私募股權投資基金) and "Qianhai Open Source Agricultural Theme Fund (前海開源農業主題基金)".	1. It was agreed that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. The report from the custodian headquarters on three public funds custody business including Agricultural Forestry No. 1 Private Equity Fund (農林1號私募股權投資基金) and "Qianhai Open Source Agricultural Thematic Fund (前海開源農業主題基金)" was heard. 3. The analysis report from the legal and compliance headquarters on three public funds custody business including Agricultural Forestry No. 1 Private Equity Fund (農林1號私募股權投資基金) and "Qianhai Open Source Agricultural Theme Fund (前海開源農業主題基金)" was heard.
19 March 2021	(1) To consider and pre-approve the "Resolution on 2020 Compliance Report of China Galaxy Securities Co., Ltd.". (2) To consider and pre-approve the "Resolution on 2020 Risk Management Report of China Galaxy Securities Co., Ltd.". (3) To pre-approve "2020 Report on Anti-Money Laundering Work of China Galaxy Securities Co., Ltd." was pre-approved. (4) To pre-approve "2020 Report on Integrity Management of China Galaxy Securities Co. Ltd.". (5) To consider "2020 Duty Performance Report of the Compliance and Risk Management Committee".	1. It was agreed that subsequent to the revisions being made on opinions of the meeting, the "Resolution on 2020 Compliance Report of China Galaxy Securities Co., Ltd." would be submitted to the Board for consideration. 2. It was agreed that the "Resolution on "2020 Risk Management Report of China Galaxy Securities Co., Ltd." would be submitted to the Board for consideration. 3. It was agreed that the "2020 Report on Anti-Money Laundering Work of China Galaxy Securities Co., Ltd." would be submitted to the Board. 4. It was agreed that the "2020 Report on Integrity Management of China Galaxy Securities Co. Ltd." would be submitted to the Board for consideration. 5. It was agreed that the "2020 Duty Performance of the Compliance and Risk Management Committee" would be submitted to the Board. 6. The report from the legal compliance headquarters on the 2021 compliance work plan was heard.
25 August 2021	(1) To receive report on the risks of the Company in the first half-year of 2021. (2) To receive report on the compliance of the Company in the first half-year of 2021. (3) To receive report on the construction plan of compliance work system of the Company. (4) To receive report on the completion of rectification work of custodian business. (5) To consider and pre-approve the "Resolution on the General Meeting's Grant of Authorization to the Board of Directors". (6) To consider and pre-approve the "Resolution on Grant of Authorization to the Executive Committee by the Board of Directors". (7) To consider and pre-approve the "Resolution on the "Authority Delegation Management System from the Board of Directors to the Executive Committee of China Galaxy Securities Co., Ltd.". (8) To consider and pre-approve the "Resolution on the "Regulations on System Administration of China Galaxy Securities Co., Ltd. (Revised in July 2021)".	1. It was agreed that the notice period required for the meeting was waived, the procedures for convening the meeting was confirmed as legal and all resolutions passed were valid. 2. The report on the risks of the Company in the first half-year of 2021 was heard. 3. The report on the compliance of the Company in the first half-year of 2021 was heard. 4. The report on the construction plan of compliance work system of the Company was heard. 5. The report on the completion of rectification work of custodian business rectification work was heard. 6. It was agreed that the "Resolution the General Meeting's Grant of Authorization to the Board of Directors" would be submitted to the Board for consideration. 7. It was agreed that the "Resolution on Grant of Authorization to the Executive Committee by the Board of Directors" would be submitted to the Board for consideration. 8. It was agreed that the "Resolution on the "Authority Delegation Management System from the Board of Directors to the Executive Committee of China Galaxy Securities Co." would be submitted to the Board for consideration. 9. It was agreed that the "Resolution on the "Regulations on System Administration of China Galaxy Securities Co., Ltd. (Revised in July 2021)" would be submitted to the Board for consideration.
Notes: 1.	In 2021, members of the Compliance and Risk Committee regularly reviewed the monthly risk briefings and quarterly anti-money laundering reports of the Company, and on key matters, received reports from the management.	
2.	On 30 August 2021, the Compliance and Risk Committee organized the 2021 anti-money laundering of the Company and supervised the attendance of directors and senior management.	

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Attendance of members at meetings

Name	Position	Required attendance	Actual attendance
Liu Dingping	Chairman	3	3
Chen Liang	Member	3	3
Yang Tijun	Member	1	1
Wang Zhenjun	Member	3	3
Liu Chun	Member	3	3
Jiang Yuesheng	Member	1	1
Xiao Lihong (Resigned)	Member	2	2

(3) During the Reporting Period, the Nomination and Remuneration Committee convened 5 meetings.

Date of Meeting	Content of Meeting	Key Opinions and Recommendations
9 February 2021	To pre-approve the "Resolution on Recommending candidates for Directors of the Fourth Session of the Board of China Galaxy Securities Co., Ltd."	1. It was agreed that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. It was agreed the "Resolution on Recommending candidates for Directors of the Fourth Session of the Board of China Galaxy Securities Co., Ltd." would be submitted to the Board for consideration.
19 March 2021	To consider "2020 Duty Performance Report of the Nomination and Remuneration Committee" was considered.	It was agreed that the "2020 Duty Performance Report of the Nomination and Remuneration Committee" would be submitted to the Board for consideration.
10 May 2021	To consider and pre-approve the "Resolution on the Resignation of Mr. Yin Yanwu as a Member of the Executive Committee and Business Director".	1. It was agreed that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. It was agreed that the "Resolution on the Resignation of Mr. Yin Yanwu as a Member of the Executive Committee and Business Director" would be submitted to the Board for consideration.
19 October 2021	(1) To consider and pre-approve the "Resolution on the Resignation of Mr. Wu Chengming as a Member of the Executive Committee, the Secretary of the Board and any other positions of the Company. (2) To examine the qualifications and conditions of employment of Mr. Xue Jun in respect of the appointment of Mr. Xue Jun as Vice President, a member of the Executive Committee and Person-in-charge of Accounting Affairs. (3) To examine the qualifications and conditions of employment of Mr. on Mr. Liang Shipeng in respect of the appointment of Mr. Liang Shipeng as Chief Risk Officer".	1. It was agreed that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. It was agreed that the "Resolution on the Resignation of Mr. Wu Chengming as a Member of the Executive Committee, the Secretary of the Board and any other positions of the Company" would be submitted to the Board for consideration in accordance with relevant procedures. 3. It was agreed that the "Resolution on the Appointment of Mr. Xue Jun as Vice President, a Member of the Executive Committee and Person-in-charge of Accounting Affairs" would be submitted to the Board for consideration in accordance with relevant procedures. 4. It was agreed that the "Resolution on the Appointment of Mr. Liang Shipeng as Chief Risk Officer" would be submitted to the Board for consideration in accordance with relevant procedures.
22 December 2021	(1) To consider and pre-approve the "Resolution on the Change of Company Secretary and Authorized Representatives of China Galaxy Securities Co., Ltd.". (2) To consider and pre-approve the "Resolution on the Amendment to the Enterprise Pension Scheme".	1. It was agreed that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. It was agreed that the "Resolution on the Change of Company Secretary and Authorized Representatives of China Galaxy Securities Co., Ltd." would be submitted to the Board for consideration in accordance with relevant procedures. 3. It was agreed that the "Resolution on the Amendment to the Enterprise Pension Scheme" would be submitted to the Board for consideration in accordance with relevant procedures.

Note: The Nomination and Remuneration Committee visited Shandong Branch and Qingdao Branch in May 2021 and Liaoning Branch in September 2021 for the purpose of research on evaluating the operating effects of the compensation management system and policies of the branches.

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Attendance of members at meetings

Name	Position	Required attendance	Actual attendance
Liu Ruizhong	Chairman	5	5
Wang Zhenjun	Member	5	5
Liu Chun	Member	5	5
Law Cheuk Kin, Stephen	Member	5	5
Liu Dingping	Member	5	5
Liu Chang	Member	2	2

(4) During the Reporting Period, the Audit Committee convened 7 meetings.

Date of Meeting	Content of Meeting	Key Opinions and Recommendations
19 March 2021	(1) To receive the report from the external auditor on 2020 annual audit work. (2) To consider and pre-approve the "Resolution on 2020 Final Accounts Plan of China Galaxy Securities Co., Ltd.". (3) To consider and pre-approve the "Resolution on 2020 Annual Report of China Galaxy Securities Co., Ltd.". (4) To consider and pre-approve the "Resolution on 2020 Social Responsibility & Environmental, Social and Governance Report of China Galaxy Securities Co., Ltd.". (5) To consider and pre-approve the "Resolution on 2020 Internal Control Assessment Report of China Galaxy Securities Co., Ltd.". (6) To consider and pre-approve the "Resolution on the Amendment to the Internal Audit Management System of China Galaxy Securities Co., Ltd.". (7) To consider the "Resolution on the Amendment to the Management Measures of Economic Responsibility Audit of China Galaxy Securities Co. Ltd.". (8) To consider the "Request for Instruction on 2021 Internal Audit Work Plan". (9) To consider the "Request for Instruction on Continuous Engagement of Intermediaries in Completion of the Audit of Branches in Fiscal Year 2021". (10) To receive "2020 Report on Compliance Management Effectiveness Assessment of China Galaxy Securities Co. Ltd.". (11) To discuss "2020 Duty Performance Report of the Audit Committee of the Board". (12) To discuss the appointment of external audit firms for 2021.	1. It was agreed that the "Resolution on 2020 Final Accounts Plan of China Galaxy Securities Co., Ltd." would be submitted to the Board for consideration. 2. It was agreed that the "Resolution on 2020 Annual Report of China Galaxy Securities Co., Ltd." would be submitted to the Board for consideration. 3. It was agreed that the "Resolution on 2020 Social Responsibility & Environmental, Social and Governance Report of China Galaxy Securities Co., Ltd." would be submitted to the Board for consideration. 4. It was agreed that the "Resolution on 2020 Internal Control Assessment Report of China Galaxy Securities Co., Ltd." would be submitted to the Board for consideration. 5. It was agreed that the "Resolution on the Amendment to the Internal Audit Management System of China Galaxy Securities Co., Ltd." would be submitted to the Board for consideration. 6. Consent was reached on the "Resolution on the Amendment to the Management Measures of Economic Responsibility Audit of China Galaxy Securities Co. Ltd.". 7. Consent was reached on the "Request for Instruction on 2021 Internal Audit Work Plan". 8. Consent was reached on the "Request for Instruction on Continuous Engagement of Intermediaries in Completion of the Audit of Branches in Fiscal Year 2021". 9. Consent was reached on the "2020 Report on Compliance Management Effectiveness Assessment of China Galaxy Securities Co. Ltd.". 10. It was agreed that the "2020 Duty Performance Report of the Audit Committee of the Board" would be submitted to the Board for consideration. 11. It was agreed that the "Resolution on the Appointment of External Audit Firms of the Company for 2021" would be submitted to the Board for consideration.
27 April 2021	(1) To consider and pre-approve the "Resolution on 2021 First Quarterly Report of China Galaxy Securities Co. Ltd.". (2) To receive "2020 Report on Audit of the Management of Connected Transactions of the Company".	1. The "Resolution on 2021 First Quarterly Report of China Galaxy Securities Co. Ltd." was considered, pre-approved and passed. 2. The "2020 Report on Audit of the Management of Connected Transactions of the Company" was heard.

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Date of Meeting	Content of Meeting	Key Opinions and Recommendations
25 August 2021	(1) To receive report from the external auditor on 2021 interim review. (2) To consider and pre-approve the "Resolution on 2021 Interim Report of China Galaxy Securities Co., Ltd". (3) To consider and pre-approve the "Resolution on the Redemption of Remaining Alleviation Fund in the Principal Amount of RMB500,000,000 in the Connected Transaction. (4) To consider the "Special Audit Report of Anti-money Laundering Management of the Company" was considered. (5) To consider "2020 Management Proposal".	1. It was agreed that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. The report from the external auditor on 2021 interim review was heard. 3. It was agreed that the "Resolution on 2021 Interim Report of China Galaxy Securities Co., Ltd" would be submitted to the Board for consideration. 4. It was agreed that the "Resolution on the Redemption of Remaining Alleviation Fund in the Principal Amount of RMB500,000,000 in the Connected Transaction" would be submitted to the Board for consideration. 5. The "Special Audit Report of Anti-money Laundering Management of the Company" was considered. 6. The audit headquarters should follow up with the external auditor's "2020 Management Proposal" on matters such as rectification status; requesting for clear time schedule for rectification, responsible departments and rectification personnel, and report of the status of rectification to the Board in due course.
19 October 2021	(1) To consider and pre-approve the "Resolution on 2021 Third Quarterly Report of China Galaxy Securities Co. Ltd".	1. It was agreed that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. The "Resolution on 2021 Third Quarterly Report of China Galaxy Securities Co. Ltd." was considered, pre-approved and passed.
5 November 2021	To consider the "Request for Instructions on the Work Related to the External Audit Tender for 2022 was considered.	1. It was agreed that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. The "Request for Instructions on the Re-appointment of Intermediaries in Completion of Branches Audit in 2022" was considered and passed.
10 November 2021	To consider the "Request for Instructions on the Re-appointment of Intermediaries in Completion of Branches Audit".	1. It was agreed that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. The "Request for Instructions on the Re appointment of Intermediaries in Completion of Branches Audit" was considered and passed.

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Date of Meeting	Content of Meeting	Key Opinions and Recommendations
22 December 2021	(1) To pre-approve the "Resolution on the Extension of Securities and Financial Services Framework Agreement between Galaxy Financial Holdings and the Company and the Capping of Connected Transaction from 2022 to 2024". (2) To consider the "Request for Instruction on the Selection Result of the Appointment of Intermediaries in Performing Branches Audit". (3) To consider the "2021 Work Implementation Plan of Assessment of Internal Control of the Company".	1. It was agreed that the notice period required for the meeting was waived, the meeting was confirmed as duly convened and all resolutions passed were valid. 2. It was agreed that the "Resolution on the Extension of Securities and Financial Services Framework Agreement between Galaxy Financial Holdings and the Company and the Capping of Connected Transaction from 2022 to 2024" would be submitted to the Board for consideration in accordance with relevant procedures. 3. The "Request for Instruction on the Selection Result of the Appointment of Intermediaries in Performing Branches Audit" was agreed. 4. The 2021 Work Implementation Plan of Assessment of Internal Control of the Company was agreed.

Note: The Audit Committee performed a special study on the capital operation of Galaxy Securities in December 2021.

Attendance of members at meetings

Name	Position	Required attendance	Actual attendance
Liu Chun	Chairman	7	7
Liu Ruizhong	Member	7	7
Wang Zhenjun	Member	7	7
Law Cheuk Kin, Stephen	Member	7	7
Yang Tijun	Member	5	5
Liu Chang	Member	5	5

V. OPERATION OF THE SUPERVISORY COMMITTEE

(i) Meetings of the Supervisory Committee

The Supervisory Committee performs its responsibilities and duties in accordance with the requirements of related laws and regulations and the Articles of Association and the Rules of Procedure of the Supervisory Committee. The Supervisory Committee held a total of 10 meetings in 2021, details of the meetings are as follows:

- On 10 February 2021, the 2021 first extraordinary meeting of the third session of the Supervisory Committee was convened, at which the "Resolution on the Recommending candidates for Directors of the Fourth Session of the Supervisory Committee of China Galaxy Securities Co., Ltd." was considered and approved.
- On 29 March 2021, the 2021 first regular meeting of the third session of the Supervisory Committee was convened, at which the "2020 Work Report of the Supervisory Committee of China Galaxy Securities Co., Ltd.", "2020 Annual Report of China Galaxy Securities Co., Ltd.", "2020 Final Accounts Plan of China Galaxy Securities Co., Ltd.", and "2020 Profit Distribution Plan of China Galaxy Securities Co., Ltd." were considered and approved, and it was agreed that they would be submitted to the 2020 general meeting of the Company for consideration; the "2021 Business and Financial Plan of China Galaxy Securities Co., Ltd.", "2020 Compliance Report of China Galaxy Securities Co., Ltd.", "2020 Risk Management Report of China Galaxy Securities Co., Ltd.", "2020 Internal Control Evaluation Report of China Galaxy Securities Co., Ltd.", and "2020 Social Responsibility & Environmental, Social and Governance Report of China Galaxy Securities Co., Ltd." were considered and approved; and the "2020 Report on Anti-Money Laundering Work of China Galaxy Securities Co., Ltd." and "2020 Report on Integrity Management of China Galaxy Securities Co., Ltd." were heard.



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3. On 29 April 2021, the 2021 second extraordinary meeting of the third session of the Supervisory Committee was convened, at which the “Resolution on 2021 First Quarterly Report of China Galaxy Securities Co., Ltd.” was considered and approved.
4. On 10 May 2021, the 2021 third extraordinary meeting of the third session of the Supervisory Committee was convened, at which the “Resolution on Revising the Articles of Association of China Galaxy Securities Co., Ltd.” was considered and approved, and it was agreed that such resolution would be submitted to the general meeting of the Company for consideration; the “Resolution on Revising the Rules of Procedures of the Supervisory Committee of China Galaxy Securities Co., Ltd.” and “Resolution on Cancellation of the Proposal for Nomination of Mr. Fan Wenbo as a Supervisor of the Fourth Session of the Supervisory Committee of the Company” were considered and approved.
5. On 29 June 2021, the 2021 first extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the “Resolution on the Proposal for Election of Ms. Chen Jing as the Chairman of the Fourth Session of the Supervisory Committee of China Galaxy Securities Co., Ltd.” and “Resolution on Adjusting the Composition of the Performance Monitoring Committee and Financial Monitoring Committee of the Supervisory Committee of China Galaxy Securities Co., Ltd.” were considered and approved.
6. On 30 August 2021, the 2021 first regular meeting of the fourth session of the Supervisory Committee was convened, at which the “Resolution on 2021 Interim Report of China Galaxy Securities Co., Ltd.”, “Resolution on Revising the Rules of Procedures of the Performance Monitoring Committee of the Supervisory Committee of China Galaxy Securities Co., Ltd.”, “Resolution on Revising the Rules of Procedures of the Financial Monitoring Committee of the Supervisory Committee of China Galaxy Securities Co., Ltd.”, “Resolution on the Redemption of Remaining Alleviation Fund in the Principal Amount of RMB500,000,000 in the Connected Transaction”, “Resolution on the Satisfaction of Conditions Relating to the Public Issuance of A Share Convertible Bonds by the Company”, “Resolution on the Schemes Relating to the Public Issuance of A Share Convertible Bonds of the Company”, “Resolution on the Proposed Plan Relating to the Public Issuance of A Share Convertible Bonds of the Company”, “Resolution on the Feasibility Report on the Use of Proceeds of The Public Issuance of A Share Convertible Bonds of the Company”, “Resolution on the Report of the Use of Proceeds Previously Raised by the Company”, “Resolution on the Dilution of Current Return by the Public Issuance of A Share Convertible Bonds of the Company”, “Resolution on Formulating the Rules of the Meetings of Convertible Bonds Holders of the Company”, “Resolution on Plan of Shareholders’ Return for the Next Three Years (2021-2023) of the Company”, “Resolution on the General Meeting’s Grant of Authorization to the Board of Directors to deal with Matters Relating to the Public Issuance of A Share Convertible Bonds of the Company”, and “Resolution on Grant of Authorization to Relevant Person by the Board of Directors to deal with Matters Relating to the Public Issuance of A Share Convertible Bonds of the Company” were considered and approved.
7. On 28 September 2021, the 2021 second extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the “Resolution on the Proposal for Election of Ms. Qu Yanping as a Shareholder Supervisor of the Fourth Session of the Supervisory Committee” was considered and approved.
8. On 19 October 2021, the 2021 third extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the “Resolution on Recommendation of Ms. Qu Yanping as the Convenor and Presiding Officer of the Fourth Session of the Supervisory Committee of the Company” and “Resolution on Adjusting the Composition of the Performance Monitoring Committee and Financial Monitoring Committee of the Supervisory Committee of China Galaxy Securities Co., Ltd.” were considered and approved.
9. On 29 October 2021, the 2021 fourth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the “Resolution on 2021 Third Quarterly Report of China Galaxy Securities Co., Ltd.” was considered and approved.
10. On 23 December 2021, the 2021 fifth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which the “Resolution on the Extension of Securities and Financial Services Framework Agreement between Galaxy Financial Holdings and the Company and the Capping of Connected Transaction from 2022 to 2024” was considered and approved.

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(ii) Attendance of Supervisors at Meetings

Name of Supervisor	Position	Required attendance during the year	Actual attendance	Of which		
				On-site attendance	Attendance via communication device	Attendance by proxy
Chen Jing	Supervisor, chairman of the Supervisory Committee (Former)	7	7	4	3	0
Qu Yanping	Supervisor	3	3	1	1	1
Tao Libin	External Supervisor	10	10	6	4	0
Fang Yan	External Supervisor (Former)	4	4	1	2	1
Chen Jijiang	Employee Supervisor	10	10	6	4	0
Fan Minfei	Employee Supervisor	10	10	6	4	0
Number of Supervisory Committee meetings convened during the year					10	
Of which					6	
Number of on-site meetings					6	
Number of meetings convened by way of combination of on-site and telephone					4	

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

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

(iv) Training of Supervisors

Date of training	Content of training	Targets of training
20 April 2021	Special Training on "Amendments to Criminal Law (XI)"	Chen Jing, Chen Jijiang, Fan Minfei
18 May 2021	Second Session of the Special Training Program for Directors and Supervisors of Listed Companies in Beijing in 2021	Chen Jing
30 August 2021	2021 Anti-money Laundering Training for All Employees of the Company	Chen Jing, Tao Libin, Chen Jijiang, Fan Minfei



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

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

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

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

VIII. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM

(i) Statement of the Board regarding its liabilities on internal control

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

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

The Board has completed an evaluation on the internal controls of the Group according to the requirements of the “Basic Internal Control Norms for Enterprises”, the Stock Exchange Listing Rules, the SSE Listing Rules and the relevant requirements of laws and regulations. According to the identification standards for defects in internal control over financial reporting of the Company, as at the reference date of internal control assessment (as at 31 December 2021), there was no material defect or important defect in the Group’s internal control over the financial reporting. According to the identification standards for defects in internal control over non-financial reporting of the Company, as at the reference date of internal control assessment, there was no material defect or important defect in the Group’s internal control over the non-financial reporting. In the opinion of the Board, the Group has maintained, in all material respects, effective internal control in accordance with the system of the internal control norms for enterprises and the relevant provisions.

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

(ii) Basis for Establishment of Financial Reporting Internal Control

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

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

(iii) Internal control development

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

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

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

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(iv) Evaluation of the effectiveness of internal control

The Group has a mechanism for internal control governance. The audit department of the Company conducts audit on the revenue and expenditure of the main operating units of the Group and their operations and organizes a self-evaluation on the effectiveness of the Company's internal control system annually in accordance with the annual audit plan approved by the Audit Committee of the Board. If deficiencies in internal control are identified, the Company will promptly adopt rectification measures.

The Group has carried a self-evaluation on the effectiveness of internal control during the year. According to the identification standards for defects in internal control over financial reporting and non-financial reporting, as at the reference date of internal control assessment (as at 31 December 2021), there was no material defect or important defect in the Group's internal control. Between the reference date of internal control assessment report and the issue date of internal control assessment report, there was no factors affecting the validity of the conclusion of the internal control assessment of the Group.

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

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

IX. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

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

X. INFORMATION ON AUDIT REPORT OF INTERNAL CONTROL

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

For details of the audit report of internal control, please refer to the 2021 Audit Report of Internal Control of China Galaxy Securities Co., Ltd. published by the Company on the website of the Shanghai Stock Exchange.

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

During the Reporting Period, in accordance with the requirements of the regulatory authorities, the Company carried out special self-inspection on governance of listed companies, under which a comprehensive self-inspection was conducted on the operation and decision-making of organizational institutions of listed companies, their controlling shareholders and de facto controllers and related parties, the construction of an internal control regulatory system, information disclosure and transparency, and investor relations. The Company maintained compliance with laws and regulations, such as the Company Law and Securities Law, regulatory guidelines, the Articles of Association and other relevant systems, and no governance issues related to the Company were identified. The Company takes this special self-inspection as a good opportunity to constantly enhance its corporate governance standard and safeguard the interests of investors.

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

(i) Development of Compliance Management System

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

(1) *Improve compliance management organizational structure and provide organizational guarantee*

Pursuant to the requirements of the “Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies” issued by the CSRC and the “Guidelines for the Implementation of Compliance Management of Securities Companies” issued by the Securities Association of China, the Company established a multi-level compliance management system covering the Board of Directors and the Compliance and Risk Management Committee under the Board of Directors, the Supervisory Committee, the senior management, the Chief Compliance Officer, the Legal and Compliance Department, persons-in-charge and compliance managers of subordinated units (which refer to the business lines, departments, branches and subsidiaries) and all staff members, and correspondingly defined the respective compliance management responsibilities that shall be fulfilled by them. During the Reporting Period, the Company strengthened compliance and accountability of its staff for illegal and non-compliant conduct, and further enhanced the awareness of staff at all levels of the Company and its subordinate units in discharging their duties, thereby effectively raising the awareness of compliance of the Company as a whole.

(2) *Further optimize the penetration compliance management system and improve the efficiency of internal compliance management of the Company*

During the Reporting Period, the Company further optimized its compliance management system in a top-down manner, including compliance management department, compliance teams of business departments and compliance personnel of branches and subsidiaries. Through the “standardization and regulation” in areas including compliance management tools, compliance review standards, compliance inspection drafts, compliance monitoring indicators and compliance assessment procedures, the efficiency of duty performance of compliance management personnel at all levels was improved. It continued to strengthen the “penetration” compliance management of subsidiaries by providing compliance support for major issues of subsidiaries, constantly exploring ways to optimize the management of anti-money laundering work of subsidiaries, improving the reporting mechanism for anti-money laundering work of subsidiaries, conducting anti-money laundering surveys and studies of subsidiaries, exploring anti-money laundering management solutions for overseas subsidiary bodies, and enhancing the attention and guidance on anti-money laundering work of subsidiaries.

(3) *Adhere to the “risk-based” management principle in implementing anti-money laundering work to improve the Company’s ability to prevent money laundering risk*

The Company adhered to the “risk-based” management principle and continued to organize all subordinated units to implement various anti-money laundering basic work and key tasks, and enhanced the Company’s overall anti-money laundering work level and money laundering risk prevention capabilities. It actively innovated and explored technologies empowering anti-money laundering work by establishing an intelligent system for monitoring and analyzing anti-money laundering, taking into account the difficulties and pain points of monitoring and analyzing suspicious transactions; constantly improved the quality of reports on suspicious transactions by constantly enhancing the effectiveness of anti-money laundering performance and revising the material internal control system of anti-money laundering; organized and completed the assessment of money laundering risk; further improved anti-money laundering work in terms of business process control and system connection; and closely followed the regulation and strengthened industry information exchanges, thereby actively enhancing the influence of the Company in the industry.

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(4) *Improve the management of Chinese walls, conflicts of interest and staff practice to provide compliance protection for the business of the Company*

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

(ii) Inspections completed by compliance department

During the Reporting Period, according to the requirements of regulatory authorities, the material risk incidents in the market and the major issues reflected in the management of the Company, the Company carried out major compliance inspections including: compliance inspections on the basic management of branch offices, including compliance inspections on the new business branches, compliance inspections on the qualification of new IB business, and inspections on the integrated management and operation management of business branches; compliance inspections focusing on the business of branch offices, including inspections on the management of appropriateness of investors, fund investment advisory services and customer service; special compliance inspections focusing on the departments at headquarters of the Company, including compliance inspections on the settlement management department in respect of the management of client settlement funds, and special compliance inspections on information technology; compliance inspections focusing on the Company's business lines, including compliance inspections on the management of appropriateness of investors and investment banking business; and inspections on anti-money laundering focused on the Company's business lines, branch offices and subsidiaries.

(iii) Inspections and audits completed by the audit department

During the Reporting Period, the Company adhered to the "risk-based, process-oriented and data-driven" approach of precise audit in its internal audit, and organized policy tracking audits projects, audit projects of economic liabilities, special audit projects and comprehensive audit projects while ensuring the fulfillment of industry regulatory audit requirements. During the Reporting Period, the audit headquarters of the Company organized and completed a total of 278 audit projects, including 7 internal audit projects for annual self-evaluation of the internal control of the Company, annual assessment of the compliance effectiveness, assessment of the effectiveness of comprehensive risk management of the Company, and those for the securities investment fund custody business and private equity investment fund service business of the Company; 5 audit projects for economic liabilities of persons in charge of securities finance headquarters, settlement management department and information technology department; 9 special audit projects for corporate equity investment business and others; 9 audit projects for internal control and economic liabilities of subsidiaries and their special audit projects; 19 audit projects for internal control and economic liabilities of branch offices and their special audit projects; 141 audit projects for internal control of securities branches, and 88 audit projects for economic liabilities of persons in charge of securities branches.

XIII. MISCELLANEOUS

(i) Rights of shareholders

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

(ii) Compliance with the code on securities transactions

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

(iii) Responsibilities of Directors for the financial statements

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

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

(iv) Appointment and remuneration of audit firms

With the approval by the 2020 annual general meeting, the Company re-appointed Ernst & Young Hua Ming LLP and Ernst & Young as the Company's external auditors for 2021 to be responsible for the provision of related audit services and review services in accordance with the PRC Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively.

Unit: Yuan Currency: RMB

	Current appointment
Name of the domestic accounting firm	Ernst & Young Hua Ming LLP
Names of signing accountants	Leung Shing Kit, Song Xueqiang
Term of audit service of the domestic accounting firm	3 years
Name of the overseas accounting firm	Ernst & Young
Term of audit service of the overseas accounting firm	3 years

Remuneration for accounting firms: In accordance with a resolution passed at the 2020 annual general meeting of the Company, the annual external audit fee of the Company in 2021 amounted to RMB5.34 million, in which the interim review fee amounted to RMB1.44 million, the annual audit fee amounted to RMB2.88 million, the annual internal control audit fee amounted to RMB340,000, fee of agreed procedures for the first and the third quarters amounted to RMB580,000 and the environment, social and governance assurance fee amounted to RMB100,000. In 2021, the balance of audit fee for last year and the audit fee for this year paid by the Company to Ernst & Young Hua Ming LLP and Ernst & Young amounted to RMB5.21 million.

(v) Review by the Audit Committee

The Audit Committee has reviewed the 2021 Consolidated Financial Statements of the Company.



SECTION IX CORPORATE GOVERNANCE REPORT

(vi) Company Secretary

On 29 October 2021, Mr. Wu Chengming resigned as a joint company secretary of the Company due to adjustment to work arrangement, and Mr. Lee Kwok Fai Kenneth, another joint company secretary of the Company, continued to serve as the company secretary of the Company.

On 23 December 2021, Mr. Lee Kwok Fai Kenneth resigned as the company secretary of the Company. On the same day, the Company appointed Ms. Ng Ka Man, a manager of the Listing Services Department of TMF Hong Kong Limited, as the company secretary of the Company.

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

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

(vii) Communication with shareholders

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

The Company highly respects the opinions and suggestions of shareholders and has assigned dedicated persons to conduct various types of investor relations activities and communicate with shareholders in order to meet their reasonable requirements. Meanwhile, through the “Investor Relations” section on the website at www.chinastock.com.cn, the Company publishes announcements, financial data and other information of the Company to serve as a channel promoting effective communication with shareholders. Shareholders can also make enquiries by phone, by email or write directly to the office address of the Company, which will be dealt with appropriately in a timely manner. Please refer to “Section II Company Profile and Major Financial Information” in this report for the contact details.

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

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

The Company shall arrange the Board to answer questions raised by shareholders during the 2021 annual general meeting.

(viii) Investor relations

The Company has set up an effective communication channel with investors. It carries out investor relationship maintenance work under the principles of openness and fairness and with a proactive attitude while conforming to the rules. In 2021, we focused on carrying out various forms of investor reception and communication activities to promote the interactive development of investor relations management and business. We managed investor relations activities by regular, periodic or dynamic category. We organized four press conferences for results announcement to all investors, conducted investor communication activities for nearly 100 person-times, and organized and participated in four one-on-one research activities with international investors. During the Reporting Period, the Company disclosed information truly, accurately, completely and timely according to laws, regulations and regulatory requirements to ensure that investors would know the important matters of the Company in a timely manner, protecting the investors' interests to the greatest extent.

(ix) Board member diversity policy and Director nomination policy

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

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

The Nomination and Remuneration Committee shall follow the Board Diversity Policy when recommending candidates for election and constantly optimize the diversified composition in a timely manner. The Nomination and Remuneration Committee is responsible for monitoring the implementation of the Board Diversity Policy. It reviews the policy on a regular basis and discusses all the measurable objectives of the Board member diversity each year. During the Reporting Period, the Nomination and Remuneration Committee nominated Mr. Chen Gongyan and Mr. Chen Liang as the candidates for executive Directors of the fourth session of the Board of the Company, Mr. Liu Dingping, Mr. Yang Tijun, Ms. Liu Chang and Mr. Liu Zhihong as the candidates for non-executive Directors of the fourth session of the Board, as well as Mr. Liu Ruizhong, Mr. Wang Zhenjun, Ms. Liu Chun and Mr. Law Cheuk Kin Stephen as the candidates for independent Directors of the fourth session of the Board. When nominating the above-mentioned new Directors, the Company has taken into consideration their diverse background and extensive experience in stock markets, business administration, financial management and risk control as well as legal, compliance and other aspects, which will play a positive role in maintaining the Company's competitive advantage, attaining sustainable development, achieving strategic objectives, and improving management efficiency and governance while realizing the requirement for gender diversity of the Board.

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

Gender		Age	
Male 9 persons	Female 2 persons	50 to 59 9 persons	60 to 69 2 persons
Position			
Executive Director 2 persons	Non-executive Director 5 persons	Independent non-executive Director 4 persons	



SECTION IX CORPORATE GOVERNANCE REPORT

(x) Amendments to the Articles of Association

During the Reporting Period, the Company amended the Articles of Association with respect to shareholders' rights, notice period of a general meeting, shareholding management, corporate culture, shareholding incentives, share repurchases, duties of the Executive Committee and the General Manager (President), and the registered address of the Company in accordance with the requirements of the latest laws and regulations to ensure that the corporate governance system is in line with the latest laws and regulations. The above-mentioned amendments were submitted to the 68th meeting of the third session of the Board, the 2021 annual general meeting, the 2021 first A Share class meeting and the 2021 first H Share class meeting of the Company in accordance with the corporate governance procedures. Save for the proposed amendments to the provisions of the notice period of a class meeting which were not approved by the H Share class meeting, all other proposed amendments to the Articles of Association were approved by the shareholders.



CHINA GALAXY SECURITIES CO., LTD.
(Incorporated in the People's Republic
of China with Limited Liability)
Report and Consolidated Financial Statements
For the year ended 31 December 2021
(Prepared under International Financial
Reporting Standards)



SECTION X INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CHINA GALAXY SECURITIES CO., LTD.

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

OPINION

We have audited the consolidated financial statements of China Galaxy Securities Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 166 to 281, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Consolidation of structured entities</p> <p>The total net assets of the consolidated structured entities, for which the Group acted as an asset manager, or both as an asset manager and investor, were RMB13,843 million as at 31 December 2021, which were significant to the consolidated financial statements. When determining whether a structured entity should be consolidated, a combination of factors need to be assessed according to the terms of the related contracts, including the Group's power over the structured entities, all variable returns obtained including investment income and management remuneration, the circumstances under which the managers of the relevant structured entities can be removed, etc. The assessment involves significant management's judgement and estimation.</p> <p>Due to the above reasons, we identified the consolidation of structured entities as a key audit matter in our audit of the consolidated financial statements.</p> <p>Relevant disclosures are included in Note 3.1 and Note 49 to the consolidated financial statements.</p>	<p>Our procedures in relation to the assessment of the consolidation scope of structured entities included:</p> <ul style="list-style-type: none"> • Testing and evaluating key controls of management on determining the consolidation of structured entities; • Reading, on a sampling basis, the related investment contracts and service agreements in respect of the structured entities sampled from the complete list of the structured entities which the Group acted as an asset manager, or both as an asset manager and investor, to assess the appropriateness of management's judgement of whether the Group controls these structured entities by considering the following factors: <ul style="list-style-type: none"> – The relevant activities of these structured entities and how variable returns are generated; – All variable returns entitled, primarily investment income and management remuneration; – The Group's power over these structured entities and how it can affect the variable returns; and – Under what circumstances the managers of the relevant structured entities can be removed. • Evaluating whether the disclosure of the structured entities in the financial statements comply with the requirements of accounting standards.

SECTION X INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter

How our audit addressed the key audit matter

Measurement of expected credit losses ("ECLs")

As at 31 December 2021, the total carrying amount of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income held by the Group was RMB381,778 million, and the loss allowance that had been recognized for these financial assets on the basis of ECLs was RMB1,450 million, which was significant to the consolidated financial statements. The Group measured the loss allowance for the financial instruments according to the ECL model. To measure the ECLs, management needs to make significant judgements and estimations on determining the timing of significant increase in credit risk, dividing the assets into groups with similar credit risk characteristics, assessing the models and assumptions used and estimating the cash flows that the Group expects to receive, and the forward-looking information.

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

Relevant disclosures are included in Note 2.5, Note 3 and Note 58.1 to the consolidated financial statements.

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

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

We performed the ECL model validation procedures with the assistance of our internal model specialists.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of financial instruments measured at Level 3 fair value</p> <p>As at 31 December 2021, the Group held financial instruments measured at fair value of RMB274,738 million, among which RMB16,563 million were measured at Level 3 fair value, which were significant to the consolidated financial statements. Fair values of these financial instruments measured at Level 3 fair value were determined using valuation techniques. Selection of appropriate valuation techniques, relevant assumptions and unobservable inputs involves significant management's estimation.</p> <p>Due to the above reasons, we identified the valuation of financial instruments measured at Level 3 fair value as a key audit matter in our audit of the consolidated financial statements.</p> <p>Relevant disclosures are included in Note 2.5, Note 3 and Note 59 to the consolidated financial statements.</p>	<p>Our procedures in relation to the valuation of financial instruments measured at Level 3 fair value included:</p> <ul style="list-style-type: none"> • Testing and evaluating key controls of management on the valuation of financial instruments measured at Level 3 fair value; • Evaluating the consistency of the valuation techniques used by management; • Testing and evaluating relevant assumptions and inputs used; • Evaluating the competency of valuation experts used by management in the valuation process and involving our internal valuation specialists to assess the models used, re-performing independent valuations, to assess the reasonableness of management-related valuations; and • Evaluating whether the disclosure of the fair value assessment of financial instruments measured by fair value and classified as Level 3 in the financial statements met the requirements of accounting standards.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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



SECTION X INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

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

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

Ernst & Young

Certified Public Accountants

Hong Kong

30 March 2022

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended 31 December	
		2021	2020
Revenue			
Commission and fee income	6	10,614,149	9,422,949
Interest income	7	13,596,727	10,804,374
Investment income and gains or losses	8	7,130,998	4,827,576
		31,341,874	25,054,899
Income from bulk commodity trading		13,654,678	6,065,162
Other income, gains and losses	9	280,510	147,172
Total revenue, gains and other income		45,277,062	31,267,233
Impairment losses, net of reversal	15	43,147	(495,702)
Depreciation and amortization	10	(825,877)	(810,879)
Staff costs	11	(7,044,339)	(5,448,487)
Commission and fee expenses	12	(1,193,921)	(902,174)
Interest expenses	13	(8,140,801)	(6,626,219)
Cost from bulk commodity trading		(13,008,314)	(6,038,554)
Other operating expenses	14	(2,362,540)	(1,849,124)
Total expenses		(32,532,645)	(22,171,139)
Share of result of a joint venture		46,595	60,639
Profit before income tax		12,791,012	9,156,733
Income tax expense	16	(2,274,051)	(1,844,609)
Profit for the year		10,516,961	7,312,124
Profit for the year attributable to:			
Owners of the Company		10,430,238	7,243,654
Non-controlling interests		86,723	68,470
Earnings per share (Expressed in RMB per share)			
– Basic	17	0.97	0.71

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

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

	Year ended 31 December	
	2021	2020
Profit for the year	10,516,961	7,312,124
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss:		
Fair value gains on investments in equity instruments measured at fair value through other comprehensive income	128,790	231,687
Income tax effect on changes in fair value	(29,196)	(57,720)
Remeasurement of defined benefit obligation	(19,342)	36,261
Subtotal	80,252	210,228
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(332,912)	(260,520)
Debt instruments measured at fair value through other comprehensive income:		
Fair value changes arising during the year	1,223,594	(416,771)
Reclassification adjustments included in profit or loss	(364,538)	(108,891)
Income tax that may be reclassified subsequently	(214,764)	131,416
Fair value losses on hedging instruments designated in cash flow hedges	(2,814)	(330)
Subtotal	308,566	(655,096)
Other comprehensive income/(expense) for the year (net of tax)	388,818	(444,868)
Total comprehensive income for the year (net of tax)	10,905,779	6,867,256
Total comprehensive income for the year attributable to:		
Owners of the Company	10,867,150	6,814,288
Non-controlling interests	38,629	52,968
	10,905,779	6,867,256

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

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	As at 31 December	
		2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	19	547,112	435,732
Investment properties		7,641	7,838
Right-of-use assets	20	1,570,779	922,538
Goodwill	21	1,008,713	426,454
Other intangible assets	22	704,814	525,101
Interest in a joint venture	23	30,250	1,308,173
Financial assets measured at fair value through profit or loss	24	37,250,558	22,294,039
Debt instruments measured at fair value through other comprehensive income	26	82,300	85,272
Equity instruments measured at fair value through other comprehensive income	27	34,684,603	33,868,191
Debt instruments measured at amortized cost	28	3,634,614	3,773,063
Financial assets held under resale agreements	25	8,732,973	12,035,795
Deposits with exchanges and non-bank financial institutions	30	792,435	1,108,410
Other receivables and prepayments	29	1,180,226	1,312,467
Advances to customers	32	70,736	19,726
Deferred tax assets	31	168,265	69,192
Bank balances – fixed deposits	36	200,000	298,000
Total non-current assets		90,666,019	78,489,991
Current assets			
Advances to customers	32	98,123,030	81,998,721
Accounts receivable	33	10,150,725	12,215,070
Tax recoverable		805,066	116,876
Other receivables and prepayments	29	7,068,252	2,699,614
Financial assets measured at fair value through profit or loss	24	98,392,349	70,352,971
Debt instruments measured at fair value through other comprehensive income	26	81,150,619	52,044,960
Debt instruments measured at amortized cost	28	1,634,835	2,016,189
Financial assets held under resale agreements	25	13,242,108	19,827,276
Derivative financial assets	34	1,945,907	869,501
Deposits with exchanges and non-bank financial institutions	30	10,923,755	15,085,636
Clearing settlement funds	35	32,294,040	17,583,856
Bank balances	36	113,738,328	92,429,554
Total current assets		469,469,014	367,240,224
Total assets		560,135,033	445,730,215

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 31 DECEMBER 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	As at 31 December	
		2021	2020
EQUITY AND LIABILITIES			
Equity			
Share capital	37	10,137,259	10,137,259
Other equity instruments	38	14,885,851	4,962,172
Reserves	39	47,182,587	43,854,243
Retained profits	39	26,750,101	22,300,857
Equity attributable to owners of the Company		98,955,798	81,254,531
Non-controlling interests		22,253	753,527
Total equity		98,978,051	82,008,058
Liabilities			
Non-current liabilities			
Bonds payable	40	57,577,817	39,674,644
Debt instruments	41	198,436	787,081
Financial liabilities measured at fair value through profit or loss	42	7,395,174	182,709
Other payables and accruals	43	561,200	752,388
Lease liabilities	20	1,128,652	679,144
Deferred tax liabilities	31	1,138,784	191,231
Total non-current liabilities		68,000,063	42,267,197
Current liabilities			
Bonds payable	40	26,654,298	20,017,727
Due to banks and other financial institutions	44	24,054,185	23,610,748
Debt instruments	41	30,951,389	53,476,353
Accounts payable to brokerage clients	45	128,400,821	97,670,919
Accrued staff costs	46	4,906,773	3,714,225
Other payables and accruals	43	29,090,587	22,668,420
Lease liabilities	20	450,151	234,354
Current tax liabilities		208,762	127,359
Financial liabilities measured at fair value through profit or loss	42	9,188,761	9,848,038
Derivative financial liabilities	34	4,647,304	1,973,412
Financial assets sold under repurchase agreements	47	134,603,888	88,113,405
Total current liabilities		393,156,919	321,454,960
Total liabilities		461,156,982	363,722,157
Total equity and liabilities		560,135,033	445,730,215
Net current assets		76,312,095	45,785,264
Total assets less current liabilities		166,978,114	124,275,255

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

Approved and authorized for issue by the Board of Directors on 30 March 2022 and were signed on its behalf by:

CHEN GONGYAN

DIRECTOR

CHEN LIANG

DIRECTOR

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

	Equity attributable to owners of the Company											Total equity
	Share capital	Other equity instruments	Reserves							Non-controlling interests		
			Capital reserves	Investment revaluation reserve	Cash flow hedging reserve	Translation reserves	General reserves	Other reserves	Retained profits			
Subtotal												
At 1 January 2020	10,137,259	-	25,022,896	613,277	330	259,843	16,017,019	(70,943)	18,915,914	70,895,595	1,026,104	71,921,699
Profit for the year	-	-	-	-	-	-	-	-	7,243,654	7,243,654	68,470	7,312,124
Other comprehensive income for the year	-	-	-	(220,279)	(330)	(245,066)	-	36,307	-	(429,368)	(15,502)	(444,870)
Total comprehensive income for the year	-	-	-	(220,279)	(330)	(245,066)	-	36,307	7,243,654	6,814,286	52,968	6,867,254
Appropriation to general reserves	-	-	-	-	-	-	2,237,559	-	(2,237,559)	-	-	-
Capital injection by non-controlling	-	-	-	-	-	-	-	-	-	-	76,805	76,805
Issue of perpetual bonds	-	4,962,172	-	-	-	-	-	-	-	4,962,172	-	4,962,172
Acquisition of non-controlling interests	-	-	204,439	-	-	-	-	-	-	204,439	(402,350)	(197,911)
Dividend declared (Note 18)	-	-	-	-	-	-	-	-	(1,621,961)	(1,621,961)	-	(1,621,961)
Other comprehensive income that has been reclassified to retained profits	-	-	-	(809)	-	-	-	-	809	-	-	-
At 31 December 2020	10,137,259	4,962,172	25,227,335	392,189	-	14,777	18,254,578	(34,636)	22,300,857	81,254,531	753,527	82,008,058

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

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

	Equity attributable to owners of the Company											Total equity
	Share capital	Other equity instruments	Capital reserves	Reserves					Retained profits	Non-controlling interests	Subtotal	
				Investment revaluation reserve	Cash flow hedging reserve	Translation reserves	General reserves	Other reserves				
At 1 January 2021	10,137,259	4,962,172	25,227,335	392,189	-	14,777	18,254,578	(34,636)	22,300,857	81,254,531	753,527	82,008,058
Profit for the year	-	-	-	-	-	-	-	-	10,430,238	10,430,238	86,723	10,516,961
Other comprehensive income for the year	-	-	-	743,885	(814)	(285,040)	-	(21,119)	-	436,912	(48,094)	388,818
Total comprehensive income for the year	-	-	-	743,885	(814)	(285,040)	-	(21,119)	10,430,238	10,867,150	38,629	10,905,779
Appropriation to general reserves	-	-	-	-	-	-	3,079,301	-	(3,079,301)	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	648,910	648,910
Issue of perpetual bonds	-	9,923,679	-	-	-	-	-	-	-	9,923,679	-	9,923,679
Capital transactions with non-controlling interests	-	-	(175,865)	-	-	-	-	-	-	(175,865)	(1,418,813)	(1,594,678)
Dividend declared (Note 18)	-	-	-	-	-	-	-	-	(2,230,197)	(2,230,197)	-	(2,230,197)
Distribute interest to shareholders of perpetual bonds	-	-	-	-	-	-	-	-	(683,500)	(683,500)	-	(683,500)
Other comprehensive income that has been reclassified to retained profits	-	-	-	(12,004)	-	-	-	-	12,004	-	-	-
At 31 December 2021	10,137,259	14,885,851	25,051,470	1,124,070	(814)	(270,263)	21,333,879	(55,755)	26,750,101	98,955,798	22,253	98,978,051

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

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended 31 December	
		2021	2020
OPERATING ACTIVITIES			
Profit before income tax		12,791,012	9,156,733
Adjustments for:			
Interest expenses		8,140,801	6,626,219
Share of results of a joint venture		(46,595)	(60,639)
Depreciation and amortization		825,877	810,879
Impairment losses, net of reversal		(43,147)	495,702
Gains on disposal of property and equipment and other intangible assets		(1,656)	(4,516)
Foreign exchange losses		(26,946)	7,524
Net realized gains from disposal of debt instruments measured at fair value through other comprehensive income		(337,795)	(217,383)
Net realized gains from disposal of debt instruments measured at amortized cost		(8,031)	(34)
Interest income from debt instruments measured at fair value through other comprehensive income		(2,549,034)	(1,610,686)
Interest income from other financial assets		(131,545)	(3,125)
Dividend income from equity instruments measured at fair value through other comprehensive income		(1,608,482)	(534,764)
Interest income from debt instruments measured at amortized cost		(286,009)	(230,945)
Unrealized fair value gains on financial assets measured at fair value through profit or loss		(2,186,716)	(822,842)
Unrealized fair value losses on financial liabilities measured at fair value through profit or loss		470,675	72,541
Unrealized fair value losses on derivative financial instruments		617,184	852,689
		15,619,593	14,537,353

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended 31 December	
		2021	2020
OPERATING ACTIVITIES (Continued)			
Operating cash flows before movements in working capital		15,619,593	14,537,353
Increase in advances to customers		(16,184,160)	(23,358,191)
Decrease/(increase) in accounts receivable and other receivables and prepayments		388,275	(7,731,978)
Decrease/(increase) in financial assets held under resale agreements		10,048,959	(1,630,248)
Increase in financial assets at fair value through profit or loss and derivative financial assets		(40,802,231)	(17,919,199)
Decrease/(increase) in deposits with exchanges and non-bank financial institutions		4,515,714	(5,324,639)
Increase in clearing settlement funds – clients		(12,312,810)	(2,841,195)
Increase in cash held on behalf of customers		(23,636,061)	(16,543,101)
Increase in accounts payable to brokerage clients, accrued staff costs and other payables and accruals		37,616,620	35,086,600
Increase in financial liabilities measured at fair value through profit or loss and derivative financial liabilities		5,819,188	8,215,787
Increase in financial assets sold under repurchase agreements		46,380,090	33,275,992
Increase in amounts due to banks and other financial institutions		550,000	7,380,000
Increase in restricted bank deposits		(287,578)	(755,678)
Cash from operations		27,715,599	22,391,503
Income taxes paid		(2,247,198)	(1,478,285)
Interests paid		(4,332,531)	(2,593,532)
NET CASH FROM OPERATING ACTIVITIES		21,135,870	18,319,686
INVESTING ACTIVITIES			
Dividends and interest received from investments		4,638,458	2,207,901
Purchases of property and equipment and other intangible assets		(599,067)	(423,290)
Proceeds from disposals of property and equipment and other intangible assets		1,412	22,793
Capital injection to a joint venture		–	(9,164)
Acquisition of a subsidiary, net of cash acquired	5	(301,821)	–
Purchases of debt instruments at fair value through other comprehensive income		(120,748,513)	(40,378,893)
Proceeds from disposals of debt instruments at fair value through other comprehensive income		93,941,941	11,231,673
Purchases of equity instruments at fair value through other comprehensive income		(14,926,309)	(14,840,027)
Proceeds from disposals of equity instruments at fair value through other comprehensive income		14,226,683	551,962
Purchases of debt instruments measured at amortized cost		(1,165,665)	(3,498,814)
Proceeds from redemption of debt instruments measured at amortized cost		1,693,249	2,640,930
Placement of bank deposits with original maturity of more than three months		(889,015)	(968,652)
Maturity of bank deposits with original maturity of more than three months		802,082	1,145,137
Capital transactions with non-controlling interests		(375,173)	(239,428)
NET CASH USED IN INVESTING ACTIVITIES		(23,701,738)	(42,557,872)

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended 31 December	
		2021	2020
FINANCING ACTIVITIES			
Transaction costs paid on issuance of bonds		(88,679)	(92,453)
Proceeds from bonds issued		44,000,000	28,000,000
Repayment of bonds issued		(19,500,000)	(25,720,000)
Cash injection by third-party holders to consolidated structured entities		–	87,465
Proceeds from debt instruments payables issued		81,662,880	129,048,871
Repayment of debt instruments issued		(105,032,067)	(98,516,187)
Proceeds from amounts due to banks and other financial institutions		(355,434)	2,218,989
Cash repayment of third-party interests in consolidated structured entities		(171,236)	–
Interests paid in respect of bonds, borrowing and financial instrument payables		(4,542,455)	(4,602,778)
Dividends paid		(2,470,197)	(1,621,961)
Payment of lease liabilities		(552,170)	(554,885)
Capital injection by non-controlling shareholders of subsidiaries		–	76,805
Proceeds from issuance of a perpetual bond		9,923,679	4,962,172
NET CASH FROM FINANCING ACTIVITIES		2,874,321	33,286,038
NET INCREASE IN CASH AND CASH EQUIVALENTS		308,453	9,047,852
CASH AND CASH EQUIVALENTS AT 1 JANUARY		19,408,579	10,499,839
Effect of foreign exchange rate changes		(75,590)	(139,112)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	48	19,641,442	19,408,579
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		12,869,890	11,904,217

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

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2021

(Amounts in thousands of Renminbi, unless otherwise stated)

1. CORPORATE INFORMATION

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value, as explained in the accounting policies set out below. The consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 Standard, amendments and interpretation effective in 2021

In the current year, the Group has applied the following new standard, amendments and interpretation to IFRSs that are effective for the Group’s annual period beginning on 1 January 2021.

On 1 January 2021, the Group adopted the following new standards, amendments and interpretations.

Amendments to IFRS 9, IAS 39, IFRS 7,
IFRS 4 and IFRS 16
Amendment to IFRS 16

Interest Rate Benchmark Reform – Phase 2

COVID-19-Related Rent Concessions after beyond
30 June 2021 (early adopted)

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Standard, amendments and interpretation effective in 2021 (continued)

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address the accounting issues that arise when financial instruments that reference Interbank Offered Rates (“IBOR”) transition to nearly RFRs. The amendments include a practical expedient for modifications, which permits contractual changes, or changes to cash flows that are directly required by the IBOR reform, to be treated as changes to a floating interest rate. The amendments also permit changes required by IBOR reform to be made to hedge designations and hedge documentation under both IFRS 9 and IAS 39 without the hedging relationship being discontinued. In addition, while IFRS 9 and IAS 39 require that a risk component (or a designated portion) is “separately identifiable” to be eligible for hedge accounting, the amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. Additional disclosures are required for adoption.

Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The adoption of the above standards, amendments and interpretations does not have any significant impact on the operating results, financial position and comprehensive income of the Group.

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

Up to the date of issue of the financial statements, the IASB has issued the following amendments, new standards and interpretations which are relevant to the Group. These amendments, new standards and interpretations are not yet effective for the year ended 31 December 2021 and have not been adopted in the financial statements.

Standards		Effective for annual periods beginning on or after
(1) Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
(2) Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
(3) Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
(4) Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
(5) Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
(6) Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
(7) Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
(8) Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date has been deferred indefinitely
(9) Annual Improvements to IFRSs 2018-2020 Cycle (issued in May 2020)	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41	1 January 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

IFRS 3 Amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

IAS 16 Amendments prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

IAS 37 Amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

IAS 1 Amendments specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

The amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies; and Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 8 introduces a new definition of ‘accounting estimates’. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture.

Annual Improvements to IFRSs 2018-2020 were issued in May 2020, including an amendment to IFRS 9 Financial Instruments, which clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability by conducting the "10 per cent" test for derecognition of financial liabilities. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The improvements also include an amendment to lease incentives, which removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16 Leases, so as to remove potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as at 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

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

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

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

2.5 Summary of significant accounting policies

1) *Business combinations and goodwill*

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

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

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

2) *Fair value measurement*

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

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

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

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

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

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

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

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

3) *Investments in associates and joint ventures*

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

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

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

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

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within "Share of profit of an associate and a joint venture" in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4) *Revenue recognition*

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

4) Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Securities brokerage and investment consulting business

Income from securities brokerage is recognized on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from the brokerage business is recognized when the related services are rendered.

Income from the investment consulting business is recognized when the relevant transactions have been arranged or the relevant services have been rendered.

(b) Underwriting and sponsorship business

Income from the underwriting and sponsorship business is recognized when the obligation of underwriting or sponsoring is completed.

(c) Asset management business

Income from regular management fees is recognized periodically based on a predetermined fixed percentage of the asset value under the asset management agreement. Income from performance fees is recognized when the performance fee is determinable based on actual performance measurement, as and when contingent criteria associated are met.

(d) Other business

Income from other business is recognized when control of goods or services is transferred to the customers.

5) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value., less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

6) Leases

The Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments or a change in the assessment of an option) to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

7) *Foreign currencies*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration), the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

On consolidation, the assets and liabilities of foreign operations are translated at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

8) *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

9) *Government grants*

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

10) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation in the consolidated statement of profit or loss:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reduction in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the group entity can no longer withdraw the offer of the termination benefit and when it recognizes any related restructuring costs.

11) Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefit accruing to employees (such as wages and salaries) after deducting any amount already paid.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

12) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that is taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

13) Property, plant and equipment

Property, plant and equipment including buildings held for use in the supply of services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The estimated residual value rates and useful lives of each class of property and equipment which are required by the operation of the Group are as follows:

Classes	Estimated residual value rates	Useful lives
Buildings	5%	20 – 40 years
Electronic and communication equipment	0 – 4%	3 – 5 years
Motor vehicles	4 – 5%	4 – 10 years
Office equipment	0%	3 – 5 years
Leasehold improvements	0%	Over the lease term ranging from 36 months to 5 years

14) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write off the cost of investment properties over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

15) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

The estimated useful life of computer software is 3 years.

16) Impairment of tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of tangible and intangible assets is estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

16) Impairment of tangible and intangible assets (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to other assets of the unit. An impairment loss is recognized immediately in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

17) Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income derived from the Group's ordinary course of business is presented as revenue.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

17) Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

17) Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and debt instruments subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognized in profit or loss. All other changes in the carrying amount of these debt instruments are recognized in OCI and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognized in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these debt instruments had been measured at amortized cost. When these debt instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Investment income and gains or losses" line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as at FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "net investment gains" line item.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

17) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets which are subject to impairment under IFRS 9, including debt instruments measured at FVTOCI or amortized cost, advances to customers, accounts receivable, other receivables, financial assets held under resale agreements, deposits with exchanges and non-bank financial institutions, clearing settlement funds and bank balances. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECLs for accounts receivable without significant financing component. The ECLs on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECLs. The assessment of whether lifetime ECLs should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life;
- an actual or expected significant change in the financial instrument's external credit rating;
- an actual or expected internal credit rating downgrade for the borrower;

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

17) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

- (i) Significant increase in credit risk (continued)
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations;
 - an actual or expected significant change in the operating results of the borrower;
 - an actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;
 - significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
 - an actual or expected significant change in the quality of credit enhancements;
 - significant changes in the expected performance and behaviour of the borrower.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument at fair value through OCI has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i it has a low risk of default, ii the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

17) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- other events that the Group may consider as the evidence of default.

(iv) Measurement and recognition of ECLs

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default and the exposure at default). The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECLs reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECLs is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

For ECLs on loan commitments for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost of the financial asset.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

17) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Measurement and recognition of ECLs (continued)

For undrawn loan commitments, the loss allowances are the present value of the difference between:

- (a) the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan; and
- (b) the cash flows that the Group expects to receive if the loan is drawn down.

Except for investments in debt instruments that are measured at FVTOCI and loan commitments, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through the use of a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognized in OCI and accumulated in the investment revaluation reserve without reducing the carrying amounts of these debt instruments.

Derecognition of financial assets

A financial asset is primarily derecognized when:

The rights to receive cash flows from the asset have expired; or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

17) Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9/IAS 39 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

17) Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at amortized cost

Financial liabilities (including bonds payable, debt instruments, other payables and accruals, due to banks and other financial institutions, accounts payable to brokerage clients and financial assets sold under repurchase agreements) are subsequently measured at amortized cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortized cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument; and
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

17) Financial instruments (continued)

Hedge accounting (continued)

Assessment of hedging relationship and effectiveness

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge so that it meets the qualifying criteria again).

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the “other income, gains and losses” line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the losses accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Fair value hedges

Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss. The changes in fair value of hedging instruments that are designated and qualify as fair value hedges are recorded in the income statement, together with the changes in fair value of the hedged item attributable to the hedged risk. The net result is included as ineffectiveness in the income statement. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the period to maturity.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transactions is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting. If the hedged items are derecognised, the unamortised fair value is recorded in profit or loss.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Summary of significant accounting policies (continued)

17) *Financial instruments (continued)*

Financial assets sold under repurchase agreements and financial assets held under resale agreements

Financial assets held under resale agreements and financial assets sold under repurchase agreements are recorded at the amount actually paid or received when the transactions occur, and are recognized in the statement of financial position. The assets held under the agreements to resell are registered as off-balance-sheet items, while the assets sold under the agreements to repurchase are recorded in the statement of financial position.

The bid-ask spread of the financial assets under agreements to resell and financial assets sold under agreements to repurchase is recognized as interest income or interest expense using the effective interest rate method in the reselling or repurchasing period.

Securities lending

The Group lends securities to clients and the cash collateral required under securities lending agreements and interest arising from these agreements are included in “accounts payable to brokerage clients”. Securities lent to clients are not derecognized and are continued to be recorded as “Financial assets at fair value through profit or loss”.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when both of the following conditions are satisfied: (i) the Group currently has a legal enforceable right to set off the recognized amounts; and (ii) the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

18) *Inventories*

Inventories are recognised at cost for initial recognition. The cost of inventories comprises all costs of purchase, costs of conversion and other costs.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. When net realisable value is lower than the carrying amount, the Group decreases the carrying amount to net realisable value. The decreased amount is recognised in profit or loss and corresponding allowance is made.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and related taxes.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in Note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Consolidation of structured entities

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For collective asset management schemes and investment funds where the Group involves as manager and also as investor, the Group considers the scope of its decision-making authority and assesses whether the combination of interests it holds together with its remuneration and credit enhancements creates exposure to variability of returns from the activities of the collective asset management schemes and investment funds that is of such significance that it indicates that the Group is a principal. The collective asset management schemes and investment funds are consolidated if the Group acts in the role of principal.

Determination on classification of financial assets

Classification and measurement of financial assets depends on the results of whether the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or FVTOCI that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 Critical judgements in applying accounting (continued)

Measurement of ECLs

The following significant judgements are required in applying the accounting requirements for measuring the ECLs:

Significant increase in credit risk

ECLs are measured as an allowance equal to 12-month ECLs for stage 1 assets, or lifetime ECLs for stage 2 or stage 3 assets. An asset classified as stage 2 when its credit risk has increased significantly since initial recognition, and it comes to stage 3 when it is credit impaired (but it is not purchased original credit impaired). In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to Note 58 for more details.

The Group has applied a “three-stage” impairment model for ECL measurement based on changes in credit quality since initial recognition of financial assets as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified as “Stage 1” and has its credit risk continuously monitored by the Group;
- If a significant increase in credit risk (“SICR”) since initial recognition is identified, the financial instrument is classified as Stage 2 but is not yet deemed to be credit-impaired. The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative and qualitative criteria have been met:
 - for margin financing: the occurrence of fore-warning credit management actions such as margin call measure triggered based on the pre-determined threshold of the relevant loan balances to collateral ratios, significant deterioration in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements which have an effect on the probability of a default occurring; and
 - for debt securities investments: significant deteriorations between the investment’s initial external or internal credit rating and the credit rating at the reporting date. The Group considers that the debt securities have experienced a significant increase in credit risk if the securities are more than 30 days past due on its contractual payments.
- If the financial instrument is credit-impaired, the financial instrument is then classified as Stage 3. The Group determines a financial instrument to be credit impaired upon the occurrence of credit events including:
 - for margin financing: credit management actions such as force liquidation of a margin client’s position triggered based on the pre-determined threshold of margin loan to collateral ratios; and collateral valuation falling short of the related margin loan amount; and
 - for debt securities investments: significant deterioration in the investment’s internal and external rating whereby the issuer is assessed to be typically in default, with little prospect for recovery of principal or interest; or, significant financial difficulty of the issuer. The Group considers that the debt securities are credit impaired if the securities are more than 90 days past due.

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(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 Critical judgements in applying accounting (continued)

Measurement of ECLs (continued)

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets transfer from 12-month to lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECLs changes because the credit risk of the portfolios differ.

Models and assumptions used

The Group uses various models and assumptions in estimating ECLs. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See Note 58 for more details on ECLs.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurement of financial instruments

Certain of the Group's financial instruments amounting to RMB16,563 million as at 31 December 2021 (RMB8,223 million as at 31 December 2020) are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. See Note 59 for further disclosures.

Measurement of ECLs

Forward-looking information

When measuring ECLs, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 58 for more details.

Probability of default (PD)

PD constitutes a key input in measuring ECLs. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Refer to Note 58 for more details.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Key sources of estimation uncertainty (continued)

Measurement of ECLs (continued)

Loss given default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Refer to Note 58 for more details.

Provision for ECLs on accounts receivable and other receivables

The Group uses a provision matrix to calculate ECLs for accounts receivable and other receivables. The provision rates are based on shared credit risk characteristics as groupings of accounts receivable and other receivables that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts receivable and other receivables with significant balances and credit impairment are assessed for ECL individually.

The provision for ECLs is sensitive to changes in estimates. The information about the ECLs and the Group's accounts receivable and other receivables are disclosed in Note 58.1, respectively.

Impairment assessment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which the goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss/further impairment loss may arise. As at 31 December 2021, the carrying amount of goodwill was RMB1,009 million (31 December 2020: RMB426 million).

Income Tax

Determining provisions for income tax requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and provides for taxes accordingly. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

4. SEGMENT REPORTING

Information reported to the board of directors of the Company, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on the nature of products sold and services provided by the Group, which is also consistent with the Group’s basis of organization, whereby the businesses are organized and managed separately as individual strategic business units that offer different products and serve different markets. Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to the board of directors, which are consistent with the accounting and measurement criteria in the preparation of the consolidated financial statements.

Specifically, the Group’s operating segments are as follows:

- (a) Securities brokerage: This segment engages in the provision of securities dealing and broking, margin financing to margin clients and securities lending;
- (b) Futures brokerage: This segment engages in futures dealing and broking, futures information consulting and training;
- (c) Proprietary trading and other securities trading services: This segment engages in trading of equities, bonds, funds, derivatives and other financial products for the Group;
- (d) Investment banking: This segment engages in the provision of corporate finance services including underwriting of equity and debt securities and financial advisory services to institutional clients;
- (e) Asset management: This segment engages in the provision of portfolio management, investment advisory and transaction execution services;
- (f) Private equity and alternative investment: This segment makes equity investments in private companies and realizes capital gains by exiting from these private equity investments through initial public offerings or share sales, or receives dividends from these portfolio companies;
- (g) Overseas business: This segment mainly represents the business operations in securities brokerage, futures brokerage, securities research, investment banking, margin financing, money lending, asset management and insurance brokerage business that are carried out overseas.

Others mainly represent head office operations, investment holding as well as interest income and interest expense arising from general working capital.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and there was no change in the basis during both years. Segment profit or loss represents the profit earned or loss incurred by each segment without allocation of income tax expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Segment assets or liabilities are allocated to each segment, excluding deferred tax assets and liabilities. Inter-segment balance mainly resulted from futures brokerage transaction carried out by the futures brokerage segment for the proprietary trading and other securities trading services segment and are eliminated upon consolidation. The segment result excludes income tax expense while the segment assets and liabilities include prepaid taxes and current tax liabilities, respectively.

The Group operates in Mainland China, Hong Kong and other overseas areas, representing the location of both income from external customers and assets of the Group. Segment revenue and all assets of the Group in respect of the overseas business segment are attributable to operations in Hong Kong and other overseas areas, while other segment revenue and assets of the Group are attributable to operations in Mainland China. No single customer contributes more than 10% to the Group’s revenue for the years ended 31 December 2021 and 2020.

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4. SEGMENT REPORTING (continued)

The operating and reportable segment information provided to the CODM for the years ended 31 December 2021 and 2020 is as follows:

	Securities brokerage	Futures brokerage	Proprietary trading and other securities services	Investment banking	Asset management	Private equity and alternative investments	Overseas business	Reportable segment total	Others	Eliminations	Consolidated total
For the year ended 31 December 2021											
Segment revenue and results											
Revenue and net investment gains											
- External	15,804,069	1,643,395	9,128,287	593,458	532,449	507,237	3,114,993	31,323,888	1,410,593	(1,392,607)	31,341,874
- Inter-segment	278,307	902	-	-	1,837	-	1,697	282,743	-	(282,743)	-
Other income	45,074	13,743,386	-	-	352	4,608	129,799	13,923,219	11,969	-	13,935,188
Segment revenue and other income	16,127,450	15,387,683	9,128,287	593,458	534,638	511,845	3,246,489	45,529,850	1,422,562	(1,675,350)	45,277,062
Segment expenses	8,486,141	14,366,605	4,449,774	312,759	520,586	140,493	2,944,265	31,220,623	1,652,133	(340,111)	32,532,645
Segment result	7,641,309	1,021,078	4,678,513	280,699	14,052	371,352	302,224	14,309,227	(229,571)	(1,335,239)	12,744,417
Share of result of a joint venture	-	-	-	-	-	11	48,500	48,511	(1,916)	-	46,595
Profit/(loss) before income tax	7,641,309	1,021,078	4,678,513	280,699	14,052	371,363	350,724	14,357,738	(231,487)	(1,335,239)	12,791,012
As at 31 December 2021											
Segment assets and liabilities											
Segment assets	195,825,186	67,744,423	270,652,176	46,492	1,561,380	4,847,651	33,629,204	574,306,512	202,315,616	(216,655,360)	559,966,768
Deferred tax assets											168,265
Group's total assets											560,135,033
Segment liabilities	194,700,979	63,800,831	256,275,030	176,922	280,271	390,692	29,162,499	544,787,224	119,028,757	(203,797,783)	460,018,198
Deferred tax liabilities											1,138,784
Group's total liabilities											461,156,982
Other segment information											
Depreciation and amortization	495,900	50,734	18,814	26,622	13,791	4,099	109,829	719,789	106,088	-	825,877
Impairment losses	(179,948)	51,341	2,325	(40,657)	106,471	-	21,157	(39,311)	(3,836)	-	(43,147)
Additions to non-current assets	52,275	-	26,682	-	-	-	-	78,957	349,749	-	428,706
Interest income from operations	8,602,297	753,797	513,385	-	18,594	4,127	1,084,167	10,976,367	163,219	-	11,139,586
Interest income from investments	-	8,718	2,719,182	-	251	-	-	2,728,151	-	-	2,728,151
Interest expenses	635,439	267,800	3,039,260	-	25,959	-	391,925	4,360,383	3,676,557	-	8,036,940

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4. SEGMENT REPORTING (continued)

	Securities brokerage	Futures brokerage	Proprietary trading and other securities trading services	Investment banking	Asset management	Private equity and alternative investments	Overseas business	Reportable segment total	Others	Eliminations	Consolidated total
For the year ended 31 December 2020											
Segment revenue and results											
Revenue and net investment gains											
– External	15,710,632	509,246	5,411,281	809,369	548,946	398,491	1,789,690	25,177,655	340,692	(463,448)	25,054,899
– Inter-segment	338,617	2,273	–	–	5,661	–	–	346,551	–	(346,551)	–
Other income	26,657	6,149,834	–	528	1,331	2,466	29,141	6,209,957	2,377	–	6,212,334
Segment revenue and other income	16,075,906	6,661,353	5,411,281	809,897	555,938	400,957	1,818,831	31,734,163	343,069	(809,999)	31,267,233
Segment expenses	9,849,771	6,177,440	3,111,945	408,434	425,020	80,370	1,623,770	21,676,750	825,700	(331,311)	22,171,139
Segment result	6,226,135	483,913	2,299,336	401,463	130,918	320,587	195,061	10,057,413	(482,631)	(478,688)	9,096,094
Share of result of a joint venture	–	–	–	–	–	–	60,639	60,639	–	–	60,639
Profit/(loss) before income tax	6,226,135	483,913	2,299,336	401,463	130,918	320,587	255,700	10,118,052	(482,631)	(478,688)	9,156,733
As at 31 December 2020											
Segment assets and liabilities											
Segment assets	178,690,464	40,158,349	182,665,482	132,513	1,950,104	4,760,022	31,093,149	439,450,083	183,306,956	(177,096,015)	445,661,024
Deferred tax assets											69,192
Group's total assets											445,730,216
Segment liabilities	177,187,165	36,599,736	177,001,176	362,375	643,253	298,793	27,060,840	419,153,338	115,755,044	(171,377,455)	363,530,927
Deferred tax liabilities											191,231
Group's total liabilities											363,722,158
Other segment information											
Depreciation and amortization	487,703	44,227	19,251	29,005	8,846	4,742	102,234	696,008	114,871	–	810,879
Impairment losses	314,787	6,795	203,416	(117,639)	29,530	(8,534)	65,120	493,475	2,227	–	495,702
Additions to non-current assets	101,528	–	18,731	–	–	–	–	120,259	145,353	–	265,612
Interest income from operations	7,630,742	335,184	(1,609,576)	–	23,452	8,611	656,677	7,045,090	155,804	–	7,200,894
Interest income from investments	–	2,777	1,809,198	–	12,022	–	–	1,823,997	–	–	1,823,997
Interest expenses	541,339	51,459	2,017,590	–	50,510	37	275,359	2,936,294	3,687,657	–	6,623,951

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5. BUSINESS COMBINATIONS

On 7 December 2021, China Galaxy International Financial Holdings Limited (“Galaxy International”) completed the acquisition of an additional 25% equity stake in CGS-CIMB Holdings Sdn. Bhd (“CGS-CIMB Holdings”) with a cash consideration of RMB649 million. After the completion of the acquisition, Galaxy International holds 75% of the equity of CGS-CIMB Holdings. Galaxy International, a subsidiary of the Group, obtained control of CGS-CIMB Holdings on that day and incorporated CGS-CIMB Holdings into the scope of consolidation.

The details of the identifiable assets and liabilities acquired are as follows:

	Acquisition Date	
	Fair value	Carrying amount
Bank balances	347,089	347,089
Advances to customers	1,735,650	1,735,650
Financial assets measured at fair value through profit or loss	7,835	7,835
Property, plant and equipment	20,769	20,769
Right-of-use assets	24,035	24,035
Intangible assets	79,468	79,468
Other assets	1,883,070	1,883,070
Total assets	4,097,916	4,097,916
Due to banks and other financial institutions	150,908	150,908
Accounts payable to brokerage clients	1,090,483	1,090,483
Current tax liabilities	12,023	12,023
Lease liabilities	26,921	26,921
Other liabilities	811,071	811,071
Total liabilities	2,091,406	2,091,406
Total identifiable net assets at fair value	2,006,510	
Non-controlling interests	648,910	
Goodwill arising on acquisition	589,132	
Total consideration (Note)	1,946,732	

Note: This amount includes RMB649 million yuan of cash paid by the company in business combination, and RMB1,298 million yuan of fair value of 50% equity of CGS-CIMB Holdings held before the acquisition date determined according to the prevailing fair value.

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of CGS-CIMB Holdings is as follows:

	Acquisition Date
Cash and cash equivalents held by CGS-CIMB Holdings as at the acquisition date	347,089
Cash consideration paid on acquisition of CGS-CIMB Holdings in 2021	648,910
Net cash flow on acquisition of CGS-CIMB Holdings	(301,821)

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6. COMMISSION AND FEE INCOME

	Year ended 31 December	
	2021	2020
Commission on securities dealing and broking and handling fee income	8,675,630	7,314,557
Underwriting and sponsors' fees	569,118	898,835
Commission on futures and option contracts dealing and broking and handling fee income	687,569	460,541
Consultancy and financial advisory fee income	162,147	153,009
Asset management fee income	517,898	594,488
Others	1,787	1,519
	10,614,149	9,422,949

7. INTEREST INCOME

The following is the analysis excluding interest income from investments:

	Year ended 31 December	
	2021	2020
Deposits with exchanges and non-bank financial institutions and bank balances	2,810,098	2,207,863
Advances to customers and securities lending	6,540,566	5,060,540
Financial assets held under resale agreements	1,279,475	1,691,217
Debt instruments measured at fair value through other comprehensive income	2,549,034	1,610,686
Debt instruments measured at amortized cost	286,009	230,945
Interest income from other financial assets	131,545	3,123
	13,596,727	10,804,374

8. INVESTMENT INCOME AND GAINS OR LOSSES

	Year ended 31 December	
	2021	2020
Realized and unrealized gains/(losses) from		
– debt instruments measured at FVTOCI	337,795	217,383
– debt instruments measured at amortized cost	8,031	34
– financial assets measured at FVTPL	8,975,899	6,755,361
– financial liabilities designated at FVTPL	(1,076,386)	(619,253)
– derivatives	(2,528,208)	(2,130,927)
– financial liabilities held for trading	(194,615)	(70,214)
Dividend income from		
– equity instruments measured at FVTOCI	1,608,482	534,764
	7,130,998	4,827,576

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9. OTHER INCOME, GAINS AND LOSSES

	Year ended 31 December	
	2021	2020
Government grants	10,130	52,058
Gains or loss on disposals of property and equipment and other intangible assets	1,657	4,518
Foreign exchange gains or losses	26,946	(7,524)
Gross rental income	7,192	7,004
Others	234,585	91,116
	280,510	147,172

These government grants were received by the Group from the local governments to support operations in designated locations.

10. DEPRECIATION AND AMORTIZATION

	Year ended 31 December	
	2021	2020
Depreciation for right-of-use assets	514,497	547,489
Depreciation for property and equipment	203,990	178,988
Depreciation for investment properties	196	196
Amortization of other intangible assets	107,194	84,206
	825,877	810,879

11. STAFF COSTS

	Year ended 31 December	
	2021	2020
Salaries, bonus and allowances	5,669,018	4,395,876
Social welfare	739,119	469,905
Contributions to annuity schemes	151,852	132,405
Supplementary retirement benefits	20,790	30,195
Early retirement benefits	(15)	11
Others	463,575	420,095
	7,044,339	5,448,487

12. COMMISSION AND FEE EXPENSES

	Year ended 31 December	
	2021	2020
Securities and futures dealing and broking expenses	1,131,946	854,532
Underwriting and sponsors' fee expenses	17,907	24,691
Other service expenses	44,068	22,951
	1,193,921	902,174

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13. INTEREST EXPENSES

	Year ended 31 December	
	2021	2020
Presented below are interest expenses on the following liabilities:		
– Bonds payable	2,623,894	2,772,749
– Financial assets sold under repurchase agreements	2,705,509	1,817,694
– Debt instruments	1,057,463	924,703
– Accounts payable to brokerage clients	759,031	393,643
– Due to banks and other financial institutions	701,201	583,705
– Third-party interests in consolidated structured entities and others	283,528	132,326
– Securities lending	10,175	1,399
	8,140,801	6,626,219

14. OTHER OPERATING EXPENSES

	Year ended 31 December	
	2021	2020
General and administrative expenses	1,143,848	811,316
Value-added tax and surcharges	160,624	145,004
Minimum operating lease rentals in respect of rented premises	104,615	90,371
Data transmission expenses	296,042	294,297
Securities investor protection funds	92,942	70,703
Business travel expenses	60,322	53,102
Utilities expenses	35,632	34,792
Auditors' remuneration	12,246	8,581
Sundry expenses	456,269	340,958
	2,362,540	1,849,124

For the year ended 31 December 2021, included in "Other operating expenses" were operating lease expenses related to lease liabilities of RMB49 million.

15. IMPAIRMENT LOSSES, NET OF REVERSAL

	Year ended 31 December	
	2021	2020
Impairment losses recognized/(reversed) on:		
– Financial assets held under resale agreements (Note 25)	(160,758)	214,460
– Advances to customers (Note 32)	1,689	41,340
– Accounts receivable (Note 33)	(36,801)	13,637
– Other receivables (Note 29)	182,577	16,059
– Debt instruments measured at FVTOCI (Note 26)	(26,743)	108,491
– Debt instruments measured at amortized cost (Note 28)	(19,455)	101,947
– Bank balances	(1,042)	1,209
– Inventories	17,386	(1,441)
	(43,147)	495,702

Details of impairment assessment for the year ended 31 December 2021 are set out in Note 58.

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16. INCOME TAX EXPENSE

	Year ended 31 December	
	2021	2020
Current income tax		
PRC Enterprise Income Tax	1,578,778	1,746,063
Overseas Profits Tax	95,637	61,304
Underprovision in prior years:		
PRC Enterprise Income Tax	12,994	(2,878)
Overseas Profits Tax	790	5,945
Subtotal	1,688,199	1,810,434
Deferred income tax (Note 31)	585,852	34,175
	2,274,051	1,844,609

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law” and Implementation Regulation of the EIT Law, the tax rate applicable to PRC enterprises is 25%).

Taxation on profits of Hong Kong, Singapore and other countries and regions has been calculated on the estimated assessable profits in accordance with local tax regulations at the rates of taxation prevailing in the countries or regions in which the Group operates.

The reconciliation between the income tax expense at the statutory tax rate of 25% and the effective tax rate is as follows:

	Year ended 31 December	
	2021	2020
Profit before income tax	12,791,012	9,156,733
Tax at the statutory tax rate of 25%	3,197,753	2,289,184
Tax effect of share of loss/(profit) of a joint venture	(11,649)	(15,160)
Tax effect of expenses not deductible for tax purposes	283,675	94,617
Tax effect of income not taxable for tax purposes	(1,182,368)	(510,920)
Effect of different tax rates of subsidiaries	(27,031)	4,902
Utilization of tax losses/deductible temporary differences previously not recognized	–	(31,256)
Underprovision in respect of prior years	13,784	3,068
Others	(113)	10,174
Income tax expense for the year	2,274,051	1,844,609

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17. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company and the number of ordinary shares in issue during the year.

	Year ended 31 December	
	2021	2020
Profit attributable to equity holders of the Company	10,430,238	7,243,654
Less: Profit attributable to other equity holders of the Company ⁽¹⁾	564,241	24,986
Profit attributable to ordinary equity holders of the Company	9,865,997	7,218,668
Weighted average number of shares in issue (thousand)	10,137,259	10,137,259
Basic earnings per share (in RMB)	0.97	0.71

(1) For the purpose of calculating basic earnings per ordinary share in respect for the year ended 31 December 2021, RMB564 million (2020: RMB25 million) attributable to perpetual subordinated bonds were deducted from profits attributable to equity holders of the Company.

No diluted earnings per share for both 2021 and 2020 was presented as there were no potential ordinary shares in issue for both 2021 and 2020.

18. DIVIDENDS

Dividends for ordinary shareholders of the Company declared during the year:

	Year ended 31 December	
	2021	2020
Dividends declared	2,230,197	1,621,961

A dividend in respect of 2020 of RMB2.20 per 10 shares (inclusive of tax), or a total of RMB2,230.20 million, based on a total of 10,137,258,757 shares in issue, was approved at the Annual General Meeting on 29 June 2021.

A dividend in respect of 2019 of RMB1.60 per 10 shares (inclusive of tax), or a total of RMB1,621.96 million, based on a total of 10,137,258,757 shares in issue, was approved at the Annual General Meeting on 29 June 2020.

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19. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Electronic and communication equipment	Motor vehicles	Office equipment	Leasehold improvements	Total
COST						
As at 1 January 2020	250,095	828,511	85,917	137,848	367,558	1,669,929
Additions	27,600	133,865	4,306	6,064	67,918	239,753
Exchange gains or losses	(70)	(2,100)	(183)	(325)	(1,708)	(4,386)
Disposals/write-off	(543)	(40,225)	(8,233)	(14,149)	(43,593)	(106,743)
As at 31 December 2020	277,082	920,051	81,807	129,438	390,175	1,798,553
ACCUMULATED DEPRECIATION						
As at 1 January 2020	163,352	677,174	77,094	108,032	261,457	1,287,109
Charge for the year	10,570	86,709	2,395	11,731	67,583	178,988
Disposals/write-off	–	(38,876)	(7,981)	(12,826)	(43,593)	(103,276)
As at 31 December 2020	173,922	725,007	71,508	106,937	285,447	1,362,821
CARRYING VALUE						
As at 31 December 2020	103,160	195,044	10,299	22,501	104,728	435,732
COST						
As at 1 January 2021	277,082	920,051	81,807	129,438	390,175	1,798,553
Additions	3,033	217,224	3,263	10,984	49,209	283,713
Acquisition of subsidiaries	–	25,215	527	16,015	4,763	46,520
Transfer or reclassification	27,600	753	–	(13,155)	12,402	27,600
Exchange gains or losses	(69)	(2,103)	(99)	3,861	2,504	4,094
Disposals/write-off	(27,600)	(115,621)	(6,856)	(1,733)	(63,774)	(215,584)
As at 31 December 2021	280,046	1,045,519	78,642	145,410	395,279	1,944,896
ACCUMULATED DEPRECIATION						
As at 1 January 2021	173,922	725,007	71,508	106,937	285,447	1,362,821
Charge for the year	11,696	117,565	2,298	10,801	61,630	203,990
Acquisition of subsidiaries	–	18,136	227	2,625	3,081	24,069
Transfer or reclassification	–	–	–	–	–	–
Disposals/write-off	–	(113,288)	(6,447)	(13,823)	(59,538)	(193,096)
As at 31 December 2021	185,618	747,420	67,586	106,540	290,620	1,397,784
CARRYING VALUE						
As at 31 December 2021	94,428	298,099	11,056	38,870	104,659	547,112

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20. LEASES

(a) RIGHT-OF-USE ASSETS

	Buildings
Cost	
As at 1 January 2020	1,817,712
Additions	334,809
Deductions	(449,804)
Exchange gains or losses	(15,764)
As at 31 December 2020	1,686,953
Accumulated depreciation	
As at 1 January 2020	478,058
Charge for the year	547,489
Deductions	(261,132)
As at 31 December 2020	764,415
Net book value	
As at 1 January 2020	1,339,654
As at 31 December 2020	922,538
Cost	
As at 1 January 2021	1,686,953
Additions	1,147,077
Acquisition of subsidiaries	42,584
Deductions	(404,332)
Exchange gains or losses	(6,067)
As at 31 December 2021	2,466,215
Accumulated depreciation	
As at 1 January 2021	764,415
Charge for the year	514,497
Acquisition of subsidiaries	18,549
Deductions	(402,025)
As at 31 December 2021	895,436
Net book value	
As at 1 January 2021	922,538
As at 31 December 2021	1,570,779

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20. LEASES (continued)

(b) LEASE LIABILITIES

The Group's lease liability is analysed by the maturity date – undiscounted analysis

	Year ended 31 December	
	2021	2020
Less than 1 year	533,175	259,750
Over 1 years	1,136,732	727,488
Undiscounted lease liability	1,669,907	987,238
Lease liability	1,578,803	913,498

21. GOODWILL

	Goodwill
Gross carrying amount	
As at 1 January 2021	426,454
Increase due to acquisition of a subsidiary (Note 5)	589,132
Exchange gains	(6,873)
As at 31 December 2021	1,008,713
Accumulated impairment losses	
As at 1 January 2021	–
Impairment losses recognized during the reporting period	–
As at 31 December 2021	–
Net book value	
As at 1 January 2021	426,454
As at 31 December 2021	1,008,713

Impairment testing on goodwill

Goodwill acquisition through business combination is allocated to the following cash-generating units (“CGUs”) for impairment testing:

- Securities brokerage business cash-generating unit; and
- CGS-CIMB Securities business cash-generating unit
- CGS-CIMB Holdings business cash-generating unit

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21. GOODWILL (continued)

Impairment testing on goodwill (continued)

The carrying amount of goodwill allocated to each of the CGU is as follows:

	Securities brokerage		CGS-CIMB Securities		CGS-CIMB Holdings		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Carrying amount of goodwill	223,278	223,278	197,382	203,176	588,053	-	1,008,713	426,454

Assumptions were used in the value in use calculation of the CGUs for 31 December 2021 and 31 December 2020. The following describes each key assumption on which management has based on its cash flow projections to undertake impairment testing of goodwill:

Securities brokerage business cash-generating unit

The recoverable amount of the securities brokerage CGU has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, such estimation is based on the unit's past performance and management's expectations for the market development, and at a discount rate of 16.74% as at 31 December 2021 (31 December 2020: 15.91%). The cash flows beyond the 5-year period are assumed to remain unchanged. The discount rates used reflect specific risks relating to the CGU.

During the years ended 31 December 2021 and 2020, management of the Group determined that there was no impairment of the relevant CGU containing the goodwill and trading rights with indefinite useful lives (see Note 22) as the recoverable amounts of the CGU exceed their respective carrying amounts.

CGS-CIMB Securities business cash-generating unit

The Group acquired the CGS-CIMB Securities International Pte. Ltd ("CGS-CIMB Securities") in April 2019. The Group recognized the excess of acquisition cost over the fair value of the net identifiable assets acquired as the goodwill.

Assumptions were used in the value in use calculation of the CGUs for 31 December 2021 and 2020. The recoverable amount of the CGUs is based on the present value of expected future cash flows, which was determined on financial forecasts approved by management covering an 7-year period and a pre-tax discount rate of 10.00% (2020: 12.50%), which reflected specific risks related to the CGUs. The cash flows beyond the 7-year period are assumed to remain unchanged.

For the purpose of impairment testing, CGS-CIMB Securities is considered as a CGU as a whole from the perspective of the directors of the Group. No impairment was provided at 31 December 2021 and 2020.

CGS-CIMB Holdings business cash-generating unit

The Group acquired the CGS-CIMB Holdings in December 2021. The Group recognized the goodwill of 100% equity held by the original controller of the asset group after confirming the identifiable assets and liabilities of the acquired business.

Assumptions were used in the value in use calculation of the CGUs for 31 December 2021. The recoverable amount of the CGUs is based on the present value of expected future cash flows, which was determined on financial forecasts approved by management covering a 10-year period and a pre-tax discount rate of 8.30%, which reflected specific risks related to the CGUs. The cash flows beyond the 10-year period are assumed to remain unchanged.

For the purpose of impairment testing, CGS-CIMB Holdings is considered as a CGU as a whole from the perspective of the directors of the Group. No impairment was provided at 31 December 2021.

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22. OTHER INTANGIBLE ASSETS

	Trading rights	Trademark	Computer software and others	Total
COST				
As at 1 January 2020	305,531	7,852	515,207	828,590
Additions	69	–	133,350	133,419
Exchange gains or losses	(546)	–	901	355
Disposals/write-off	–	(2,947)	(81,551)	(84,498)
As at 31 December 2020	305,054	4,905	567,907	877,866
ACCUMULATED AMORTIZATION				
As at 1 January 2020	–	1,668	333,384	335,052
Charge for the year	–	2,181	82,025	84,206
Disposals/write-off	–	–	(66,493)	(66,493)
As at 31 December 2020	–	3,849	348,916	352,765
CARRYING VALUE				
As at 31 December 2020	305,054	1,056	218,991	525,101
COST				
As at 1 January 2021	305,054	4,905	567,907	877,866
Additions	–	–	211,826	211,826
Acquisition of subsidiaries	–	–	107,304	107,304
Exchange gains or losses	(146)	(15)	(4,191)	(4,352)
Disposals/write-off	–	–	(68,823)	(68,823)
As at 31 December 2021	304,908	4,890	814,023	1,123,821
ACCUMULATED AMORTIZATION				
As at 1 January 2021	–	3,849	348,916	352,765
Charge for the year	–	1,041	106,153	107,194
Acquisition of subsidiaries	–	–	27,835	27,835
Disposals/write-off	–	–	(68,787)	(68,787)
As at 31 December 2021	–	4,890	414,117	419,007
CARRYING VALUE				
As at 31 December 2021	304,908	–	399,906	704,814

Trading rights mainly comprise the trading rights on the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and Hong Kong Futures Exchange. These rights allow the Group to trade securities and futures contracts on or through these exchanges.

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22. OTHER INTANGIBLE ASSETS (continued)

Impairment testing on intangible assets with indefinite useful lives

The trading rights and trademark held by the Group are considered by the directors of the Company as having indefinite useful lives because they are expected to contribute net cash inflows indefinitely. These intangible assets will not be amortized until their useful lives are determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that they may be impaired. They are assessed for impairment individually or attached to the relevant CGUs.

The respective recoverable amounts of these trading rights or CGUs where the trading rights are allocated to, using a value in use calculation, exceed their carrying amounts. Accordingly, there was no impairment of the trading rights as at 31 December 2021 and 2020.

23. INTEREST IN A JOINT VENTURE

(1) Details of the Group's investment in a joint venture are as follows:

	As at 31 December 2021	As at 31 December 2020
As at 1 January	1,308,173	1,320,136
Cost of investment in a joint venture	97,162	9,164
Share of post-acquisition profits and other comprehensive income	46,595	60,639
Disposals (Note)	(1,297,821)	–
Exchange adjustments and other	(123,859)	(81,766)
	30,250	1,308,173

Note: As at 7 December 2021, Galaxy International Holdings, a subsidiary of the Company, gained control of the CGS-CIMB Holdings. The Company indirectly held 75% equity of CGS-CIMB Holdings and incorporated the CGS-CIMB Holdings into the scope of consolidation. Relevant disclosures are included in Note 5.

(2) Details of the Group's joint venture at the end of the year are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group 31/12/2021	Proportion of voting rights held by the Group 31/12/2021	Principal activities
China Securities Lize Real Estate (Beijing) Co., Ltd.*	China	China	34.16%	34.16%	Real estate development and property management
Gansu Jingning Galaxy Development Fund Co., Ltd.*	China	China	1.00%	33.33%	Equity investment and project investment
Zhongshan Xingzhong Galaxy green industry investment fund LLP*	China	China	20.00%	50.00%	Equity investment and project investment
Yinhe core kinetic energy No. 1 equity investment fund (Yantai) partnership LLP*	China	China	1.85%	50.00%	Equity investment and project investment
Haiyan Yinhe fashion smart manufacturing equity investment fund partnership LLP*	China	China	19.90%	50.00%	Equity investment and project investment

* The joint venture does not have an official English name.

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24. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2021	As at 31 December 2020
Non-current		
Debt securities	7,011,106	12,920,158
Equity securities	–	7,701
Funds	17,620,356	2,801,139
Other investments (a)	12,619,096	6,565,041
	37,250,558	22,294,039
Current		
Debt securities	57,340,527	36,613,904
Equity securities	19,878,945	14,644,360
Funds	4,269,302	12,507,529
Structured deposits and wealth management products	1,213,724	2,883,160
Trust schemes	321,278	43,964
Other investments (a)	14,510,054	2,838,125
Add: Interest receivables	858,519	821,929
	98,392,349	70,352,971

- (a) The balance mainly represents investments in: (i) collective asset management schemes issued and managed by the Group, whereby the Group's interest in and exposure to them are not significant, (ii) targeted asset management schemes (or trust investments) managed by non-bank financial institutions, which mainly invest in debt securities, publicly traded equity securities listed in the PRC, funds and loans, (iii) limited partnerships managed by non-bank financial institutions, which mainly invest in unlisted enterprises, (iv) equity investments in unlisted enterprises, and (v) perpetual bond.

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25. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at 31 December 2021	As at 31 December 2020
Non-current		
Analyzed by collateral type:		
Equity securities	8,966,480	12,048,508
Less: Impairment	(233,507)	(12,713)
	8,732,973	12,035,795
Analyzed by market of collateral:		
Stock exchanges	8,732,973	12,035,795
Current		
Analyzed by collateral type:		
Equity securities	10,207,737	11,588,253
Debt securities	3,132,992	8,704,122
Funds	23,900	–
Add: Interest receivable	67,249	106,434
Less: Impairment	(189,770)	(571,533)
	13,242,108	19,827,276
Analyzed by market of collateral:		
Stock exchanges	13,242,108	19,827,276

The movements in the allowance for impairment of financial assets held under resale agreements are set out below:

	Year ended 31 December	
	2021	2020
At the beginning of the year	584,246	364,831
Impairment losses recognized, net of reversal (Note 15)	(160,758)	214,460
Others	(211)	4,955
At the end of the year	423,277	584,246

Details of impairment assessment are set out in Note 58.

As at 31 December 2021, the fair values of collateral received by the Group were approximately RMB66,542 million (31 December 2020: RMB90,196 million).

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26. DEBT INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2021	As at 31 December 2020
Non-current		
Debt securities	82,300	85,272
Current		
Debt securities	80,007,151	51,159,260
Add: Interest receivable	1,143,468	885,700
	81,150,619	52,044,960

The movements in the allowance for impairment of debt instruments measured at fair value through other comprehensive income are set out below:

	Year ended 31 December	
	2021	2020
At the beginning of the year	206,830	98,339
Impairment losses recognized, net of reversal (Note 15)	(26,743)	108,491
At the end of the year	180,087	206,830

Details of impairment assessment are set out in Note 58.

27. EQUITY INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2021	As at 31 December 2020
Non-current		
Perpetual bonds	34,684,475	25,687,191
Equity investments	128	8,181,000
	34,684,603	33,868,191

- (1) These equity instruments are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 Business Combinations applies. At the date of initial application of IFRS 9, the Group elected to present in OCI the subsequent changes in fair value of these investments previously classified as available-for-sale financial assets carried at fair value under IAS 39.
- (2) Because the issuer exercised the right of redemption, the Group disposed equity instruments measured at fair value through other comprehensive income of RMB10,600 million (2020: RMB1,761 million), RMB12 million of other comprehensive income transferred into retained earnings (2020: RMB0.81 million).

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28. DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	As at 31 December 2021	As at 31 December 2020
Non-current		
Debt securities ⁽¹⁾	3,733,800	3,885,905
Less: Impairment	(99,186)	(112,842)
	3,634,614	3,773,063
Current		
Debt securities ⁽¹⁾	1,273,161	1,796,033
Others	312,873	165,482
Add: Interests receivable	50,097	61,873
Less: Impairment	(1,296)	(7,199)
	1,634,835	2,016,189

(1) As at 31 December 2021, the interest rates on these debt securities are between 3.12%-7.45% per annum. (31 December 2020: 3.12%-7.45% per annum).

(2) The movements in the allowance for impairment of debt instruments measured at amortized cost are set out below:

	Year ended 31 December	
	2021	2020
At the beginning of the year	120,041	18,279
Impairment losses recognized, net of reversal (Note 15)	(19,455)	101,947
Exchange difference and others	(104)	(185)
At the end of the year	100,482	120,041

Details of impairment assessment are set out in Note 58.

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29. OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December 2021	As at 31 December 2020
Non-current		
Prepayments	1,154,126	1,133,631
Others	26,100	178,836
	1,180,226	1,312,467
Current		
Prepaid taxes	15,016	18,964
Interest receivable	7,688	25,883
Prepayments	260,197	251,967
Margin financing clients receivable	202,264	202,967
Inventories	1,011,605	1,035,476
Customer trading deposits	4,245,396	613,546
Others	1,778,614	811,556
Subtotal	7,520,780	2,960,359
Less: Impairment	(452,528)	(260,745)
Total	7,068,252	2,699,614

The movements in the allowance for impairment of other receivables are set out below:

	Year ended 31 December	
	2021	2020
At the beginning of the year	260,745	302,890
Impairment losses recognized, net of reversal (Note 15)	182,577	16,059
Amounts written off	(90)	-
Exchange difference and others	9,296	(58,204)
At the end of the year	452,528	260,745

Details of the impairment assessment are set out in Note 58.

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30. DEPOSITS WITH EXCHANGES AND NON-BANK FINANCIAL INSTITUTIONS

	As at 31 December 2021	As at 31 December 2020
Non-current		
Deposits with stock exchanges	238,215	208,839
Deposits with futures and commodity exchanges	5,932	4,087
Guarantee fund paid to the Shenzhen Stock Exchange	170,707	188,193
Others	377,581	707,291
	792,435	1,108,410
Current		
Deposits with futures and commodity exchanges	10,427,211	13,867,770
Deposits with CSFCL	496,544	1,217,866
	10,923,755	15,085,636

31. DEFERRED TAXATION

For presentation purpose, certain deferred tax assets and deferred tax liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December 2021	As at 31 December 2020
Deferred tax assets	168,265	69,192
Deferred tax liabilities	1,138,784	191,231
	(970,519)	(122,039)
	Year ended 31 December	
	2021	2020
Net deferred income tax assets, at the beginning of the year	(122,039)	(161,560)
Recognized in profit or loss	(585,852)	(34,175)
Recognized in other comprehensive income	(243,961)	73,696
Deferred taxes acquired in business combinations	(18,667)	-
Net deferred income tax liabilities/assets, at the end of the year	(970,519)	(122,039)

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31. DEFERRED TAXATION (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes, if any, and the taxes are to be levied by the same tax authority, and of the same taxable entity.

The movements of deferred tax assets and liabilities are set out below:

	Changes in fair value of financial assets at fair value through profit or loss	Changes in fair value of financial assets at FVTOCI	Accrued staff costs	Allowance for impairment losses	Accrued interest expenses	Accrued expenses	Changes in fair value of derivative instruments	Accrued interest income	Others	Total
As at 1 January 2020	(205,524)	(204,424)	243,833	229,373	565,966	22,315	39,307	(849,332)	(3,074)	(161,560)
(Charge)/credit to profit or loss	(206,234)	-	(7,472)	112,317	(28,706)	23,998	226,427	(151,076)	(3,429)	(34,175)
Charge to other comprehensive income	-	73,696	-	-	-	-	-	-	-	73,696
As at 31 December 2020	(411,758)	(130,728)	236,361	341,690	537,260	46,313	265,734	(1,000,408)	(6,503)	(122,039)
(Charge)/credit to profit or loss	(439,367)	-	(90,037)	(25,986)	(35,920)	(14,554)	141,818	(159,711)	37,905	(585,852)
Credit to other comprehensive income	-	(243,961)	-	-	-	-	-	-	-	(243,961)
Deferred taxes acquired in business combinations	-	-	-	-	-	-	-	-	(18,667)	(18,667)
As at 31 December 2021	(851,125)	(374,689)	146,324	315,704	501,340	31,759	407,552	(1,160,119)	12,735	(970,519)

- (1) At the end of the year, the Group has unrecognized deductible temporary differences of approximately RMB116 million (31 December 2020: RMB116 million, as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilized.)

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32. ADVANCES TO CUSTOMERS

	As at 31 December 2021	As at 31 December 2020
Non-current		
Other loans and advances	70,736	19,726
	70,736	19,726
Current		
Loans to margin clients	95,296,017	79,335,879
Other loans and advances	394,900	663,569
Add: Interest receivable	2,633,258	2,191,577
Less: Impairment	(201,145)	(192,304)
	98,123,030	81,998,721

- (1) The credit facility limits for margin clients are determined by the discounted market value of the collateral securities accepted by the Group.

In addition to the cash collaterals as disclosed in Note 48, the Group also receive securities collaterals with fair value of RMB334,001 million (31 December 2020: RMB299,235 million) from brokerage clients for margin financing or securities lending arrangements. These securities collaterals were not recognized in the Group's consolidated financial statements. As at 31 December 2021 and 2020, the fair values of cash and securities collaterals held by the Group for majority of the margin clients are higher than the carrying amounts of each individually.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value to the users of these consolidated financial statements in view of the nature of business of securities margin financing.

The Group determines the allowance for advance to customers based on the evaluation of collectability and on management's judgment including the assessment of change in credit quality and collateral.

- (2) The movements in the allowance for impairment are set out below:

	Year ended 31 December	
	2021	2020
At the beginning of the year	192,304	131,242
Impairment losses recognized, net of reversal (Note 15)	1,689	41,340
Amounts written off	(2,064)	(29,624)
Exchange difference and others	9,216	49,346
At the end of the year	201,145	192,304

Details of impairment assessment are set out in Note 58.

The concentration of credit risk is limited due to the customer base being large and diversified.

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33. ACCOUNTS RECEIVABLE

	As at 31 December 2021	As at 31 December 2020
Accounts receivable of:		
Client securities settlement	2,694,274	5,440,679
Brokers and dealers	6,053,733	4,701,809
Clearing house	992,605	1,468,273
Underwriting and sponsors fee	65,355	172,042
Trading rights rental commission	146,868	103,784
Asset management and funds distribution handling fees	241,564	259,603
Others	46,804	199,711
Subtotal	10,241,203	12,345,901
Less: Impairment	(90,478)	(130,831)
Total	10,150,725	12,215,070

An aging analysis of accounts receivable is as follows:

	As at 31 December 2021	As at 31 December 2020
Within 1 year	10,042,614	12,089,535
Between 1 and 2 years	47,006	35,946
Between 2 and 3 years	20,174	24,832
Over 3 years	40,931	64,757
	10,150,725	12,215,070

The movements in the allowance for impairment of accounts receivable are set out below:

	Year ended 31 December	
	2021	2020
At the beginning of the year	130,831	128,287
Impact of acquisition of subsidiaries	26,299	–
Impairment losses recognized, net of reversal (Note 15)	(36,801)	13,637
Amounts written off	(17,842)	(8,273)
Exchange difference and others	(12,009)	(2,820)
At the end of the year	90,478	130,831

The credit term of accounts receivable is generally within three months. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimize credit risk. Overdue balances are regularly monitored by management.

Details of impairment assessment are set out in Note 58.

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34. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2021		
	Nominal amounts	Asset	Liability
Hedging instruments:			
Currency forward	423,019	1,000	–
Commodity futures	614,263	–	–
Non-hedging instruments:			
Equity Derivatives	67,160,780	1,382,556	3,792,072
Interest Rate Derivatives	391,263,367	12,276	3,442
Other derivatives	41,172,893	550,075	851,790
Total	500,634,322	1,945,907	4,647,304

	As at 31 December 2020		
	Nominal amounts	Asset	Liability
Hedging instruments:			
Currency forward	183,575	2,870	–
Commodity futures	286,719	15,530	5,680
Non-hedging instruments:			
Equity Derivatives	39,179,413	628,799	1,260,784
Interest Rate Derivatives	286,434,186	2,609	197,113
Other derivatives	78,120,639	219,693	509,835
Total	404,204,532	869,501	1,973,412

- (1) Under the daily mark-to-market and settlement arrangement, stock index futures, interest rate swap, treasury bond futures and commodity futures were settled daily and the corresponding receipts and payments were included in clearing settlement funds.

35. CLEARING SETTLEMENT FUNDS

	As at 31 December 2021	As at 31 December 2020
Clearing settlement funds held with clearing houses for:		
– House accounts	7,620,259	5,222,885
– Clients accounts	24,625,625	12,316,799
Add: Interest receivable	48,156	44,172
Total	32,294,040	17,583,856

These clearing settlement funds are held by the clearing houses for the Group and these balances carry interest at prevailing market interest rates.

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36. BANK BALANCES

	As at 31 December 2021	As at 31 December 2020
House accounts	13,106,128	15,743,453
Cash held on behalf of customers	100,487,946	76,851,885
Add: Interest receivable	344,254	132,216
	113,938,328	92,727,554

Bank balances comprise time and demand deposits at banks which bear interest at the prevailing market rates.

The Group maintains accounts with banks to hold customers' deposits arising from normal business transactions. The corresponding liabilities are recorded as accounts payable to brokerage clients (Note 45).

As at 31 December 2021, the ECL allowance for bank balances amounted to RMB1.82 million.

Details of impairment assessment are set out in Note 58.

37. SHARE CAPITAL

The Company's number of shares and nominal value are as follows:

	As at 31 December 2021	As at 31 December 2020
Issued and fully paid ordinary shares of RMB1 each (in thousands)		
Domestic shares	6,446,274	6,446,274
H shares	3,690,985	3,690,985
	10,137,259	10,137,259
Share capital (in thousands)		
Domestic shares	6,446,274	6,446,274
H shares	3,690,985	3,690,985
	10,137,259	10,137,259

38. OTHER EQUITY INSTRUMENTS

	As at 31 December 2021	As at 31 December 2020
Perpetual subordinated bonds	14,885,851	4,962,172
	14,885,851	4,962,172

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38. OTHER EQUITY INSTRUMENTS (continued)

On 24 November 2020, the company issued RMB5 billion perpetual subordinated bonds (“20 Yinhe Y1”) at par, with a coupon rate of 4.80%. The bonds are redeemable or repayable at the company’s option at the end of each repricing period, which is every 5 years.

On 29 March 2021, the company issued RMB5 billion perpetual subordinated bonds (“21 Yinhe Y1”) at par, with a coupon rate of 4.57%. The bonds are redeemable or repayable at the company’s option at the end of each repricing period, which is every 5 years.

On 21 April 2021, the company issued RMB5 billion perpetual subordinated bonds (“21 Yinhe Y2”) at par, with a coupon rate of 4.30%. The bonds are redeemable or repayable at the company’s option at the end of each repricing period, which is every 5 years.

The above three issues of bonds are set with the issuer’s renewal option and no investor’s resale option. At the end of each repricing cycle of the current bonds, the issuer has the right to choose to extend the current bonds for one repricing cycle, which is for five years, or pay the current bonds in full, while the investor has no right to require the issuer to redeem the current bonds.

The coupon rate for the perpetual subordinated bonds is fixed in the first 5 years and will be repriced every 5 years. The coupon rate will be repriced as the sum of the current basis rate, the initial spread, and an additional 300 basis points. The repriced coupon rate will remain unchanged in the next 5 years. The current basis rate is defined as the average yields of 5 years treasury bonds from the interbank fixed rate bond yield curve published on China Bond website 5 working days before the interest repricing date.

The issuer has the right to defer interest payments, unless “Mandatory interest payments events” have been triggered, so that at each interest payment date, the issuer may choose to defer the current interest payment, as well as any previously deferred interest payments and accreted interests thereon, to the next payment date, without being subject to any limitation with respect to the number of deferrals. Mandatory interest payment events are only triggered when there are distributions of dividends to ordinary equity holders or reductions of registered capital.

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

39. RESERVES AND RETAINED PROFITS

The amounts of the Group’s reserves and the movements therein during the year are presented in the consolidated statement of changes in equity.

(a) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of face value and the difference between the considerations of the acquisition of equity interests from non-controlling shareholders and the carrying amount of the proportionate net assets. As at 31 December 2021, the amount attributable to the owners of the company is RMB25,051.47 million (31 December 2020: RMB25,227.34 million).

(b) Investment revaluation reserve

The investment revaluation reserve represents cumulative gains and losses arising on the revaluation of equity instruments at FVTOCI, debt instruments at FVTOCI and AFS investments that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those equity instruments at FVTOCI and debt instruments at FVTOCI are disposed of or are determined to be impaired. As at 31 December 2021, the amount attributable to the owners of the company is RMB1,124.07 million (31 December 2020: RMB392.19 million).

39. RESERVES AND RETAINED PROFITS (continued)

(c) Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain and loss arising on changes in fair value of the hedging instrument that are recognized and accumulated under the cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy. As at 31 December 2021, the amount attributable to the owners of the company is RMB-0.81 million (31 December 2020: Nil).

(d) Translation reserve

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the year, and the income and expenses are translated at the average exchange rates or at the approximate exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in the translation reserve. As at 31 December 2021, the amount attributable to the owners of the company is RMB-270.26 million (31 December 2020: RMB14.78 million).

(e) General reserves

General reserves comprise of the statutory surplus reserve, discretionary surplus reserve, reserve for general risk and transaction risk reserve. As at 31 December 2021, the amount attributable to the owners of the company is RMB21,333.88 million (31 December 2020: RMB18,254.58 million).

Pursuant to the Company Law of the PRC, in accordance with the Company's articles of association, 10% of the net profit of the Company, determined in accordance with the relevant accounting rules and financial regulations applicable to enterprises in the PRC ("PRC GAAP"), is required to be transferred to the statutory surplus reserve until such time when this reserve reaches 50% of the share capital of the Company. The reserve appropriated can be used for expansion of business scale and capitalization. If the statutory surplus reserve is capitalized into share capital, the remaining reserve is required to be not less than 25% of the Company's registered capital before capitalization.

The Company may also make appropriations from its net profit to the discretionary surplus reserve provided the appropriation is approved by a resolution of the shareholders.

In accordance with the Financial Rules for Financial Enterprises, the Company is required to appropriate 10% of net profit before distribution, determined in accordance with PRC GAAP, to the reserve for general risk.

Pursuant to the Securities Law of the PRC, the Company is required to appropriate 10% of the net profit before distribution, determined in accordance with PRC GAAP, to the transaction risk reserve.

The Company's PRC subsidiaries are also subject to the statutory requirements to appropriate their earnings to the statutory surplus reserve, the reserve for general risk and the transaction risk reserve.

Out of the Group's retained profits, an amount of RMB393.16 million as at 31 December 2021 (31 December 2020: RMB294.26 million) represents the Company's share of its subsidiaries' statutory surplus reserve which cannot be used for profit distribution.

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39. RESERVES AND RETAINED PROFITS (continued)

(f) Distributable profits

In accordance with the relevant regulations, the distributable profits of the Company are deemed to be the lower of (i) the retained profits determined in accordance with PRC GAAP and (ii) the retained profits determined in accordance with IFRSs.

40. BONDS PAYABLE

As at 31 December 2021 and 2020, bonds payable comprised subordinated bonds and corporate bonds.

Details of the bonds issued by the Group are as follows:

Non-current

Issue date	Maturity date	Coupon rate	As at	As at
			31 December 2021	31 December 2020
			Carrying amount	Carrying amount
29 January 2019	30 January 2022	4.05%	–	4,144,541
26 February 2019	27 February 2022	4.20%	–	3,516,258
7 March 2019	11 March 2022	4.25%	–	3,512,590
14 January 2020	14 January 2022	3.65%	–	1,033,413
14 January 2020	14 January 2023	3.75%	4,139,626	4,135,006
17 February 2020	17 February 2022	3.15%	–	3,281,556
17 February 2020	17 February 2023	3.25%	1,848,514	1,846,410
11 March 2020	11 March 2022	2.88%	–	4,084,617
11 March 2020	11 March 2023	3.03%	1,023,105	1,021,847
29 July 2020	29 July 2022	3.50%	–	3,036,386
29 July 2020	29 July 2023	3.72%	3,042,037	3,038,264
23 October 2020	23 October 2023	3.70%	3,017,986	3,016,099
27 November 2020	27 November 2022	3.80%	–	4,007,657
21 January 2021	21 January 2023	3.24%	1,850,093	–
21 January 2021	21 January 2024	3.58%	3,305,226	–
4 February 2021	4 February 2023	3.50%	1,546,076	–
4 February 2021	4 February 2024	3.67%	2,579,928	–
20 July 2021	20 July 2024	3.13%	3,242,290	–
20 July 2021	20 July 2026	3.45%	1,821,574	–
9 August 2021	9 August 2023	2.93%	2,019,349	–
9 August 2021	9 August 2024	3.15%	4,048,378	–
15 September 2021	15 September 2023	3.15%	3,224,794	–
15 September 2021	15 September 2024	3.30%	1,315,554	–
28 September 2021	28 September 2023	3.30%	2,514,539	–
28 September 2021	28 September 2024	3.40%	1,005,736	–
20 October 2021	20 October 2023	3.40%	4,222,334	–
20 October 2021	20 October 2024	3.55%	1,803,157	–
22 November 2021	22 November 2023	3.10%	2,400,825	–
22 November 2021	22 November 2024	3.35%	3,611,518	–
20 December 2021	20 December 2024	3.20%	3,995,178	–
			57,577,817	39,674,644

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(Amounts in thousands of Renminbi, unless otherwise stated)

40. BONDS PAYABLE (continued)

Current

Issue date	Maturity date	Coupon rate	As at	As at
			31 December 2021	31 December 2020
			Carrying amount	Carrying amount
18 April 2018	19 April 2021	5.30%	–	3,318,411
7 March 2019	11 March 2021	4.10%	–	3,305,751
17 January 2018	17 January 2021	5.65%	–	1,581,267
12 February 2018	12 February 2021	5.70%	–	1,050,466
14 March 2018	14 March 2021	5.15%	–	2,602,305
1 June 2016	1 June 2021	3.35%	–	611,385
23 August 2016	23 August 2021	3.14%	–	1,009,606
24 October 2018	25 October 2021	4.48%	–	5,037,628
14 December 2018	17 December 2021	4.28%	–	1,500,908
29 January 2019	30 January 2022	4.05%	4,149,129	3,305,751
26 February 2019	27 February 2022	4.20%	3,520,143	1,581,267
7 March 2019	11 March 2022	4.25%	3,517,579	–
14 January 2020	14 January 2022	3.65%	1,034,487	2,602,305
17 February 2020	17 February 2022	3.15%	3,287,317	611,385
11 March 2020	11 March 2022	2.88%	4,092,165	1,009,606
29 July 2020	29 July 2022	3.50%	3,042,047	5,037,628
27 November 2020	27 November 2022	3.80%	4,011,431	1,500,908
			26,654,298	20,017,727

All of these bonds are denominated in RMB.

41. DEBT INSTRUMENTS

	As at	As at
	31 December 2021	31 December 2020
	Carrying Amount	Carrying Amount
Non-current		
Structured notes ⁽²⁾	198,436	787,081
Total	198,436	787,081
Current		
Corporate short-term bonds	–	16,597,054
Short-term financing bills ⁽¹⁾	21,484,199	18,077,082
Structured notes ⁽²⁾	9,467,190	18,802,217
Total	30,951,389	53,476,353

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41. DEBT INSTRUMENTS (continued)

(1): Short-term financing bills

The details of short-term financing bills as at 31 December 2021 are as follows:

Name	Issue amount RMB'000	Value date	Maturity date	Coupon rate
21 CGS CP010	2,000,000	27 September 2021	25 March 2022	2.68%
21 CGS CP011	3,000,000	15 October 2021	14 January 2022	2.60%
21 CGS CP012	4,000,000	28 October 2021	28 April 2022	2.75%
21 CGS CP013	3,400,000	11 November 2021	11 August 2022	2.75%
21 CGS CP014	4,000,000	18 November 2021	18 November 2022	2.76%
21 CGS CP015	3,000,000	9 December 2021	9 December 2022	2.70%
21 CGS CP016	2,000,000	16 December 2021	16 September 2022	2.70%

(2): Structured notes

Structured notes are a special type of financing allowed by CSRC.

As at 31 December 2021, for structured notes issued by the Company, their coupon rates are from 2.55% to 6.00% (31 December 2020: 1.60% to 10.24%).

42. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

(1) Financial liabilities held for trading:

	As at 31 December 2021	As at 31 December 2020
Current		
Equity Securities	388,601	1,686,972
Debt Securities	1,087,689	716,280
	1,476,290	2,403,252

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42. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(2) Financial liabilities designated as at fair value through profit or loss:

	As at 31 December 2021	As at 31 December 2020
Non-current		
Equity-linked Financing payables ⁽¹⁾	6,175,669	182,709
Contractual liabilities arising from the forward acquisitions of non-controlling interests ⁽²⁾	1,219,505	–
	7,395,174	182,709
Current		
Equity-linked Financing payables ⁽¹⁾	5,966,443	3,116,055
Gold-linked Financing payables	494,550	2,302,254
Structured products embedded with equity swaps ⁽³⁾	1,251,478	2,026,477
	7,712,471	7,444,786

(1) Equity-linked Financing payables are financing instruments issued by the Group and its returns to holders are linked to the performance of stock index.

(2) The amount represents contractual liabilities arising from the forward acquisitions of non-controlling interests of CGS-CIMB Securities and CGS-CIMB Holdings by the Group during 2021.

(3) Structured products embedded with equity swaps are payable to the clients at maturity of the corresponding derivatives and its balance is linked to the performance of the corresponding equity swaps.

43. OTHER PAYABLES AND ACCRUALS

	As at 31 December 2021	As at 31 December 2020
Non-current		
Third-party interests in consolidated structured entities	561,200	752,388
	561,200	752,388
Current		
Third-party interests in consolidated structured entities	19,952	–
Customer trading deposits	20,482,048	10,315,567
Other Payables to trading clients	500,260	5,212,951
Settlement payable	5,250,979	5,446,484
Value-added tax and other taxes	558,364	442,634
Accrued expenses	948,393	411,885
Sundry payables	36,963	36,977
Payable for the securities investor protection fund	84,851	62,253
Dividends payable	443,500	–
Others	765,277	739,669
	29,090,587	22,668,420

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44. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2021	As at 31 December 2020
Unsecured short-term bank loans ⁽¹⁾	17,022,304	13,540,381
Margin funds loans ⁽²⁾	7,000,000	10,000,000
Add: Interests payable	31,881	70,367
	24,054,185	23,610,748

(1) As at 31 December 2021, the unsecured short-term bank loans bear interest at 0.70%-5.10% (31 December 2020: 1.73%-11.05% per annum and 1-week HIBOR plus 140 to 180 basis points per annum), and are repayable within 6 months (31 December 2020: within 1 year.)

(2) The margin funds loans borrowed by the Group from CSFCL are secured by cash collateral of RMB368 million and shares listed in the PRC with a fair value of approximately RMB1,948 million.. These margin funds loans bear interest at 2.80% per annum and are repayable within 3 months.

45. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

The majority of the accounts payable balances are repayable on demand except where certain balances represent margin deposits and cash collateral received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value to the readers of these consolidated financial statements in view of the nature of these businesses.

Accounts payable to brokerage clients mainly include money held on behalf of clients at banks and at clearing houses by the Group, and are interest-bearing at the prevailing market interest rate.

As at 31 December 2021, included in the Group's accounts payable to brokerage clients were approximately RMB10,184 million (31 December 2020: RMB8,942 million) received from clients for margin financing and securities lending arrangement.

46. ACCRUED STAFF COSTS

	As at 31 December 2021	As at 31 December 2020
Salaries, bonus and allowances	4,242,008	3,126,686
Social welfare	18,881	16,779
Annuity schemes	23,414	9,829
Supplementary retirement benefits	405,480	384,973
Early retirement benefits	510	631
Others	216,480	175,327
	4,906,773	3,714,225

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46. ACCRUED STAFF COSTS (continued)

Note:

(1) Defined Contribution Plans

The employees of the Group participate in the basic endowment insurance plan operated by the governmental authorities, and the Group makes contributions at the prescribed rate based on the benchmark determined with reference to the average monthly income of the individual employee for the previous year, which will be within the upper and lower limits of the contribution benchmark of the local basic endowment insurance plan. Save for the aforesaid contributions, the Group has no further payment obligations. The corresponding expenditure is included in the current profit or loss in the period when it incurred. There are no contributions forfeited under the basic social endowment insurance plan as all contributions are fully vested to the employees upon the payment is made.

In addition to the basic social endowment insurance plan organised and implemented by the local labor and social security departments in accordance with relevant PRC laws and regulations, the Group also operates an enterprise annuity plan under a defined contribution model for eligible employees, under which the contributions and the investment gains thereon for the individual employee's personal account will be vested to such individual employee in accordance with the relevant rules. The contributions to the enterprise annuity fund that are not vested to the individual employee due to the employee's resignation will not be used to offset the existing contributions, but will be transferred to the public account of such enterprise annuity fund and allocated among members of such enterprise annuity fund after the procedures for approval are completed in accordance with the relevant regulations.

(2) Defined Benefit Plans

The Group operates post-employment benefit plans under a defined benefit model (including the supplementary retirement benefits and the early retirement benefits) for eligible employees. For the defined benefit plans, the benefit obligations incurred under the defined benefit plans will be vested by the Group in the period when the employees provide services according to the formula determined by the projected unit credit method and included in the current profit or loss.

a. Supplementary retirement benefits

Supplementary retirement benefits contain two parts: 1) pensions and medical benefits to qualified employees who retired on or before 31 December 2014 and are still alive at the end of the reporting period; 2) during the year ended 31 December 2021, additional supplementary benefits including heating and cooling expenses reimbursements to certain existing employees after their retirements were introduced to those employees by the Group. Accordingly, the increases in the present value of the supplementary retirement benefits for employee service in prior periods and the current period were recognized as past service costs and current service costs respectively during the year ended 31 December 2021.

Movements in the present value of supplementary retirement benefits are as follows:

	Year ended 31 December	
	2021	2020
Beginning of the year	384,973	418,018
Amounts charged to profit or loss:		
Current service costs	11,072	15,602
Past service costs	(3,614)	-
Interest on obligation	13,332	14,593
Benefits paid	(19,625)	(26,980)
Amount credited/(charged to OCI):		
Actuarial losses/(gains) arising from assumption changes	18,469	(34,587)
Actuarial losses/(gains) from experience adjustments	6,455	(3,282)
Exchange difference	(5,582)	1,609
End of the year	405,480	384,973

The Company has engaged Ernst & Young (China) Advisory Limited, a member of the China Association of Actuaries, to conduct an actuarial evaluation on the supplementary retirement benefit plan and the early retirement benefit plan of the Company on 31 December 2021. The projected unit credit method has been adopted for such evaluation. Net interest on the net defined benefit plans liability was included in staff costs.

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46. ACCRUED STAFF COSTS (continued)

Note: (continued)

a. Supplementary retirement benefits (continued)

The plans typically expose the Company to interest rate risk and longevity risk.

- Interest rate risk: a decrease in the bond interest rate will increase the plan liability.
- Longevity risk: the present value of the defined benefit plan liability is calculated by reference to the best estimate of China Life Insurance Pension life table (CLA2010-2013). An increase in the life expectancy of the plan participants will increase the plan's liability.)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	31 December 2021 %	31 December 2020 %
Discount rates of supplementary retirement benefits	3.25	3.70
Discount rates of early retirement benefits	2.60	2.90
Expected rates of increase in benefits	4.00	4.00
Mortality rates	According to the Annuitant Table set out in the China Life Insurance Mortality Table (2010-2013) published by the China Banking and Insurance Regulatory Commission	
Turnover rates	5.00	5.00
Turnover rates of customer manager	40.00	40.00

Discount rates are set to be the government bond yields with similar maturities. As at 31 December 2021, the duration of supplementary retirement benefits was 16.0 (31 December 2020: 15.0).

No plan assets have been created for the supplementary retirement benefit plan and the early retirement benefit plan. Therefore, no relevant information about the market value of plan assets, the level of funding, or material surplus or deficiency could be disclosed.

b. Sensitivity analysis of supplementary retirement benefits

Significant actuarial assumptions for the determination of the defined obligation of the Company are discount rate and benefit growth rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Effect on the pension	Change in assumptions	Benefit obligation	
		31 December 2021	31 December 2020
Discount rate	-50bps	25,822	23,516
Discount rate	+50bps	(23,174)	(21,131)
Benefit growth rate	-50bps	(15,474)	(14,817)
Benefit growth rate	+50bps	26,585	24,319

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47. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 31 December 2021	As at 31 December 2020
Current		
Analyzed by collateral type:		
Debt securities	125,940,521	85,239,622
Shares	466,639	–
Golds	7,085,585	2,799,752
Others	926,719	–
Add: Interests payable	184,424	74,031
	134,603,888	88,113,405
Analyzed by market of collateral:		
Stock exchanges	71,312,708	53,915,636
Interbank bond market	54,195,609	31,323,986
Over the counter	8,911,147	2,799,752
Add: Interests payable	184,424	74,031
	134,603,888	88,113,405

Financial assets sold under repurchase agreements bear effective interest at 2.00%-6.40% (31 December 2020: 1.62%-5.61% per annum).

48. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	As at 31 December	
	2021	2020
Bank balances-house accounts	12,021,183	14,185,694
Clearing settlement funds-house accounts	7,620,259	5,222,885
	19,641,442	19,408,579

Cash and cash equivalents do not include bank deposits with original maturity of more than three months held by the Group and restricted for use. As at 31 December 2021, bank deposits with original maturity of more than three months held by the Group were RMB23,037 million (31 December 2020: RMB15,252 million) and there were RMB288 million bank deposits restricted for use (31 December 2020: RMB756 million.)

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49. INTERESTS IN STRUCTURED ENTITIES

(a) Structured entities set up and managed by the Group

Structured entities consolidated by the Group include the asset management schemes, funds and other investments where the Group involves as investment manager or investment consultant and also as investor. These special vehicles issue units to investors, including the Group, to finance its operations, which are primarily investments in various debt and equity instruments.

The Group has committed to holding investments of RMB0 million (31 December 2020: RMB86 million) in collective asset management schemes managed by the Group till the end of the investment period. These investments are usually the most junior tranches in these schemes and will be utilized to absorb losses of more senior tranches. As at 31 December 2021 and 2020, the contributions from the Group to those collective asset management schemes equaled the committed investments and the Group's maximum losses are limited to the carrying amounts of these investments.

As at 31 December 2021, the total assets of the consolidated structured entities are RMB14,102 million (31 December 2020: RMB6,949 million) and the total net assets of the consolidated structured entities are RMB13,843 million (31 December 2020: RMB6,903 million). The carrying amount of third party interests in the consolidated structured entities are RMB581 million (31 December 2020: RMB752 million), and these interests are presented in Note 43.

The Group also has interests in unconsolidated collective asset management schemes which the remuneration of the Group is commensurate with the services provided and the variable returns the Group exposed are not considered to be significant. The Group therefore considers such decision-making rights are acting as an agent for the investors and hence did not consolidate these structured entities.

The size of unconsolidated structured entities managed by the Group amounted to RMB120,378 million as at 31 December 2021 (31 December 2020: RMB152,187 million). The Group's interests are equal to the maximum exposure to loss of interests held by the Group in these unconsolidated structured entities, which amounted to RMB381 million as at 31 December 2021 (31 December 2020: RMB232 million).

During the year, management fee income and investment gains from the unconsolidated asset management schemes managed by the Group amounted to RMB317 million (31 December 2020: RMB401 million).

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49. INTERESTS IN STRUCTURED ENTITIES (continued)

(b) Structured entities set up and managed by third party institutions in which the Group holds interests

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

The carrying amount of the related accounts in the consolidated statement of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities as at 31 December 2021 and 2020, which are listed below:

	As at 31 December 2021	As at 31 December 2020
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through profit or loss
Carrying amount of interests held by the Group		
– Funds	21,889,658	15,308,668
– Trust schemes and wealth management products	626,565	2,275,769
– Asset management schemes	381,280	231,908
– Others	12,414,431	3,829,094
Total	35,311,934	21,645,439

50. TRANSFERS OF FINANCIAL ASSETS

In the normal course of business, the Group enters into certain transactions in which they transfer recognized financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognizes all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards on these assets, the Group continues to recognize these assets.

Repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells securities, rights and interests in a margin loan and simultaneously agrees to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities, rights and interests in margin loans transferred. These transferred assets are not derecognized from the consolidated financial statements but regarded as “collateral” for the liabilities because the Group retains substantially all the risks and rewards of these transferred assets.

The proceeds from selling the transferred assets are presented as financial assets sold under repurchase agreements, as disclosed in Note 47. Since the Group transfers contractual rights to receive the cash flows of the securities, it does not have the ability to sell or repledge these transferred assets during the term of these arrangements.

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50. TRANSFERS OF FINANCIAL ASSETS (continued)

Repurchase agreements (continued)

The following tables provide a summary of carrying amounts and fair values related to the transferred financial assets that are not derecognized in their entirety and the associated liabilities:

	Financial assets measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehensive income	Debt instruments measured at fair value through other comprehensive income	Debt instrument measured at amortization cost	Total
As at 31 December 2021					
Carrying amount of transferred assets	63,968,636	18,910,989	36,386,942	1,811,544	121,078,111
Carrying amount of associated liabilities	(63,485,120)	(18,768,048)	(36,111,906)	(1,797,851)	(120,162,925)
Net position	483,516	142,941	275,036	13,693	915,186

	Financial assets measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehensive income	Debt instruments measured at fair value through other comprehensive income	Advances to customers	Total
As at 31 December 2020					
Carrying amount of transferred assets	32,740,083	24,430,560	19,860,934	3,360,108	80,391,685
Carrying amount of associated liabilities	(27,193,006)	(20,291,346)	(16,495,941)	(2,790,812)	(66,771,105)
Net position	5,547,077	4,139,214	3,364,993	569,296	13,620,580

Securities lending arrangements

The Group entered into securities lending agreements with clients. As at 31 December 2021, it lent out its own equity securities and ETF classified as financial assets measured at fair value through profit or loss of RMB1,126 million (31 December 2020: RMB2,515 million). As stipulated in the securities lending agreements, the legal ownership of these equity securities and ETF was transferred to the clients. Although the clients could sell these securities during the term of lending, they have obligations to return these securities to the Group at specified future dates and within a maximum period of 776 days. The Group has determined that it retains substantially all the risks and rewards of ownership of these securities and therefore has not derecognized these securities in the consolidated financial statements.

51. CAPITAL COMMITMENTS

	As at 31 December	
	2021	2020
Contracted but not provided for		
Leasehold improvements	15,583	16,977
Property and equipment	259,592	125,958
	275,175	142,935

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52. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

For the year ended 31 December 2021

Name	Fee	Salaries and allowances	Employer's contribution to pension schemes	Bonuses	Total
Executive Directors:					
Chen Gongyan	–	1,484	223	1,181	2,888
Chen Liang	–	1,484	217	356	2,057
Jiang Yuesheng ⁽²⁾	–	646	231	1,678	2,555
Wu Chengming ⁽³⁾	–	1,529	223	779	2,531
Non-executive Directors:					
Liu Dingping ⁽¹⁾	–	–	–	–	–
Yang Tijun ⁽⁴⁾	–	–	–	–	–
Liu Chang ⁽⁵⁾	–	–	–	–	–
Liu Zhihong ⁽⁶⁾	–	–	–	–	–
Xiao Lihong ⁽⁷⁾	–	–	–	–	–
Independent Non-executive Director:					
Liu Ruizhong	260	–	–	–	260
Liu Chun	260	–	–	–	260
Wang Zhenjun	270	–	–	–	270
Luo Zhuojian	210	–	–	–	210
Supervisors:					
Qu Yanping ⁽⁸⁾	–	493	51	39	583
Chen Jijiang	–	697	223	1,421	2,341
Fan Minfei	–	752	223	1,493	2,468
Tao Libin	120	–	–	–	120
Chen Jing ⁽⁹⁾	–	1,484	223	872	2,579
Fang Yan ⁽¹⁰⁾	120	–	–	–	120

- (1) The emoluments of these non-executive directors of the Company were borne or partially borne by its shareholders and other related parties including Galaxy Financial Holdings and Central Huijin Investment Ltd. ("Central Huijin"). No allocation of the emoluments among these related parties and the Group has been made.
- (2) Appointed as an executive director on 29 June 2021.
- (3) Resigned as an executive director on 29 October 2021.
- (4) Appointed as a non-executive director on 29 June 2021.
- (5) Appointed as a non-executive director on 29 June 2021.
- (6) Appointed as a non-executive director on 29 June 2021.
- (7) Resigned as a non-executive director on 29 June 2021.
- (8) Appointed as a supervisor on 19 October 2021.
- (9) Resigned as a supervisor on 19 October 2021.
- (10) Resigned as a supervisor on 29 June 2021.

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52. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

For the year ended 31 December 2020

Name	Fee	Salaries and allowances	Employer's contribution to pension schemes	Bonuses	Total
Executive Directors:					
Chen Gongyan	–	1,488	192	1,588	3,268
Chen Liang	–	1,488	180	284	1,952
Wu Chengming	–	1,532	193	737	2,462
Non-executive Directors:					
Liu Dingping ⁽¹⁾	–	–	–	–	–
Wang Zelan ⁽²⁾	–	632	144	1,177	1,953
Xiao Lihong	–	–	–	–	–
Zhang Tianli ⁽³⁾	–	–	–	–	–
Independent Non-executive Director					
Liu Ruizhong	260	–	–	–	260
Liu Chun	260	–	–	–	260
Wang Zhenjun	270	–	–	–	270
Luo Zhuojian ⁽⁴⁾	89	–	–	–	89
Supervisors:					
Chen Jing	–	1,488	190	1,287	2,965
Chen Jijiang	–	682	172	1,339	2,193
Liu Zhiyi ⁽⁵⁾	–	64	15	1,264	1,343
Tao Libin	120	–	–	–	120
Fang Yan	120	–	–	–	120
Fan Minfei ⁽⁶⁾	–	718	175	1,341	2,234

(1) The emoluments of these non-executive directors of the Company were borne or partially borne by its shareholders and other related parties including Galaxy Financial Holdings and Central Huijin Investment Ltd. ("Central Huijin"). No allocation of the emoluments among these related parties and the Group has been made.

(2) Resigned as a non-executive director on 24 December 2020.

(3) Resigned as a non-executive director on 22 September 2020.

(4) Appointed as an independent non-executive director on 29 June 2020.

(5) Resigned as a supervisor on 25 March 2020.

(6) Appointed as a supervisor on 25 March 2020.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The non-executive and independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

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52. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The supervisors' emoluments shown above were mainly for their services as supervisors of the Company.

Pursuant to the PRC relevant regulations, a portion of the performance-based bonus for certain executive directors, non-executive directors and supervisors are deferred for a minimum of 3 years contingent upon the future performance.

As of the date of the issuance of these consolidated financial statements, the above compensation packages including performance-based bonus for executive directors, non-executive directors and supervisors for the year ended 31 December 2021 have not been finalized. The management of the Group believes that the difference between the final emoluments and that disclosed above will not have a significant impact on the consolidated financial statements of the Group.

For the years ended 31 December 2021 and 2020, no directors or supervisors of the Company waived any emoluments and no emoluments were paid by the Company to any of the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

53. FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the five highest paid employees during the reporting periods are as follows:

	Year ended 31 December	
	2021	2020
Basic salaries and allowances	6,582	7,435
Bonuses	5,461	6,144
Employer's contribution to pension schemes	1,123	948
	13,166	14,527

Bonuses are discretionary and determined by reference to the Group's and the individuals' performance. No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years of 2021 and 2020.

The number of the highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December	
	2021 No. of employees	2020 No. of employees
Emolument bands		
– HKD3,000,001 to HKD3,500,000	4	1
– HKD3,500,001 to HKD4,000,000	1	3
– HKD4,000,001 to HKD4,500,000	–	–
– HKD4,500,001 to HKD5,000,000	–	–
– HKD5,000,001 to HKD5,500,000	–	–
– HKD6,000,001 to HKD6,500,000	–	–
– HKD10,000,001 to HKD10,500,000	–	–
	5	4

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(Amounts in thousands of Renminbi, unless otherwise stated)

54. RELATED PARTY TRANSACTIONS

(a) Transactions and balances with governmental related entities operated in the PRC

(1) Immediate holding company and its fellow subsidiaries

Galaxy Financial Holdings is a financial holding company approved by the State Council of the PRC and was established in Beijing on 8 August 2005. Galaxy Financial Holdings owned 5,186,568,364 shares (31 December 2020: 5,186,568,364 shares), representing 51.16% of the entire equity interest of the Company as at 31 December 2021 (31 December 2020: 51.16%). The shareholders of Galaxy Financial Holdings are Central Huijin Investment Ltd. ("Central Huijin") with 69.07% equity interest, the Ministry of Finance (the "MOF") with 29.32% equity interest and the National Council for Social Security Fund (the "SSF") with 1.61% equity interest.

Central Huijin is a wholly-owned subsidiary of China Investment Corporation Limited, and is established in Beijing, PRC. Central Huijin was established to hold certain equity investments as authorized by the State Council and does not engage in other commercial activities. Central Huijin exercises legal rights and obligations in the Group on behalf of the PRC Government.

The MOF is one of the ministries under the State Council, primarily responsible for state fiscal revenue and expenditures, and taxation policies.

The SSF is a government agency at the ministerial level directly under the State Council of the PRC, primarily responsible for the management and operation of National Social Security Fund.

During the years ended 31 December 2021 and 2020, the Group provided securities brokerage and asset management services to Galaxy Financial Holdings and its subsidiaries and details of the significant transactions and balances are set out below.

	As at 31 December 2021	As at 31 December 2020
Accounts receivable	6,906	2,504
Accounts payable to brokerage clients	64,124	54,672
Financial assets measured at fair value through profit or loss	–	511,810
Right-of-use assets	–	25,569
Lease liabilities	–	25,454
Other liabilities	11	–
	Year ended 31 December	
	2021	2020
Commission and fee income	44,329	62,914
Interest expenses	415	1,058
Rental expenses paid or payable	46,990	157,745

During the year ended 31 December 2021, accounts payable to brokerage clients from Galaxy Financial Holdings amount to RMB0.06 million (31 December 2020: RMB0.02 million).

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54. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions and balances with governmental related entities operated in the PRC (continued)

(2) Central Huijin Group

Central Huijin holds equity interests in a number of banks and non-bank financial institutions in the PRC under the direction of the Chinese government (collectively referred to as the “Central Huijin Group”). The Group enters into transactions with Central Huijin Group under normal commercial terms. Such transactions mainly include deposits at banks, securities and futures dealing and broking, underwriting of equity and debt securities, and purchase and sale of equity and debt securities issued by banks and non-bank financial institutions within the Central Huijin Group.

The Group’s material transactions with the Central Huijin Group

	Year ended 31 December	
	2021	2020
Commission and fee income	68,256	137,235
Interest income from banks and other financial institutions within the Central Huijin Group	1,211,655	1,035,997
Investment gains of equity and debt securities issued by banks and other financial institutions within the Central Huijin Group	(668,399)	57,821
Interest expenses to brokerage clients within the Central Huijin Group	58,493	132,681
Other income, gains and losses	762	735
Other operating expenses	5,112	4,584

The Group’s material balances with the Central Huijin Group

	As at 31 December 2021	As at 31 December 2020
Equity and debt securities issued by banks and non-bank financial institutions within the Central Huijin Group classified as		
– financial assets measured at FVTOCI	4,262,202	2,445,704
– financial assets measured at FVTPL	2,386,273	1,174,435
Bank balances deposited with banks within the Central Huijin Group	48,920,582	42,547,077
Derivative financial assets	7,685	5,833
Right-of-use assets	2,119	4,773
Derivative financial liabilities	929,811	505,903
Accounts receivable	6,468	6,984
Due to banks and other financial institutions	4,076,284	2,040,038
Accounts payable to brokerage clients within the Central Huijin Group	894,091	483,349
Other payables and accruals	9,361	80,471
Financial assets sold under repurchase agreements	18,436,817	11,806,268
Lease liabilities	1,706	4,459

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54. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions and balances with governmental related entities operated in the PRC (continued)

(3) Transactions with other government-related entities in the PRC

Other than disclosed above, a significant portion of the Group's transactions are entered into with government-related entities including securities and futures dealing and broking, underwriting of debt securities, purchase and sales of government bonds, and equity and debt securities issued by other government-related entities. These transactions are entered into under normal commercial terms and conditions. At the end of the reporting period, the Group holds such investments in equity and debt securities and has balances with these government-related entities including accounts payable to brokerage clients.

The directors of the Company consider that transactions with government-related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those entities are government related. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the counterparties are government related entities.

(b) Other related parties

(1) Other related parties which have transactions with the Group are as follows:

Name	Relationship
E-Capital Transfer Co., Ltd. ("E-Capital Transfer") 證通股份有限公司	Note 1
China Securities Lize Real Estate (Beijing) Co., Ltd. [#] ("China Securities Lize Real Estate") 中證麗澤置業(北京)有限責任公司	Joint venture
China Securities Internet System Co., Ltd (中證機構間報價系統股份有限公司)	Note 2
Huafu Fund Management Co., Ltd. ("Huafu Fund") (華富基金管理有限公司)	Note 3

Note 1: The Company is one of the shareholders of E-Capital Transfer with 1.99% equity interest. Mr. Wu Chengming serves as the Company's board secretary from August 2012 to October 2021 and also as the director of E-Capital Transfer from June 2018.

Note 2: China Securities Inter-Agency Quotation System Co., Ltd. is under control, joint control or significant influence by the Company's key management personnel.

Note 3: Huafu Fund is under control, joint control or significant influence by the Company's key management personnel. The Company's independent director serves as independent director of Huafu Fund.

The Group's material transactions with other related parties

Commission and fee income

	Year ended 31 December	
	2021	2020
Huafu Fund	2,828	2,182

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54. RELATED PARTY TRANSACTIONS (continued)

(b) Other related parties (continued)

(1) Other related parties which have transactions with the Group are as follows: (continued)

The Group's material transactions with other related parties (continued)

Expenses paid or payable to

	Year ended 31 December	
	2021	2020
China Securities Internet System	75	–
E-Capital Transfer	684	569

Financial assets measured at fair value through profit or loss

	As at 31 December	
	2021	2020
E-Capital Transfer	36,638	43,789

Other receivables and prepayments

	As at 31 December	
	2021	2020
Huafu Fund	1,728	–
China Securities Lize Real Estate	1,154,126	1,133,631

(2) Key management personnel compensations

Key management personnel are those persons having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and other members of senior management.

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54. RELATED PARTY TRANSACTIONS (continued)

(b) Other related parties (continued)

(2) Key management personnel compensations (continued)

The key management compensation for the years ended 31 December 2021 and 2020 comprises:

	Year ended 31 December	
	2021	2020
Salaries, allowances, bonuses, social welfare and annuity scheme contribution	32,796	34,490

55. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December 2021	As at 31 December 2020
Financial assets		
Financial assets at amortized cost	299,275,057	259,805,088
– Debt instruments measured at amortized cost	5,269,449	5,789,252
– Financial assets held under resale agreements	21,975,081	31,863,071
– Deposits with exchanges and non-bank financial institutions	11,716,190	16,194,046
– Bank balances	113,938,328	92,727,554
– Advances to customers	98,193,766	82,018,447
– Accounts receivable	10,150,725	12,215,070
– Other financial assets	5,737,478	1,413,792
– Clearing settlement funds	32,294,040	17,583,856
Debt instruments measured at fair value through other comprehensive income	81,232,919	52,130,232
Equity instruments measured at fair value through other comprehensive income	34,684,603	33,868,191
Financial assets measured at fair value through profit or loss (FVTPL)	135,642,907	92,647,010
– Mandatorily measured at FVTPL	135,642,907	92,647,010
Derivative financial assets	1,945,907	869,501
Financial liabilities		
Financial liabilities at amortized cost	398,788,121	345,531,666
– Bonds payable	84,232,115	59,692,371
– Debt instruments	31,149,825	54,263,434
– Other financial liabilities	27,107,552	22,180,789
– Accounts payable to brokerage clients	128,400,821	97,670,919
– Due to banks and other financial institutions	24,054,185	23,610,748
– Financial assets sold under repurchase agreements	134,603,888	88,113,405
Financial liabilities held for trading	1,476,290	2,403,252
Financial liabilities designated as at fair value through profit or loss	15,107,645	7,627,495
Derivative financial liabilities	4,647,304	1,973,412

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56. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group offsets the following financial assets and financial liabilities since the Group currently has a legally enforceable right to set off the balances, and intends either to settle on a net basis, or to realize the balances simultaneously.

(a) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

As at 31 December 2021						
Type of financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Accounts receivable from clearing house and brokers ⁽¹⁾	9,256,584	(318,317)	8,938,267	(6,816,610)	(198,844)	1,922,813
Total	9,256,584	(318,317)	8,938,267	(6,816,610)	(198,844)	1,922,813

As at 31 December 2020						
Type of financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial* instruments	Cash collateral received	
Accounts receivable from clearing house and brokers ⁽¹⁾	10,617,481	(790,926)	9,826,555	(177,851)	(7,839,430)	1,809,274
Total	10,617,481	(790,926)	9,826,555	(177,851)	(7,839,430)	1,809,274

* These represent the market values of shares pledged by customers which are capped at the outstanding balances of the respective customers.

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56. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

As at 31 December 2021						
Type of financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
Accounts payable to clearing house and brokers ⁽¹⁾	11,828,336	(318,317)	11,510,019	(6,816,610)	–	4,693,409
Total	11,828,336	(318,317)	11,510,019	(6,816,610)	–	4,693,409

As at 31 December 2020						
Type of financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
Accounts payable to clearing house and brokers ⁽¹⁾	*18,705,480	*(790,926)	*17,914,554	*(177,851)	–	*17,736,703
Total	*18,705,480	*(790,926)	*17,914,554	*(177,851)	–	*17,736,703

Notes:

- (1) Under the continuous net settlement, certain receivables and payables with Hong Kong Securities Clearing Company Limited and other brokers on the same settlement dates are settled on net basis.

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57. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bonds payable	Debt instruments	Due to banks and other financial institutions	Dividends payable
At 31 December 2020	59,692,371	54,263,434	7,993,493	–
Financing cash flows	21,909,246	(24,164,468)	(369,536)	(2,470,197)
Non-cash changes:				
Interest expenses	2,630,498	1,050,859	151,379	–
Acquisition of subsidiaries	–	–	150,908	–
Dividends declared	–	–	–	2,913,697
At 31 December 2021	84,232,115	31,149,825	7,926,244	443,500

	Bonds payable	Debt instruments	Due to banks and other financial institutions	Dividends payable
At 31 December 2019	57,665,091	24,017,785	5,775,420	–
Financing cash flows	(745,469)	29,320,946	1,893,523	(1,621,961)
Non-cash changes:				
Interest expenses	2,772,749	924,703	324,550	–
Dividends declared	–	–	–	1,621,961
At 31 December 2020	59,692,371	54,263,434	7,993,493	–

The ending balances as at 31 December 2021 and 2020 shown above excluded certain amounts from due to banks and other financial institutions and interest accrued on them as they were related to operating activities of the Group.

58. FINANCIAL RISK MANAGEMENT

Overview

The Group's risk management objectives are to ensure its development within a sustainable and healthy direction, its business operated orderly within an acceptable risk framework and its overall risks within a measurable, controllable and acceptable manner, aiming to achieve the Group's overall development strategy. The Group's risk management strategy is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance, and reliably measure and monitor the risks on a timely and effective manner to ensure the risks are controlled within the tolerance level.

In daily operation, the Group is mainly exposed to credit risk, market risk, operational risk and liquidity risk. The Group has established risk management policies and procedures to identify and analyze these risks, set appropriate risk indicators, risk limits, risk policies and internal control processes, and monitor and manage the risks continuously through its information system.

Risk management principles include the consideration of the levels of comprehensiveness, prudence, counter checking and balancing and independence.

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58. FINANCIAL RISK MANAGEMENT (continued)

Risk management organizational structure

The risk management of the Company at the upper level involving the Board of Directors, the Board of Supervisors and the management as the major bodies of the comprehensive risk management system and according to the “three-layer defence” lays down the foundation of risk management, incorporates risk management of subsidiaries in a single system and implements a vertical management of risks, among which:

The Board of Directors is the highest decision-making body of the risk management system, taking the ultimate responsibility for the Company’s risk management duties through its sub-committees, Compliance and Risk Management Committee and Audit Committee. The Board of Supervisors monitors whether the Board of Directors and the management have fulfilled their responsibilities in respect of risk management on a timely and effective manner according to laws and regulations. The management is responsible for the implementation of risk management strategies, objectives and policies. The chief risk officer is in charge of overall risk management.

Business departments, functional departments and branches are charged with the primary responsibility for risk management. They shall execute the Company’s risk management strategies and policies, understand and give due consideration to various risks when making decisions, and timely and effectively identify, assess, monitor and report relevant risks. The Company deploys dedicated/part-time risk management and compliance personnel in business departments and branches to be responsible for the management of specific risks and compliance management. Risk Management Department, Legal and Compliance Department, Financial Management Department, Capital Management Departments, Audit Department and Disciplinary Inspection Office are responsible for monitoring and managing various risks.

Each subsidiary establishes its own risk management framework, policies, IT system and risk control indicator system according to the risk appetite and framework of the Company and the Company’s requirement on comprehensive risk management for its subsidiaries. It has to ensure consistency and effectiveness of overall risk management, taking into account of factors such as its own capital level, risk tolerance and complexity of business.

58.1 Credit risk

Credit risk is the risk of loss due to failures or inability to fulfil obligations by counterparties, or the downgrade of credit rating of them. The Group’s financial assets exposed to credit risk mainly include advances to customers, accounts receivable, other financial assets, financial assets measured at amortized cost, financial assets measured at FVTOCI, financial assets held under resale agreements, financial assets measured at FVTPL, deposits with exchanges and non-bank financial institutions, clearing settlement funds and bank balances. Taking no account of collateral or other credit enhancements, the maximum credit exposure of financial assets to the extent exposed to credit risk approximates to their carrying amount at the reporting date.

Bank balances of the Group are mainly deposited in state-owned commercial banks or joint-stock commercial banks with good credit rating, and clearing settlement funds are deposited with the China Securities Depository and Clearing Corporation Limited (the “CSDCC”).

For proprietary trading business, when the transactions are conducted through stock exchanges and the CSDCC, the counterparty default risk is considered to be low. For transactions conducted through the interbank market, counterparties are evaluated and only parties with good credit rating are authorized to trade with.

In order to manage the risk of its investment portfolio, except for investments in short-term bonds with rating of A-1, which represents the highest rating of the short-term bonds, the Group invests primarily in bonds with rating of AA or above. Therefore, the Group considers the credit exposure of proprietary trading business is not significant.

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58. FINANCIAL RISK MANAGEMENT (continued)

58.1 Credit risk (continued)

Margin trading assets consist of advances to customers and securities lent to customers. The main credit risk of these financial assets is customers' failure to repay the principal, interest or securities lent to them. The Group monitors margin trading clients' accounts on an individual customer basis and call for additional margin deposits, cash collateral or securities, whenever necessary. The advances to margin clients are monitored through their collateral ratios, which ensure the value of the pledged assets is sufficient to cover the advances. As at 31 December 2021 and 2020, the collateral ratios of most of the Group's margin clients were above 130%.

The credit risk of the Group also arises from their securities and futures brokerage business. In the case of customers failing to deposit adequate funds, the Group may have to complete trade settlements by using their own funds. To mitigate these credit risks, the Group requires cash deposit of full amounts for all transactions before they settle on behalf of customers.

As at 31 December 2021, other than those financial assets whose carrying amounts represent maximum exposure to credit risks, the Group is also exposed to credit risks arising from security lending and borrowing activities as clients may default on returning securities borrowed. Securities lent to clients may include securities collateral received from other clients under similar lending and borrowing arrangements. Therefore, these securities may not be recognized in the consolidated statement of financial position of the Group. As at 31 December 2021, the total amount of the securities (both the Group's own securities and securities borrowed by the Group) lent to clients was RMB3,019 million (31 December 2020: RMB6,637 million).

The concentration of credit risk is limited due to the counterparty and customer base being large and diversified.

Impairment under the ECL model

Since 1 January 2018, the Group has recognized a loss allowance for ECLs on financial assets which are subject to impairment under IFRS 9 using the ECL models, including debt instruments measured at FVTOCI or amortized cost, advances to customers, accounts receivable, other receivables, financial assets held under resale agreements, deposits with exchanges and non-bank financial institutions, clearing settlement funds and bank balances. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition.

The key inputs used for measuring ECLs based on the "probability of default" approach are the probability of default (PD), loss given default (LGD) and exposure at default (EAD); or, based on the loss rate approach, the key input is the loss rate. These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

Significant increase in credit risk

Except for accounts receivable without significant financing component which are always measured on the lifetime ECL basis, the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets.

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58. FINANCIAL RISK MANAGEMENT (continued)

58.1 Credit risk (continued)

Impairment under the ECL model (continued)

Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life;
- an actual or expected significant change in the financial instrument's external credit rating;
- an actual or expected internal credit rating downgrade for the borrower;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations;
- an actual or expected significant change in the operating results of the borrower;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- an actual or expected significant change in the quality of credit enhancement; and
- significant changes in the expected performance and behaviour of the borrower.

Internal credit risk ratings

The Group has developed internal credit rating models and functional internal credit rating systems based on the characteristics of different industries and target customer bases, to perform rating for borrowers or bond issuers. The Group gradually apply the internal credit rating results to business authorization, limit measurement, quota approval, risk monitoring, asset quality management and etc., which have become important tools for decision-making and risk management in credit business.

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECLs. The Group generates a base case scenario of future forecast of relevant economic variables, along with a series of representative ranges of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

58. FINANCIAL RISK MANAGEMENT (continued)

58.1 Credit risk (continued)

Impairment under the ECL model (continued)

Measurement of ECLs

The measurement of ECLs is a function of the PD, LGD and EAD based on the probability of default approach. The assessment of the PD and LGD is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For undrawn loan commitments, the ECLs is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

The Group measures ECLs considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is a common business practice.

The measurement of ECLs is based on the probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis as noted below.

Groupings based on shared risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as instrument type, credit risk grade, collateral type, remaining term to maturity and the value of collateral relative to the financial asset if it has an impact on the probability of a default occurring (loan-to-value ratios). The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

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58. FINANCIAL RISK MANAGEMENT (continued)

58.1 Credit risk (continued)

Impairment under the ECL model (continued)

Groupings based on shared risk characteristics (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

As at 31 December 2021	Notes	12-month or lifetime ECL	Gross carrying amount	ECL
Financial assets held under resale agreements	25	12-month ECL	20,986,872	19,365
		Lifetime ECL (not credit-impaired)	–	–
		Credit-impaired	1,411,486	403,912
Debt instruments measured at fair value through other comprehensive income	26	12-month ECL	81,005,094	90,434
		Lifetime ECL (not credit-impaired)	225,422	2,056
		Credit-impaired	2,403	87,597
Debt instruments measured at amortized cost	28	12-month ECL	5,219,700	8,537
		Lifetime ECL (not credit-impaired)	–	–
		Credit-impaired	150,231	91,945
Advances to customers	32	12-month ECL	98,259,545	131,465
		Lifetime ECL (not credit-impaired)	60,991	550
		Credit-impaired	74,375	69,130
Other financial assets measured at amortized cost*		12-month ECL	173,731,043	109,141
		Lifetime ECL (not credit-impaired)	80,267	13,380
		Credit-impaired	570,273	422,302
Total			381,777,702	1,449,814

* Other financial assets measured at amortized cost include accounts receivable, other receivables, deposits with exchanges and non-bank financial institutions, clearing settlement funds and bank balances.

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58. FINANCIAL RISK MANAGEMENT (continued)

58.1 Credit risk (continued)

Impairment under the ECL model (continued)

Groupings based on shared risk characteristics (continued)

The following tables show the reconciliation of loss allowances that have been recognized:

- (1) Loss allowances for financial assets held under resale agreements

	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
As at 1 January 2021	22,474	–	561,772	584,246
Changes due to financial instruments recognized as at 1 January:				
– Transfers between stages				
– Increase	–	–	2,228	2,228
– Decrease	(2,228)	–	–	(2,228)
– Impairment losses reversed	(8,959)	–	(173,025)	(181,984)
New financial assets originated or purchased	8,090	–	13,136	21,226
Exchange difference and others	(12)	–	(199)	(211)
As at 31 December 2021	19,365	–	403,912	423,277

- (2) Loss allowances for debt instruments measured at fair value through other comprehensive income

	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
As at 1 January 2021	108,706	9,123	89,001	206,830
Changes due to financial instruments recognized as at 1 January:				
– Transfers between stages				
– Increase	–	2,751	–	2,751
– Decrease	(2,751)	–	–	(2,751)
– Impairment losses recognized	1,494	170	–	1,664
– Impairment losses reversed	(82,346)	(9,988)	(1,404)	(93,738)
New financial assets originated or purchased	65,331	–	–	65,331
As at 31 December 2021	90,434	2,056	87,597	180,087

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(Amounts in thousands of Renminbi, unless otherwise stated)

58. FINANCIAL RISK MANAGEMENT (continued)

58.1 Credit risk (continued)

Impairment under the ECL model (continued)

Groupings based on shared risk characteristics (continued)

(3) Loss allowances for debt instruments measured at amortized cost

	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
As at 1 January 2021	19,666	–	100,375	120,041
Changes due to financial instruments recognized as at 1 January:				
– Impairment losses recognized	1,265	–	13,676	14,941
– Impairment losses reversed	(13,255)	–	(22,106)	(35,361)
New financial assets originated or purchased	965	–	–	965
Exchange difference and others	(104)	–	–	(104)
As at 31 December 2021	8,537	–	91,945	100,482

(4) Loss allowances for advances to customers

	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
As at 1 January 2021	132,873	829	58,602	192,304
Changes due to financial instruments recognized as at 1 January:				
– Transfers between stages				
– Increase	–	–	199	199
– Decrease	(17)	(182)	–	(199)
– Impairment losses recognized	4,744	5	57,595	62,344
– Impairment losses reversed	(101,104)	(105)	(54,418)	(155,627)
Amounts written off	–	–	(2,064)	(2,064)
New financial assets originated or purchased	94,969	3	–	94,972
Exchange difference and others	–	–	9,216	9,216
As at 31 December 2021	131,465	550	69,130	201,145

Due to the fluctuation of the stock market, the collateral valuations fell short of the related margin loan amount. The overall increase of the loss allowance for advances to customers was RMB157 million for the year ended 31 December 2021.

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(Amounts in thousands of Renminbi, unless otherwise stated)

58. FINANCIAL RISK MANAGEMENT (continued)

58.1 Credit risk (continued)

Impairment under the ECL model (continued)

Groupings based on shared risk characteristics (continued)

(5) Loss allowances for other financial assets measured at amortized cost

	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
As at 1 January 2021	33,430	14,320	347,470	395,220
Changes due to financial instruments recognized as at 1 January:				
– Transfers between stages				
– Increase	–	–	18,887	18,887
– Decrease	(18,887)	–	–	(18,887)
– Impairment losses recognized	34,560	5,979	22,944	63,483
– Impairment losses reversed	(17,951)	(7,305)	(50,481)	(75,737)
Impact of acquisition of subsidiaries	26,324	–	–	26,324
Amounts written off	–	–	(17,932)	(17,932)
New financial assets originated or purchased	51,665	497	104,825	156,987
Exchange difference and others	–	(111)	(3,411)	(3,522)
As at 31 December 2021	109,141	13,380	422,302	544,823

The most significant movements of loss allowance for other financial assets measured at amortized cost during the year arose from impairment losses recognized as a result of deterioration of credit quality of these financial assets.

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(Amounts in thousands of Renminbi, unless otherwise stated)

58. FINANCIAL RISK MANAGEMENT (continued)

58.1 Credit risk (continued)

Impairment under the ECL model (continued)

Groupings based on shared risk characteristics (continued)

- (5) Loss allowances for other financial assets measured at amortized cost (continued)

The tables below summarize the Group's investments in bonds by their external credit rating.

External credit rating	As at 31 December 2021	As at 31 December 2020
Domestic bonds		
China's Sovereign Credit	72,482,152	46,497,984
AAA	46,245,657	37,507,824
AA+	8,365,204	6,509,235
AA	3,477,436	4,835,277
AA-	282,629	–
Under AA-	81,835	72,619
A-1	122,892	352,772
Not rated	15,544,625	9,367,801
Subtotal	146,602,430	105,143,512
Offshore bonds		
Other Countries' Sovereign Credit	1,145,615	1,445,422
A	146,520	98,181
B	997,154	1,421,337
Not rated	1,363,260	–
Subtotal	3,652,549	2,964,940
Total	150,254,979	108,108,452

Note: China's Sovereign Credit represents the credit rating of Chinese government bonds. "A-1" represents the highest rating of the short-term bonds. The credit ratings of offshore bonds use the lowest ratings of the ones given by Moody's, Standard & Poor's and Fitch, if available; or otherwise shown as "not rated".

58.2 Market risk

Market risk is the risk of loss arising from adverse change in fair value or movement in cash flows in respect of financial instruments, due to interest rate risk, currency risk or price risk.

Within the scope of risk partiality, the Group formulates market risk authorization for proprietary business lines, including transaction limit, risk value, sensitivity, stop loss limit, stress test, concentration and other risk indicators. According to the role and limitations of different indicators, the Group establishes complementary indicator systems of different types and levels, and manages them according to different dimensions. The Group continuously monitors the market risk status and the implementation of relevant risk authorization, and takes timely control and mitigation measures to limit, transfer and reduce market risk.

58. FINANCIAL RISK MANAGEMENT (continued)

58.2 Market risk (continued)

The Risk Management Department, which is independent of the business department, is the centralized department of market risk management. It identifies, evaluates, monitors and reports the market risks faced by its own funds participating in business and products, and independently evaluates and verifies the valuation methods and risk measurement models of financial instruments used in the process of business development. The Risk Management Department monitors the implementation of risk authorization of the business department, timely reveals the risks, reports the market risk status to the operation management or its authorized organization, the board of directors and its Risk Management Committee on a regular basis, and makes special risk reports on special or major risk issues from time to time. Each business department is the first person in charge of market risk management. According to the market risk monitoring results, they select the market risk hedging and risk mitigation strategies suitable for risk preference, mainly including risk dispersion and risk hedging, and actively transfers, controls and reduces market risk. Regularly or irregularly feed back the market risk management status of the Department to the risk management department.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The securities price risk of the Group was mainly derived from the positions held in businesses such as proprietary investment, and market making business. In order to control risks effectively, the Group mainly adopted the following measures. Firstly, by creating securities investment portfolios, the Group made use of financial derivatives to carry out effective risk hedging. Secondly, the risk exposures of the Group's positions were managed on a unified basis. Through the defensive lines of the internal risk division of the business department and the risk management department, the Group implemented independent risk monitoring, analysis and reporting to discover and handle risks in a timely manner. Thirdly, the Company implemented the risk permit management to control indicators such as the scale of risk exposure, concentration level and limit of loss, and made adjustments irregularly to respond to the ever-changing market conditions, business conditions or risk tolerance. Fourthly, the Group adopted quantitative means such as VaR and combined with other methods such as scenario analysis and stress test to assess the relative and absolute risks of the portfolios.

The Company, Galaxy International, which takes a great market risk adopts 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, and utilise stress testing as an effective supplement to the VaR analysis. VaR analysis is a statistical technique that estimates the potential maximum losses that could occur on risk positions due to movements in interest rates, stock prices or currency rates over a specified time period and at a given level of confidence.

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(Amounts in thousands of Renminbi, unless otherwise stated)

58. FINANCIAL RISK MANAGEMENT (continued)

58.2 Market risk (continued)

Price risk (continued)

The analysis of the Company's VaR (confidence level of 95% and a holding period of one trading day) by types of risks is as follows:

The Company	2021			
	2021/12/31	Average	Lowest	Highest
VaR of equity price	80,610	90,072	37,202	189,492
VaR of interest rate	133,652	136,452	16,809	252,384
VaR of commodity price	2,640	1,490	134	8,140
Total portfolio VaR	101,646	127,726	76,086	229,319

The Company	2020			
	2020/12/31	Average	Lowest	Highest
VaR of equity price	74,441	76,268	41,493	125,989
VaR of interest rate	138,379	152,848	11,531	266,252
VaR of commodity price	139	72	6	229
Total portfolio VaR	114,418	120,181	54,195	202,834

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group utilizes sensitivity analysis as the main tool of monitoring interest rate risk and measuring the impact to profit and equity for a reasonable and possible change of interest rates, assuming all other variables were held constant. Debt securities of the Group mainly comprise corporate bonds, and the Group mitigates the interest rate risk through monitoring the durations and convexities of its bond portfolios. Interest rate risk in connection with cash held on behalf of customers in bank balances and clearing settlement funds is offset by the associated accounts payable to brokerage clients because their terms match with each other.

The tables below summarize the Group's interest-bearing financial assets and liabilities by their remaining terms to repricing or contractual maturity date, whichever is earlier. Other financial assets and liabilities not included below are not exposed to significant interest rate risk.

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58. FINANCIAL RISK MANAGEMENT (continued)

58.2 Market risk (continued)

Interest rate risk (continued)

As at 31 December 2021

	Less than 1 year	More than 1 but less than 3 years	More than 3 but less than 5 years	More than 5 years	Total
Financial assets					
Advances to customers	98,123,030	70,736	–	–	98,193,766
Debt instruments measured at fair value through other comprehensive income	3,197,275	17,596,640	21,259,103	39,179,901	81,232,919
Debt instruments measured at amortized cost	1,924,144	2,531,967	151,471	661,867	5,269,449
Financial assets held under resale agreements	13,223,627	8,751,454	–	–	21,975,081
Financial assets measured at fair value through profit or loss	10,630,670	26,653,926	13,391,083	14,534,473	65,210,152
Clearing settlement funds	32,294,040	–	–	–	32,294,040
Bank balances	113,738,076	200,000	–	–	113,938,076
Subtotal	273,130,862	55,804,723	34,801,657	54,376,241	418,113,483
Financial liabilities					
Bonds payable	26,654,298	55,756,243	1,821,574	–	84,232,115
Due to banks and other financial institutions	24,054,185	–	–	–	24,054,185
Debt instruments	30,951,389	198,436	–	–	31,149,825
Accounts payable to brokerage clients	128,400,821	–	–	–	128,400,821
Financial assets sold under repurchase agreements	134,603,888	–	–	–	134,603,888
Other financial liabilities	111,297	247,812	–	222,043	581,152
Subtotal	344,775,878	56,202,491	1,821,574	222,043	403,021,986
Net interest-bearing position	(71,645,016)	(397,768)	32,980,083	54,154,198	15,091,497

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(Amounts in thousands of Renminbi, unless otherwise stated)

58. FINANCIAL RISK MANAGEMENT (continued)

58.2 Market risk (continued)

Interest rate risk (continued)

As at 31 December 2020

	Less than 1 year	More than 1 but less than 3 years	More than 3 but less than 5 years	More than 5 years	Total
Financial assets					
Advances to customers	81,998,721	19,726	–	–	82,018,447
Debt instruments measured at fair value through other comprehensive income	5,728,148	17,348,181	15,354,886	13,699,017	52,130,232
Debt instruments measured at amortized cost	1,957,817	386,778	2,402,895	1,041,762	5,789,252
Financial assets held under resale agreements	19,748,516	12,114,555	31,863,071	–	–
Financial assets measured at fair value through profit or loss	7,315,180	15,655,476	19,369,905	8,014,453	50,355,014
Clearing settlement funds	17,583,856	–	–	–	17,583,856
Bank balances	92,410,028	298,000	–	–	92,708,028
Subtotal	226,742,266	45,822,716	37,127,686	22,755,232	332,447,900
Financial liabilities					
Bonds payable	20,017,727	39,674,644	–	–	59,692,371
Due to banks and other financial institutions	23,610,748	–	–	–	23,610,748
Debt instruments	53,476,353	787,081	–	–	54,263,434
Accounts payable to brokerage clients	97,670,919	–	–	–	97,670,919
Financial assets sold under repurchase agreements	88,113,405	–	–	–	88,113,405
Other financial liabilities	11,139	208,183	–	544,205	763,527
Subtotal	282,900,291	40,669,908	–	544,205	324,114,404
Net interest-bearing position	(56,158,025)	5,152,808	37,127,686	22,211,027	8,333,496

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(Amounts in thousands of Renminbi, unless otherwise stated)

58. FINANCIAL RISK MANAGEMENT (continued)

58.2 Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis

The Group uses sensitivity analysis as the main tool to monitor interest rate risk, and measures the impact on the Group's total profit and other comprehensive income without considering the impact of corporate income tax, when the interest rate changes reasonably and possibly under the assumption that other variables remain unchanged as follows:

	Year ended 31 December	
	2021	2020
Profit before income tax for the year		
Increase by 100 basis points	(1,749,308)	(1,059,033)
Decrease by 100 basis points	1,749,308	1,059,033
	Year ended 31 December	
	2021	2020
Other comprehensive income before income tax		
Increase by 100 basis points	(3,778,170)	(2,527,748)
Decrease by 100 basis points	3,778,170	2,527,748

The influence on the total profit refers to the influence of certain changes in the interest rate in the middle of the next year on the net interest-generating position interest income and the changes in the fair value after the revaluation of the trading financial assets and trading financial liabilities held at the end of the year.

The influence on other comprehensive income refers to the influence of the changes in the fair value of other debt investments held at the end of the period based on the revaluation when a certain interest rate changes.

The above sensitivity analysis assumes that the rates of return on assets and liabilities of each maturity move up or down in parallel, so it does not reflect the possible impact for only interest rate changes while the remaining interest rate remains unchanged. The forecast is also based on other simplified assumptions, including that all positions to be held to maturity.

This assumption does not represent the Group's policy on the use of funds and the management of interest rate risk, so the effects above may differ from the actual situation.

Moreover, the above analysis of the impact of interest rate changes is only an example to show the estimated changes in total profit and other comprehensive income under various projected income scenarios and the current interest rate risk profile of the Group. However, this effect does not take into account the risk management activities that management may take to manage interest rate risk.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

58. FINANCIAL RISK MANAGEMENT (continued)

58.2 Market risk (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The Group's currency risk primarily relates to the Group's operating activities whose settlements and payments are denominated in foreign currencies which are different from the respective group entity's functional currency.

The foreign currency assets and liabilities held by the Group are not material compared to the total assets and liabilities. In terms of the Group's revenue structure, the majority of the business transactions are denominated in RMB, and the proportion of foreign currency transactions is not significant to the Group. The Group considers that the currency risk of the Group's operations is immaterial due to the relatively low proportion of the Group's foreign currency denominated assets, liabilities, income and expense, as compared to the Group's total assets, liabilities, income and expenses. The currency risk of the Group's business is not significant.

58.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities due to shortages of capital or funds. During the normal course of business, the Group may face liquidity risk caused by macroeconomic policy change, market fluctuations, poor operations, credit downgrades, mismatch of assets and liabilities, low turnover rate of assets, underwriting on a firm commitment basis, significant proprietary trading position, or any significant illiquid long-term investments. If the Group fails to address any liquidity risk by adjusting the asset structure or comply with regulatory requirements on certain risk indicators, the Group could be penalized by the regulatory authority, which could cause adverse impacts to the Group's operations and reputations.

The measures of the group's liquidity risk management mainly include:

- (1) Establish a centralized fund management mechanism and an effective fund regulation mechanism.

To cope with and manage liquidity risk effectively, the Company has strengthened monitoring and management over fund transfers of significant amounts in order to achieve centralized fund allocation and coordinated liquidity risk management: incorporated debt financing and leverage ratios into risk authorization systems; established liquidity risk index system; monitored and reported liquidity of the Company on a daily basis; risk warning in a timely manner; conducted regular and ad-hoc stress tests to analyze and evaluate the level of liquidity risk; continuously optimized asset-liability structure to build a multi-level liquidity reserve system; and achieved diversification of financing channels through money market, capital market and bank borrowings.

- (2) Establish a stable liquidity risk management report system.

The Group prepares different financing plans for different periods, and reports implementations of financing plans to reflect the management of liquidity risk.

- (3) Increase working capital and liquidity by issuing shares and corporate bonds.

The Group increases its working capital and liquidity by issuing shares, corporate bonds, debt instruments, transfer of rights and interests in margin loans to support the development of margin financing and other businesses.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

59. FAIR VALUE OF FINANCIAL INSTRUMENTS

59.1 Fair value of the Group's financial assets and financial liabilities that are not measured on a recurring basis

The carrying amounts of the Group's financial assets and financial liabilities not measured at fair value approximate to their fair values as at 31 December 2021 and 31 December 2020 except for the following financial assets and financial liabilities, for which their carrying amounts including interest receivable/interests payable and fair value are disclosed below:

	As at 31 December 2021	
	Carrying amounts	Fair value
Non-current		
Bonds payable	57,577,817	57,078,362
Debt instruments	198,436	179,062
Financial assets held under resale agreements	8,732,973	9,061,287
Debt instruments measured at amortized cost	3,634,614	3,790,659
	As at 31 December 2020	
	Carrying amounts	Fair value
Non-current		
Bonds payable	39,674,644	38,792,862
Debt instruments	787,081	787,747
Financial assets held under resale agreements	12,035,795	12,186,680
Debt instruments measured at amortized cost	3,773,063	3,820,254

Fair values of these financial instruments are determined by contractual cash flows discounted by observable yield curves.

59.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting periods. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable and the significance.

Level 1 fair value measurements are those derived from quoted prices (unadjusted in active markets for identical assets or liabilities);

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

59. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

59.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

As at 31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets:				
Debt instruments measured at FVTOCI:	30,219,521	51,013,398	–	81,232,919
– Debt securities	30,219,521	49,869,137	–	80,088,658
– Others	–	1,144,261	–	1,144,261
Equity instruments measured at FVTOCI:	19,601,843	15,082,632	128	34,684,603
– Perpetual bonds	19,601,843	15,082,632	–	34,684,475
– Equity investments	–	–	128	128
Financial assets measured at FVTPL:	33,879,860	88,872,698	12,890,349	135,642,907
– Debt securities	14,190,731	50,062,929	956,492	65,210,152
– Equity securities	9,381,029	122,961	10,374,955	19,878,945
– Funds	5,380,602	16,509,056	–	21,889,658
– Asset management plan	–	1,213,724	–	1,213,724
– Structured deposits and wealth management products	–	381,280	–	381,280
– Trust schemes	–	321,278	–	321,278
– Other investments	4,927,498	20,261,470	1,558,902	26,747,870
Derivative financial assets	190,711	1,399,255	355,941	1,945,907
Total	83,891,935	156,367,983	13,246,418	253,506,336
Financial liabilities:				
Financial liabilities held for trading:	388,601	1,087,689	–	1,476,290
– Debt securities	–	1,087,689	–	1,087,689
– Equity securities	388,601	–	–	388,601
Financial liabilities designated as at fair value through profit or loss:	1,251,478	12,636,662	1,219,505	15,107,645
– Structured products embedded with equity swaps	1,251,478	–	–	1,251,478
– Equity-linked Financing payables	–	12,142,112	–	12,142,112
– Gold-linked Financing payables	–	494,550	–	494,550
– Others	–	–	1,219,505	1,219,505
Derivative financial liabilities	302,011	2,247,928	2,097,365	4,647,304
Total	1,942,090	15,972,279	3,316,870	21,231,239

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(Amounts in thousands of Renminbi, unless otherwise stated)

59. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

59.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

As at 31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets:				
Debt instruments measured at FVTOCI:	22,485,527	29,644,705	–	52,130,232
– Debt securities	22,485,527	29,644,705	–	52,130,232
Equity instruments measured at FVTOCI:	17,119,553	16,748,638	–	33,868,191
– Perpetual bonds	17,119,553	8,567,638	–	25,687,191
– Equity investments	–	8,181,000	–	8,181,000
Financial assets measured at FVTPL:	27,721,129	57,728,149	7,197,732	92,647,010
– Debt securities	11,710,752	38,644,261	–	50,355,013
– Equity securities	9,049,146	166,795	5,517,985	14,733,926
– Funds	4,575,885	10,732,783	–	15,308,668
– Asset management plan	–	231,908	–	231,908
– Structured deposits and wealth management products	–	2,883,160	–	2,883,160
– Trust schemes	–	43,964	–	43,964
– Other investments	2,385,346	5,025,278	1,679,747	9,090,371
Derivative financial assets	176,513	343,328	349,660	869,501
Total	67,502,722	104,464,820	7,547,392	179,514,934
Financial liabilities:				
Financial liabilities held for trading:	1,686,972	716,280	–	2,403,252
– Debt securities	–	716,280	–	716,280
– Equity securities	1,686,972	–	–	1,686,972
Financial liabilities designated as at fair value through profit or loss:	2,111,675	5,515,820	–	7,627,495
– Structured products embedded with equity swaps	2,026,477	–	–	2,026,477
– Equity-linked Financing payables	85,198	3,213,566	–	3,298,764
– Gold-linked Financing payables	–	2,302,254	–	2,302,254
Derivative financial liabilities	301,265	996,649	675,498	1,973,412
Total	4,099,912	7,228,749	675,498	12,004,159

There were no significant transfers between Level 1 and 2 during year of 2021 and 2020.

59.2.1 Basis for recurring fair value measurement categorised within Level 1

For the measurement for Level 1, the Group adopts the closing price in active markets. Instruments included in Level 1 comprise primary debt securities, equity securities, funds and other investments traded on stock exchanges.

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(Amounts in thousands of Renminbi, unless otherwise stated)

59. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

59.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

59.2.2 Valuation techniques used and the qualitative information of key parameters for recurring fair value measurement categorised within Level 2

For debt instruments at FVTPL and at FVTOCI, and securities lending whose value is available on bond pricing system on the valuation date is measured using the latest valuation results published by bond pricing system. The future cash flows are estimated based on contractual amounts and coupon rates, discounted at a rate that reflects the credit risk of counterparty.

For equity investments at FVTOCI, unlisted funds (open-ended mutual funds, structured deposits, wealth management products and other investments at FVTPL), the fair value is calculated based on the fair value of the underlying investments which are money market instruments, debt securities and publicly traded equity investments listed in the PRC in each portfolio.

For equity securities at FVTPL traded on National Equities Exchange and Quotations, recent transaction prices and the latest quoted bid prices and adjusted based on the index of National Equities Exchange and Quotations is used.

For Equity-linked Financing payables designated as at fair value through profit or loss, the fair value is determined based on the bid prices of stock index in an active market.

For derivative financial instruments, the fair value is determined by different valuation techniques. For interest rate swaps, equity return swaps and currency forward, the fair value is measured by discounting the differences between the contract prices and market prices of the underlying financial instruments.

During the year ended 31 December 2021, there were no significant changes of valuation techniques for Level 2.

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59. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

59.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

59.2.3 Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3

The quantitative information of fair value measurement for Level 3 is as follows:

	As at 31 December 2021	As at 31 December 2020	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Financial assets				
Financial assets measured at FVTPL:				
– Bonds	956,492		– Discounted cash flow with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of underlying investments.	Discount rate (Note 2)
– Equity securities traded on National Equities Exchange and Quotations	269,476	63,643	Multiples valuation, with an adjustment of discount for lack of marketability.	Marketability discount (Note 3)
– Equity securities traded on stock exchanges with lock-up periods	10,105,479	5,454,341	The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability. This discount is determined by the option pricing model. The key input is the implied volatility of the share prices of the securities.	Implied volatility (Note 1)
– Other investments	332,664	603,616	Calculated based on the fair value of the underlying investments which invest in listed shares with lock up periods in which the fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability.	Implied volatility (Note 1)
– Other investments	1,166,442	152,881	Discounted cash flow with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of underlying investments.	Discount rate (Note 2)
– Other investments	59,796	923,251	Multiples valuation, with an adjustment of discount for lack of marketability.	Marketability discount (Note 3)
Equity instruments measured at FVTOCI:				
– Equity investments	128		– Discounted cash flow with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of underlying investments.	Discount rate (Note 2)

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(Amounts in thousands of Renminbi, unless otherwise stated)

59. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

59.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

59.2.3 Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3 (continued)

	As at 31 December 2021	As at 31 December 2020	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Derivative financial instruments:				
– Over-the-counter options-assets	309,168	331,514	Calculated based on the Black-Scholes option pricing model.	Implied volatility (Note 1)
– Other forward contract-assets	46,773	18,146	Discounted cash flows with future cash flows that are estimated based on contractual amounts, discounted at a rate that reflects the credit risk of the counterparty.	Discount rate (Note 2)
Total	13,246,418	7,547,392		
Financial liabilities				
Derivative financial instruments:				
– Over-the-counter options-liabilities	1,975,477	664,890	Calculated based on the Black-Scholes option pricing model.	Implied volatility (Note 1)
– forward contract-liabilities	121,888	10,609	Discounted cash flows with future cash flows that are estimated based on contractual amounts, discounted at a rate that reflects the credit risk of the counterparty.	Discount rate (Note 2)
Financial liabilities measured at FVTPL:				
– Others	1,219,505	–	Discounted cash flows with future cash flows that are estimated based on contractual amounts, discounted at a rate that reflects the credit risk of the counterparty.	Discount rate (Note 2)
Total	3,316,870	675,499		

Notes:

- (1) The significant unobservable input to fair value measurement is the implied volatility of the underlying securities, which ranges from 5% to 192% (31 December 2020: 15.52% to 92.45%).
- (2) The unobservable input to fair value is the discount rate, determined by reference to the credit risk of underlying investments, ranging from 2.5% to 100% (31 December 2020: 36.03% to 97.30%). The higher is the discount rate, the lower is the fair value.
- (3) The unobservable input to fair value is the discount for lack of marketability, which ranges from 20.70% to 88% (31 December 2020: 10.94% to 88%). The higher is the discount for lack of marketability, the lower is the fair value.
- (4) As disclosed in Note 34, except for stock index futures and interest rate swap not under the daily mark-to-market and settlement arrangement are presented gross at the end of the reporting period, the other derivatives are under daily mark-to-market and settlement arrangements. Accordingly, the net position of the treasury bond futures, and commodity futures, stock index futures and interest rate swap was nil at the end of each reporting period. The above analysis only presents the fair value of derivative financial instruments.

There were no transfers between Level 1 and Level 2 fair value measurements during the years ended 31 December 2021 and 2020.

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(Amounts in thousands of Renminbi, unless otherwise stated)

59. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

59.3 Reconciliation of Level 3 fair value measurements

	Financial assets measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehensive income
As at 1 January 2021	7,197,732	–
Total losses:		
– in profit or loss	(3,850,706)	–
Purchases	9,623,143	128
Transfers out (Note)	(79,820)	–
As at 31 December 2021	12,890,349	128
Total gains for assets held at 31 December 2021		
– unrealized gains recognized in profit or loss	1,755,661	–

	Financial assets measured at fair value through profit or loss
As at 1 January 2020	4,248,910
Total losses:	
– in profit or loss	(1,572,857)
Purchases	4,690,550
Transfers out (Note)	(168,871)
As at 31 December 2020	7,197,732
Total gains for assets held at 31 December 2020	
– unrealized gains recognized in profit or loss	1,199,551

Note: These are equity securities traded on stock exchanges with lock-up periods or asset management schemes which holds listed shares with lock-up periods. They were transferred from Level 3 to Level 1 when the lock-up period lapsed and became unrestricted.

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60. EVENTS AFTER THE END OF THE REPORTING PERIOD

Proposed profit distribution after the reporting period

On 30 March 2022, a final dividend in respect of the year ended 31 December 2021 of RMB3.10 per 10 shares (inclusive of tax), in an aggregate amount of RMB3,142.55 million, based on a total of 10,137,258,757 shares in issue, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

Issuance of A Share convertible corporate bonds

On 16 March 2022, the Company received the “Approval for the Public Issuance of A Share Convertible Corporate Bonds of China Galaxy Securities Co., Ltd. (Zheng Jian Xu Ke [2022] No. 547)” issued by the China Securities Regulatory Commission (the “CSRC”). The Company is approved to publicly issue convertible corporate bonds with an aggregate nominal value of RMB7.8 billion and a term of 6 years. On 30 March 2022, the company publicly issued RMB7.8 billion of A share convertible corporate bonds, with coupon rates of 0.2%, 0.4%, 0.6%, 1.0%, 1.8%, 2.0% in year 1-6, respectively. The company will redeem all the A share convertible corporate bonds that have not been converted at the price of 106% of the face value of the A share convertible corporate bonds within 5 trading days after the expiration of the bonds issued. Proceeds from the issue will be used to increase working capital of the Company.

Issuance of short-term financing bonds

Subsequent to the end of reporting period, the Company has completed the non-publicly issuance of short-term financing bonds of RMB4,000 million (Tranche 1), RMB4,000 million (Tranche 2), RMB4,000 million (Tranche 3) and RMB3,000 million (Tranche 4) in January 2022, February 2022 and March 2022, respectively. These bonds bear interest rates at 2.39%-2.53% per annum and the terms are from 90 days to 182 days. Proceeds from the issue will be used to increase working capital of the Company.

Issuance of subordinated corporate bonds

Subsequent to the end of reporting period, the Company obtained approval from China Securities Regulatory Commission and has completed the publicly issuance of subordinated corporate bonds (phase 1) of RMB1,000 million (Tranche 1), RMB3,000 million (Tranche 2) in January 2022 and publicly issued subordinated corporate bonds (phase 2) of RMB1,055 million in March 2022. These bonds bear interest rates at 2.97%-3.38% per annum and the terms are from 2 years to 3 years. Proceeds from the issue will be used to increase working capital of the Company.

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61. INVESTMENT IN SUBSIDIARIES

61.1 General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the year are set out below.

Name of subsidiary	Place of incorporation/ establishment	Type of legal entity registered under PRC Law	Equity interest and voting right held by the Group		Paid-up capital/ registered share capital (RMB) unless otherwise stated	Principal activities
			31/12/2021	31/12/2020		
Galaxy Capital Management Company Limited (銀河創新資本管理有限公司)	Beijing, PRC	Limited liability company (corporate owned)	100.00%	100.00%	1,000,000,000	Assets management, project investment management
China Galaxy International Financial Holdings Limited	Hong Kong, PRC	N/A	100.00%	100.00%	HKD5,000,000,000	Investment holding
Galaxy Futures Company Limited (銀河期貨有限公司)	Beijing, PRC	Limited liability company (corporate owned)	100.00%	100.00%	2,300,000,000	Commodity futures broking, broking futures investment management
Galaxy Jinhui Securities Assets Management Co., Ltd. (銀河金匯證券資產管理有限公司)	Shenzhen, PRC	Limited liability company (corporate owned)	100.00%	100.00%	1,000,000,000	Securities asset
Galaxy Yuanhui Investment Co., Ltd. (銀河源匯投資有限公司)	Shanghai, PRC	Limited liability company (corporate owned)	100.00%	100.00%	3,000,000,000	Alternative investment
China Galaxy International Futures (Hong Kong) Co., Limited	Hong Kong, PRC	N/A	100.00%	100.00%	HKD72,000,000	Futures contracts dealing
China Galaxy International Securities (Hong Kong) Co., Limited	Hong Kong, PRC	N/A	100.00%	100.00%	HKD1,400,000,000	Securities broking, advising on and corporate finance
China Galaxy International Finance (Hong Kong) Co., Limited	Hong Kong, PRC	N/A	100.00%	100.00%	HKD1,000,000	Money lending
China Galaxy International Asset Management (Hong Kong) Co., Limited	Hong Kong, PRC	N/A	100.00%	100.00%	HKD20,000,000	Asset management
China Galaxy International Wealth Management (Hong Kong) Co., Limited	Hong Kong, PRC	N/A	100.00%	100.00%	HKD2,107,619	Wealth management and insurance
Galaxy Yueke PE Fund Management Co., Ltd (銀河粵科私募基金管理有限公司)	Guangzhou, PRC	Limited liability company (Equity joint venture)	51.00%	51.00%	20,000,000	Investment fund management

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61. INVESTMENT IN SUBSIDIARIES (continued)

61.1 General information of subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Type of legal entity registered under PRC Law	Equity interest and voting right held by the Group		Paid-up capital/ registered share capital (RMB) unless otherwise stated	Principal activities
			31/12/2021	31/12/2020		
CGS-CIMB Securities International Pte. Ltd (銀河-聯昌證券國際私人有限公司)	Singapore	N/A	74.99%	50.00%	SGD908,000,000	Investing holding
Galaxy Derivatives Capital Management Company Limited management ("Galaxy Derivatives") (銀河德睿資本管理有限公司)	Shanghai, PRC	Limited liability company (corporate owned)	100.00%	100.00%	1,000,000,000	Assets and investment
CGS-CIMB Holdings Sdn. Bhd (銀河-聯昌控股私人有限公司)	Malaysia	N/A	75%	50.00%	MYR1,600,000,000	Investing holding

These subsidiaries do not have official English names.

61.2 Change in ownership interest in a subsidiary

The Company injected capital of HKD1.74 billion in its subsidiary, Galaxy International Holdings during Year 2021. Galaxy International Holdings increased in interest in a subsidiary, CGS-CIMB Securities, from 50% to 74.99%.

As at 7 December 2021, Galaxy International Holdings, a subsidiary of the Company, gained control of the CGS-CIMB Holdings. The Company indirectly held 75% equity of CGS-CIMB Holdings and incorporated the CGS-CIMB Holdings into the scope of consolidation. Relevant disclosures are included in Note 5.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

62. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) The Company's statement of financial position

AS AT 31 DECEMBER 2021

	Note	As at 31 December	
		2021	2020
ASSETS			
Non-current assets			
Property and equipment		420,499	348,467
Right-of-use assets		1,266,317	751,508
Goodwill		223,278	223,278
Other intangible assets		518,509	441,222
Investments in subsidiaries		11,366,244	9,943,916
Financial assets measured at fair value through profit or loss		30,716,834	19,534,394
Financial assets held under resale agreements		13,013,004	12,035,795
Debt instruments measured at fair value through other comprehensive income		82,300	85,272
Equity instruments measured at fair value through other comprehensive income		34,684,475	33,868,045
Debt instruments measured at amortized cost		3,362,929	3,487,578
Deposits with exchanges and non-bank financial institutions		713,034	992,914
Other receivables and prepayments		1,154,126	1,133,631
Total non-current assets		97,521,549	82,846,020
Current assets			
Advances to customers		93,188,856	77,993,163
Accounts receivable		204,583	265,731
Tax recoverable		772,697	116,876
Other receivables and prepayments		4,067,571	499,291
Amounts due from subsidiaries		5,777,139	3,454,385
Financial assets measured at fair value through profit or loss		85,996,723	59,721,785
Financial assets held under resale agreements		8,593,163	19,039,879
Debt instruments measured at fair value through other comprehensive income		81,150,619	52,044,960
Debt instruments measured at amortized cost		233,238	369,628
Derivative financial assets		1,659,477	347,911
Deposits with exchanges and non-bank financial institutions		1,283,966	2,447,581
Clearing settlement funds		23,661,120	15,846,584
Bank balances		69,248,531	68,771,387
Total current assets		375,837,683	300,919,161
Total assets		473,359,232	383,765,181

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

62. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

(a) The Company's statement of financial position (continued)

AS AT 31 DECEMBER 2021

	Note	As at 31 December	
		2021	2020
EQUITY AND LIABILITIES			
Equity			
Share capital	62(b)	10,137,259	10,137,259
Other equity instruments		14,885,851	4,962,172
Reserves	62(b)	46,817,538	43,150,478
Retained profits	62(b)	24,380,348	20,369,534
Total equity		96,220,996	78,619,443
Liabilities			
Non-current liabilities			
Bonds payable		57,577,817	39,674,644
Debt instruments		30,951,389	787,081
Financial liabilities measured at fair value through profit or loss		6,175,669	182,709
Lease liabilities		921,560	588,132
Deferred tax liabilities		946,735	127,599
Total non-current liabilities		96,573,170	41,360,165
Current liabilities			
Bonds payable		26,654,298	20,017,727
Due to banks and other financial institutions		16,127,940	15,617,256
Debt instruments		198,436	53,476,353
Accounts payable to brokerage clients		78,597,550	69,853,813
Accrued staff costs		3,937,706	3,002,991
Other payables and accruals		9,608,370	4,500,519
Lease liabilities		340,532	142,400
Financial liabilities measured at fair value through profit or loss		8,344,381	8,075,868
Derivative financial liabilities		3,051,763	1,019,437
Financial assets sold under repurchase agreements		133,704,090	88,079,209
Total current liabilities		280,565,066	263,785,573
Total liabilities		377,138,236	305,145,738
Total equity and liabilities		473,359,232	383,765,181
Net current assets		95,272,617	37,133,588
Total assets less current liabilities		192,794,166	119,979,608

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(Amounts in thousands of Renminbi, unless otherwise stated)

62. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

(b) Movement in the Company's reserves

The movements in share capital, reserves and retained profits of the Company are set out below:

	Share capital	Other equity instruments	Capital reserves	Investment revaluation reserve	General reserves	Other reserves	Retained profits	Total equity
At 1 January 2020	10,137,259	-	24,965,390	613,276	15,801,659	(69,223)	17,364,633	68,812,994
Profit for the year	-	-	-	-	-	-	6,608,647	6,608,647
Other comprehensive income for the year	-	-	-	(220,280)	-	36,353	-	(183,927)
Total comprehensive income/ (expense) for the year	-	-	-	(220,280)	-	36,353	6,608,647	6,424,720
Appropriation to general reserves	-	-	-	-	1,982,594	-	(1,982,594)	-
Issue of perpetual bonds	-	4,962,172	-	-	-	-	-	4,962,172
Acquisition of non-controlling interests	-	-	41,518	-	-	-	-	41,518
Other comprehensive income that has been reclassified to retained profits	-	-	-	(809)	-	-	809	-
Dividends declared	-	-	-	-	-	-	(1,621,961)	(1,621,961)
At 31 December 2020	10,137,259	4,962,172	25,006,908	392,187	17,784,253	(32,870)	20,369,534	78,619,443
Profit for the year	-	-	-	-	-	-	9,875,010	9,875,010
Other comprehensive expense for the year	-	-	-	743,886	-	(27,325)	-	716,561
Total comprehensive income/ (expense) for the year	-	-	-	743,886	-	(27,325)	9,875,010	10,591,571
Appropriation to general reserves	-	-	-	-	2,962,503	-	(2,962,503)	-
Issue of perpetual bonds	-	9,923,679	-	-	-	-	-	9,923,679
Other comprehensive income that has been reclassified to retained profits	-	-	-	(12,004)	-	-	12,004	-
Distribution to other equity instrument holders	-	-	-	-	-	-	(683,500)	(683,500)
Dividend declared	-	-	-	-	-	-	(2,230,197)	(2,230,197)
At 31 December 2021	10,137,259	14,885,851	25,006,908	1,124,069	20,746,756	(60,195)	24,380,348	96,220,996

APPENDIX INFORMATION ON SECURITIES BRANCHES

No.	Name	Securities Branch Address	Person In Charge
1	Beijing Financial Street Securities Branch	3-4/F, No. 111 Taiping Bridge Avenue, Xicheng District, Beijing	Zhao Hongliang
2	Beijing Wangjing Securities Branch	2/F, 12 Futong East Avenue, Chaoyang District, Beijing	Liuxing
3	Beijing Taoran Qiao Securities Branch	Room 901-906, Floor 9, No.1 Majiabao Road, Dongcheng District, Beijing	Guo Yu
4	Beijing South Xueyuan Road Securities Branch	2nd Floor, Room 201, 202, 205, 206, 209, 210, 220, 224, 225, 227, 228, 4th floor, Room 401, 402, No. 2, No. 34, College South Road, Haidian District, Beijing	Zhao Xinhua
5	Beijing Anzhengmen Securities Branch	No. 1102, 11th Floor, No. 1-3, No. 33, Anding Road, Chaoyang District, Beijing	Cao Yanxia
6	Beijing Zhushikou Street Securities Branch	Room 110, 1st Floor, No. 2, Zhushikou East Street, Dongcheng District, Beijing	Li Weimin
7	Beijing Zhongguancun Avenue Securities Branch	03-3D Tower D, Building 1-4, 18th Yard (A), Zhongguancun South Avenue, Haidian District, Beijing	Song Yushan
8	Beijing Sun Palace Securities Branch	No.10, 2/F, Building 11, Xiajiayuan, Chaoyang District, Beijing	Ai Haifeng
9	Beijing Fucheng Avenue Securities Branch	Floor 1, 3, 4, Yindu Building, No.67, Fucheng Avenue, Haidian District, Beijing	Ma Junming
10	Beijing Chaoyangmen North Avenue Securities Branch	Unit F-03,1/F, and Unit 06, 5/F, Block B, No.5, Changyangmen North Avenue, Dongcheng District, Beijing	Wang Xiaojing
11	Beijing Jianguo Road Securities Branch	North, Hall of 1st Floor, Building 1, 126 Jianguo Road, Chaoyang District, Beijing	Liu Yanhong
12	Beijing North Fourth Ring Securities Branch	Room 101, 1/F, No. 265 North Fourth Ring Middle Road, Haidian District, Beijing	Liu Xijin
13	Beijing Fangzhuang South Avenue Securities Branch	Room 103, 2 Fangzhuang South Avenue, Fengtai District, Beijing	Wu Di
14	Beijing Yizhuang Securities Branch	Room 103, 1/F, Building 1, 5th Yard, Ronghua Middle Road, Beijing Economic and Technological Development Zone, Beijing	Wang Jinzhu
15	Beijing Hujialou Securities Branch	Room 103, 1st Floor, No.2, No.18 Gongtong Road, Chaoyang District, Beijing	Lu Zhen
16	Beijing Tongzhou Jiukeshu Securities Branch	1/F and 2/F, No.100 Jiukeshu Street, Tongzhou District, Beijing	Xu Qiang
17	Beijing Dawang Road Securities Branch	121, 1/F, No.4, No.93 Jianguo Road, Chaoyang District, Beijing	Liu Yang
18	Beijing Laiguangying Securities Branch	Unit 201, 2/F, Block 2, Chengying Center, Yard No. 5, Laiguangying West Road, Chaoyang District, Beijing	Tian Zhilu
19	Beijing Chaoyang Road Securities Branch	Room 305, 3/F, No. 100 Balizhuang Xili, Chaoyang District, Beijing	Lai Zhenghe
20	Beijing Lize Securities Branch	102A, Inner 1 level, 101, 4-22/F, Building No. 1, No.8 Jinze West Road, Fengtai District, Beijing	Hou Zhishan
21	Beijing Houshayu Securities Branch	Room 107-108, 1/F, Block 9, Yard No. 20, Yuqing Road, Houshayu Town, Shunyi District, Beijing	Zhou Chunmei
22	Beijing Litong Road Securities Branch	Room 15-3, 1/F, Block 15, Yard No. 1, Jinfang Road, Chaoyang District, Beijing	Shao Jiangbo
23	Beijing Fengke Road Securities Branch	Room 106, 1-2/F, Block 4, Yard No. 2, Liuquan Road, Fengtai District, Beijing	Li Qiang
24	Beijing Caishikou Street Securities Branch	Room 125, 1-2/F, Block 2, Yard No. A2, Caishikou Street, Xicheng District, Beijing	Jiao Jian

APPENDIX INFORMATION ON SECURITIES BRANCHES

No.	Name	Securities Branch Address	Person In Charge
25	Beijing Fuwai Street Securities Branch	Area GBC-6, 1/F, The Presidential Beijing, No. A9 Fuchengmenwai Street, Xicheng District, Beijing	Bai Yunlong
26	Beijing Asian Games Village Securities Branch	No. 104, 1st Floor, Building 27, Block 8, Beichen East Road, Chao Yang District, Beijing	Xue Tingyu
27	Beijing Yuanda Road Securities Branch	Room 2B (Block A), Unit 1, 2/F, Building No. 2 (Jinyuan Times Commercial Center Building No. 2), Yard No. 2, Landianchang East Road, Haidian District, Beijing	Guo Mengmeng
28	Beijing Tongzhou Securities Branch	Room 2-6, 1/F, Block 2, Yard No. 12, Xinhua South Second Street, Tongzhou District, Beijing	Wu Jianhui
29	Beijing Liangmaqiao Road Securities Branch	Room 1113, 11/F, in 101, 2-16/F, Block 124, Yard No. 42, Liangmaqiao Road, Chaoyang District, Beijing	Li Huiwen
30	Beijing Shangdi Securities Branch	Room 04B-C, Block D, 4/F, No. A28 Xixi Road, Haidian District, Beijing	Liu Yifei
31	Beijing Zhichun Road Securities Branch	Room 1109, 11/F, No.27, Zhongguancun Street, Haidian District, Beijing	Wu Qiaoling
32	Beijing Xinghua Street Securities Branch	101, 1st Floor, Building 17, No. 19, Xinghua Street (2nd Section), Daxing District, Beijing	Li Yu
33	Beijing East Four-ring South Road Securities Branch	11-12, Basement of No. 16 Building, No.7, Zhouzhuang Jiayuan, Shibaidian Township, Chaoyang District, Beijing	Song Bowen
34	Beijing Yiheyuan Road Securities Branch	Room 2001, 17/F, No. 66 North Fourth Ring West Road, Haidian District, Beijing	Jiao Yuku
35	Beijing Cuilin Road Securities Branch	Room 1509, 15th Floor, Wanda Plaza Office Building, No.1 Building, No.1 West Yingying Road, Fengtai District, Beijing	Shi Liansheng
36	Beijing Guanganmen Securities Branch	405, 4th Floor, Building 7, No. 27, Nanbinhe Road, Xicheng District, Beijing	Zhang Yang
37	Beijing Yonghegong Securities Branch	B1-A1, Building A, Innovation Building, No. 11 Hepingli East Street, Dongcheng District, Beijing	Yang Donglin
38	Beijing Times Garden South Road Securities Branch	Room 102, 1/F, Building 1, Courtyard 19, Times Garden South Road, Shijingshan District, Beijing	Ma Qingshan
39	Beijing Old Palace Securities Branch	107, 1/F, Building 10, Courtyard 10, Jiuzhong Road, Beijing Economic and Technological Development Area (Daxing), Beijing	Zhong Haiping
40	Beijing Qingnian Road Securities Branch	Room 31608, 16/F, Building 3, Courtyard 7, Qingnian Road, Chaoyang District, Beijing	Zhang Yan
41	Beijing West Dawang Road Securities Branch	Room 102, 1/F, Building 1, Courtyard 16, Nanmofang Road, Chaoyang District, Beijing	Zhao Xiaolei
42	Beijing Jishuitan Securities Branch	Room 211, 2/F, No. 3, Xinjiekou North Street, Xicheng District, Beijing	Li Zezhong
43	Tianjin Nanmalu Securities Branch	No. 1324, Nanmalu, Nankai District, Tianjin	Yang Xu
44	Tianjin Kaihua Road Securities Branch	No. 3, Kaihua Road, Huayuan Industrial Park, Binhai High-tech Industrial Development Zone, Tianjin	Yang Yishan
45	Tianjin Shengli Road Securities Branch	1-2-101, Ruihai Building, Northwest of intersection of Shengli Road and Jianguo Road, Hebei District, Tianjin	Yang Xiuli
46	Tianjin Luneng International Center Securities Branch	1706, 17/F, Luneng International Center, intersection of Water Park North Road and Water Park East Road, Nankai District, Tianjin	Li Gong
47	Shijiazhuang Hongqi Street Securities Branch	No.98, Hongqi Street, Qiaoxi District, Shijiazhuang City	Jiao Wenli
48	Langfang Yinhe North Street Securities Branch	No.106, Yinhe North Street, Langfang City	Li Fanghui

APPENDIX INFORMATION ON SECURITIES BRANCHES

No.	Name	Securities Branch Address	Person In Charge
49	Shijiazhuang Shengli North Street Securities Branch	Futian Building, No.156 Shengli North Street, Zhangan District, Shijiazhuang City	Luo Feng
50	Xingtai Qinghe Securities Branch	No. 17, Changjiang East Street, Qinghe County	Hao Guojing
51	Xingtai Yejin North Street Securities Branch	Shop 208, 209 on 2/F and Shop 109 on 1/F, Building 1, Jinyuan Apartments, 229 Yejin North Road, Qiaoxi District, Xingtai City, Hebei Province	Yu Baohua
52	Cangzhou Yong'an South Street Securities Branch	No. 1202, 5th Part, Yihewenyuan Sales Department, Jiefang West Road, Yunhe District, Cangzhou City	Chen Hui
53	Qinhuangdao Securities Branch	No. 181, Jianshe Avenue, Harbour District, Qinhuangdao City	Liu Wei
54	Baoding Qiyi Middle Road Securities Branch	No. 1 Commercial district, 1st Floor, No. 1955, Middle Qiyi Road, Jingxiu District, Baoding City, Hebei Province	Yan Mingyan
55	Zhangjiakou Great Wall West Street Securities Branch	1/F, Commercial Floor, No. 6, Block 1-A, New East Asia Fortune Center, Great Wall West Street, High-tech Zone, Zhangjiakou City, Hebei Province	Yang Haisheng
56	Taiyang Yingze West Securities Branch	Units 101, 1st floor, 201, 2nd floor, 804A, 805, 806, 8th floor, Tower A, Zhonghai International Center, No. 8, Section 1, Jinci Road, Wanbailin District, Taiyuan City, Shanxi Province	Chen Honghua
57	Taiyuan Zhonghuan South Central Avenue Securities Branch	Room 903-906, 9/F, No. 7 Yari Road, Taiyuan College Park, Shanxi Transformation Comprehensive Reform Demonstration Zone	Zhang Jianzhong
58	Taiyuan Taoyuan Securities Branch	5/F, No.1 Xinjian South Road, Yingze District, Taiyuan City	Zhao Junhua
59	Linfen Jiefang East Road Securities Branch	No.2, Jiefang East Road, Linfen City	Wang Qiang
60	Houma Kuaibin Street Securities Branch	No.7, Kuaibin Street, Houma City (former Zhong Hang Building)	Wang Quanrui
61	Huozhou Xinjian South Road Securities Branch	Shop No.59, 60, Building No.11, Riverside Lijing, Xinjian South Road, Huozhou, Linfen City, Shanxi Province	Guo Ming
62	Yicheng Jiefang Street Securities Branch	1-2/F, Block 6, Zone C2 (Yihyuan Community), Jiefang West Street, Yicheng County, Shanxi Province	Yang Zhifeng
63	Hongdong Feihong East Street Securities Branch	1st and 2nd floors, Building 1, 2, 3, Block 7, Feihong East Street, Hongdong County, Shanxi Province	Cui Jinhui
64	Jinzhong Yingbin Street Securities Branch	No.135, Yingbin Street, Yuci district, Jinzhong City, Shanxi Province	Ren Dongfeng
65	Lingshi Xiaohe South Road Securities Branch	B2-04, Fenghuang Xincheng Shops, Xiaohe South Road, Lingshi County, Jinzhong, Shanxi Province	Duan Jinggang
66	Qixian Xinjian North Road Securities Branch	No.179, Xinjian North Street, Qi County, Jinzhong City, Shanxi Province (The North side of Library)	Pei Bin
67	Taigu Kangyuan Road Securities Branch	No.15, Building 20, Huaxing community, Kangyuan Road, Taigu County, Jinzhong City, Shanxi Province	Song Wei
68	Jiexiu Xin hua bei Street Securities Branch	Yipinhuangniu, Xin hua bei Street, Jiexiu City, Jinzhong City, Shanxi Province	Shi Jianhua
69	Jincheng Jingxi Road Securities Branch	Room 6, Commercial and Residential Building of Ruiqi Real Estate Development Co., Ltd., East of Jingxi Road, Jingcheng City, Shanxi Province	Kong Linli
70	Xiyang Xiacheng Street Securities	Branch Shop 24, Zhong Cheng Ya Ju, Xiacheng Street, Xiyang County, Jinzhong City, Shanxi Province	Fu Weihao
71	Xiaoyi Fuqian Street Securities Branch	Fuqian Street, Zhongyanglou Street, Xiaoyi City, Luliang Xiaoshi City, Shanxi Province (No. 16, Xianghe Xinyuan Shop)	Di Shouquan

APPENDIX INFORMATION ON SECURITIES BRANCHES

No.	Name	Securities Branch Address	Person In Charge
72	Yuncheng Hedong Street Securities Branch	Shop No. 14, 1-2/F, Building 21, Waterfront Hua Ting, Hedong Street, Yanhu District, Yuncheng City, Shanxi Province	Zhang Shaowei
73	Datong Liuquan South Street Securities Branch	No. 348, Liuquan Street, Ping Cheng District, Datong City	Ma Juntao
74	Yangquan Baojin Road Securities Branch	No. 14 Commercial Floor, Block 3, Shengshi New Town, Baojin Road, Yangquan City Economic and Technological Development Zone, Shanxi Province	Chen Dao
75	Changzhi Taixing East Street Securities Branch	G/F, No. 2, Yongsheng Court, Taixing East Street; 1-2/F, No. 5 Taixing East Street, Changzhi City	Cao Liwei
76	Hohhot Ulaanchabu East Street Securities Branch	Shop 101, Block B, Bolton Plaza, Ulaanchab East Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region	He Jing
77	Hohhot Daxue West Street Securities Branch	Fengye Building, No.110, Daxue West Street, Saihan District, Hohhot City, Inner Mongolia Autonomous Region	Hou Jie
78	Baotou Wulan Road Securities Branch	No.6, 19 (A) Wulan Road, Kundulun District, Baotou City, Inner Mongolia Autonomous Region	Zhao Libin
79	Ordos Dongsheng Jilaoqing South Road Securities Branch	Room-0-105, Block 15, Neighborhood No. 7, Daqiao Road, Dongsheng District, Ordos City, Inner Mongolia Autonomous Region	Li Xuebin
80	Hulunbuir Qiaotou Street Securities Branch	3/F, Hulun Holiday Hotel, No.6- 8 Qiaotou Street, Hailar District, Hulunbuir City	Wang Jian
81	Shenyang Beizhan Road Securities Branch	(1702 1703-2 1704 1706 1709) 59 Beizhan Road, Shenhe District, Shenyang City, Liaoning Province	Hu Yingxin
82	Shenyang Dabeiguan Street Securities Branch	1-2/F, Unit 2, 40 Dabeiguan Street, Dadong District, Shenyang City	Luo Xiaodong
83	Shenyang Hong Kong Road Securities Branch	16, 17, 18, No. 143, Hong Kong Road, Heping District, Shenyang City, Liaoning Province	Liu Dayong
84	Shenyang Sanjing Street Securities Branch	1-3/F, No. 95, Sanjing Street, South of Shenhe District, Shenyang City	Wen Jiuyu
85	Shenyang Jianshe East Road Securities Branch	Door 3, No. 76, Jianshe East Road, Tiexi District, Shenyang City	Xu Shan
86	Shenyang Long Yue Street Securities Branch	Gate 6, No. 6A, Long Yue Street, Hunnan District, Shenyang City, Liaoning Province	Zhang Ying
87	Shenyang Changbai West Road Securities Branch	No. 36, Changbai West Road, Heping District, Shenyang City (36A, Changbai West Road)	Li Bin
88	Yingkou Liaohe Avenue Securities Branch	30-1 and 30-2, Liaohe Avenue, Zhanqian District, Yingkou City	Zhao Feng
89	Fuxin Xinhua Road Securities Branch	Door 74-15, Xinhua Road, Haizhou District, Fuxin City	Zhao Xiang
90	Liaoyang Laodong Street Securities Branch	East side of the 1st floor, Unit 1, Building No. 84, East, Xinyun Street, Baita District, Liaoning City, Liaoning Province	Tong Shengyong
91	Panjin Shifu Street Securities Branch	2#, Kaisa Center, No. 1 Shifu Street, Xinglongtai District, Panjin City, Liaoning Province	Li Jingping
92	Dandong Caishenmiao Street Securities Branch	No. 41-1-11 Caishenmiao Street, Yuanbao District, Dandong City, Liaoning Province	Ding Qiang
93	Dalian Huanghe Road Securities Branch	Room B, C, D, Floor 5 of the Elevator, 620 Huanghe Road, Shahekou District, Dalian City, Liaoning Province	Jiang Xuetao
94	Dalian Yide Street Securities Branch	Room 01, 08 & 07, 5/F, No. 20 Yide Street, Zhongshan District, Dalian City, Liaoning Province	Yan Tingting

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No.	Name	Securities Branch Address	Person In Charge
95	Dalian Renmin Road Securities Branch	3/F, 71 Renmin Road, Zhongshan District, Dalian City, Liaoning Province	Zheng Yue
96	Dalian Xinkai Road Securities Branch	3/F, 99 Xinkai Road, Xigang District, Dalian City, Liaoning Province	Jia Kaizhou
97	Zhuanghe Xiangyang Road Securities Branch	No. 11, Floor 18#1, Changsheng Garden, No. 60 Section 2 of Xiangyang Road, Chengguan Street Finance Committee, Zhuanghe, Liaoning Province	Jin Li
98	Dalian Jinma Road Securities Branch	No. 2, Block 4, Zone F Commercial Building, Wucai City, Dalian Economic and Technological Development Zone, Liaoning Province	Yu Pengxiao
99	Changchun West Minzhu Street Securities Branch	9/F, Building No. A2, Jinsheng International Project, Qianjinda Street, Chaoyang District, Changchun City	Yan Xiaomin
100	Changchun Renmin Street Securities Branch	No. 8688, Renmin Street, Nangan District, Changchun, Jilin Province	Li Yantao
101	Jilin Jiangwan Road Securities Branch	Outlet No. 3, 4-2, Block 5, Sunshine Century City, No. 28 Jiangwan Road, Changyi District, Jilin City, Jilin Province	Wang Huanyu
102	Tonghua Binjiang West Road Securities Branch	No. 1-9, Building 1-7, Bishui Haoting, Binjiang West Road, Dongchang District, Tonghua City	Cong Jiexiang
103	Harbin West Tenth Street Securities Branch	5/F of Annex and 4/F of Main Building, Dongxing Building, 19 West Tenth Street, Daoli District, Harbin City	Liu Peijian
104	Harbin Zhongshan Road Securities Branch	1-3/F, Commercial Service, Floor 1-4 Blue Waterfront, No. 209 Zhongshan Road, Nangang District, Harbin City, Heilongjiang Province	Li Naichen
105	Daqing Jingsan Street Securities Branch	No. 5, Jingsan Street, Saertu District, Daqing City, Heilongjiang Province	Li Jingzhong
106	Jiamusi Xilin Road Securities Branch	No. 1178, Xilin Road, Jiaoqu, Jiamusi City	Shi Xiaodan
107	Qiqihar Longhua Road Securities Branch	1-2/F, No. 25-1, Block 8, North Heping Yard, Tiefeng District, Qiqihar City, Heilongjiang Province	Liu Fang
108	Jixi Hongqi Road Securities Branch	4/F, No. 19 Hongqi Road, Xiangyang Office, Jiguan District, Jixi City, Heilongjiang Province	Wang Fang
109	Mudanjiang Dongyitiao Road Securities Branch	No. 77 Dongyitiao Road, Dong'an District, Mudanjiang City, Heilongjiang Province	Chen Long
110	Harbin Jingjiang West Road Securities Branch	No. 2, Building 1, Building 2, 2372 Jingjiang West Road, Daoli District, Harbin	Ye Wenguang
111	Shanghai Changning District Zhenning Road Securities Branch	Room 202, 2/F, No. 525 Zhenning Road, Changning District, Shanghai	Li Gequan
112	Shanghai Pudong New District Yuanshen Road Securities Branch	15/F, No. 92 Yuanshen Road, China (Shanghai) Pilot Free Trade Zone	Hua Yafeng
113	Shanghai Shijie Road Securities Branch	No. 95-lin 1, World Road, Yangpu District, Shanghai	Huang Xuqing
114	Shanghai Anye Road Securities Branch	124 Anye Road, Shanghai	Yu Lili
115	Shanghai Pudong New Area Bohua Road Securities Branch	2/F of 388-392, 2/F of 412, 2/F of 416, 2/F of 420, 2/F of 424, 2/F of 428 and 2/F of 432, Bohua Road, Pudong New Area, Shanghai	Ge Wanli
116	Shanghai Yangpu Jingyu East Road Securities Branch	Room 101, Room 201, No. 265 Jingyu East Road, Yangpu District, Shanghai	Wang Yisheng
117	Shanghai Hongjing Road Securities Branch	Room 202, 185 Hongjing Road, Shanghai	Chen Kai

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No.	Name	Securities Branch Address	Person In Charge
118	Shanghai Yichuan Road Securities Branch	Room 101-102, 1/F and 2/F, No. 855-859 Yichuan Road, Jingan District, Shanghai	Kong Fei
119	Shanghai Shangnan Road Securities Branch	No. 1316, Shangnan Road, Pudong New District, Shanghai	Zhuang Yiye
120	Shanghai Gongkang Road Securities Branch	1-2/F, No. 358, Gongkang Road, Baoshan District, Shanghai	Jiao HongYan
121	Shanghai East Baoxing Road Securities Branch	12/F, 118 East Baoxing Road, Hongkou District, Shanghai	Xie Liangfeng
122	Shanghai Wulian Road Securities Branch	No. 11, Wulian Road, Pudong New District, Shanghai	Zhang Xuehong
123	Shanghai Xinzha Road Securities Branch	Room 603-604, No. 356 Xinzha Road, Huangpu District, Shanghai	Gu Kangkang
124	Shanghai Gushan Road Securities Branch	Room 403, 406, Building 1, No. 2399 Zhangyang Road, No. 538, Gushan Road, China (Shanghai) Pilot Free Trade Zone	Tan Jin
125	Shanghai Zhaojiabang Road Securities Branch	Room 907, 908, 909, 910, 911, 912, 915, 916, 917, 918, 920, 9/F, No. 212 Zhaojiabang Road, Shanghai	Shen Jianming
126	Shanghai Linyi Road Securities Branch	Room 2004-2010, Room 2016-2025, 2nd Floor, Building 1, No. 188, Linyi Road, Hongkou District, Shanghai	Wu Jie
127	Shanghai Hengfeng Road Securities Branch	Room 201-1, 2nd Floor, 218 Hengfeng Road, Shanghai	Zhang Ye
128	Shanghai East Daming Road Bund Securities Branch	Room A, 4/F, 912 East Daming Road, Hongkou District, Shanghai	Zhang Yan
129	Shanghai Gubei Road Securities Branch	Room 02 and 01A, 7F, No.666, Gubei Road, Changning District, Shanghai (actual floor, Flat 602 and 601A)	Song Cheng
130	Shanghai Huangpu District Madang Road Securities Branch	Room A2205, No. 388 Madang Road, Huangpu District, Shanghai	Yang Xiaoyan
131	Shanghai Pudong South Road Securities Branch	1/F and 15/F, No. 855 Pudong South Road, China (Shanghai) Free Trade Pilot Zone	Chen Aiping
132	Shanghai Zhongshan North Road Securities Branch	Room 401-406, 408-412, 2917 Zhongshan North Road, Putuo District, Shanghai	Li Junyan
133	Shanghai Caobao Road Securities Branch	9/F, No. 3459, Caobao Road, Minhang District, Shanghai	Li Xinliang
134	Shanghai Putuo District Changde Road Securities Branch	Unit 102, 1/F, 1339 Changde Road, Putuo District Shanghai	Yuan Jiapeng
135	Shanghai Qingpu District Mingzhu Road Securities Branch	Room 106, No. 838 Mingzhu Road, Qingpu District, Shanghai	Zhang Huanlai
136	Shanghai Minhang District Chenxing Road Securities Branch	Room 218, 2/F, Block 1, No. 2388 Chenxing Road, Minhang District, Shanghai	Jin Qibao
137	Shanghai Baoshan District Luxiang Road Securities Branch	Room 101, 1/F, No. 2 Alley 111, Luxiang Road, Baoshan District, Shanghai	Zhu Yuewei
138	Shanghai Putuo District Daduhe Road Securities Branch	Room 505, 5/F, No. 26 Alley 168, Daduhe Road, Putuo District, Shanghai	Tang Hongmei
139	Shanghai Pudong New District Jingao Road Securities Branch	Room 108, No. 945, Jingao Road, Pudong New District, Shanghai	Wu Yujun
140	Shanghai Pilot Free Trade Zone Jilong Road Securities Branch	Shop 3, 1/F, No. 1, Jilong Road, China (Shanghai) Pilot Free Trade Zone	Yu Meng
141	Shanghai Yangpu District Songhu Road Securities Branch	Room 201, No. 433, Songhu Road, Yangpu District, Shanghai City	Li Yajun

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No.	Name	Securities Branch Address	Person In Charge
142	Shanghai Sibao Road Securities Branch	1-2/F, No. 50, Sibao Road, Sijing Town, Songjiang District, Shanghai City	Xu Yongwei
143	Shanghai Jingang Road Securities Branch	Room 1110-1111, 11/F, No. 299, Jingang Road, China (Shanghai) Pilot Free Trade Zone	Zheng Chifei
144	Shanghai Songjiang District Rongle East Road Securities Branch	1-2/F, No. 1919 Rongle East Road, Songjiang District, Shanghai	Liu Wenjian
145	Shanghai Pudong New Area Lingyan South Road Securities Branch	Room 1-2, 1/F, No. 1440 Lingyan South Road, Pudong New Area, Shanghai	Liu Ge
146	Shanghai Xiangchuan Road Securities Branch	1-2/F, No. 398 Xiangchuan Road, Pudong New Area, Shanghai	Jin Xuexia
147	Shanghai Qingpu District Xinfuzhong Road Securities Branch	Room 101, No. 1786_1784, Xinfuzhong Road, Huaxin Town, Qingpu District, Shanghai	Li Jiasen
148	Shanghai Gaoke East Road Securities Branch	No. 112, Building No. 8, Block 1, Alley 777, Gaoke East Road, Pudong New Area, Shanghai	Lu Bei
149	Shanghai Songjiang District Xinnan Road Securities Branch	Zone B, 1/F, No. 1015 Xinnan Road, Xinqiao Town, Songjiang District, Shanghai	Liu Yi
150	Tunxi North Road Securities Branch, Xuhui District, Shanghai	Room 604, Building C, No. 595, Tunxi North Road, Xuhui District, Shanghai	Sun Yu
151	Huancheng South Road Securities Branch of, Fengxian District, Shanghai, Shanghai	No. 1140-1142, Huancheng South Road, Fengxian District, Shanghai	Zhou Qun
152	Nanjing Hongwu Road Securities Branch	Room 203-207, Floor 2, Fuxin International Building, No. 359 Hongwu Road, Qinhuai District, Nanjing City, Jiangsu Province	Zhang Jun
153	Nanjing Shanghai Road Securities Branch	No.145, Shanghai Road, Gulou District, Nanjing City, Jiangsu Province	Cao Anming
154	Nanjing Zhujiang Road Securities Branch	No.1 Building, No. 714 Zhujiang Road, Xuanwu District, Nanjing City	Hu Kaitao
155	Nanjing Jiangdong Middle Road Securities Branch	Room 201, No. 213, Jiangdong Middle Road, Jianye District, Nanjing City	Ji Xiaolong
156	Nanjing Nanrui Road Securities Branch	Building 19, Wuyueyiyuan, 79 Nanrui Road, Gulou District, Nanjing City, Jiangsu Province	Ju Min
157	Yangzhou Wenchang Middle Road Securities Branch	No. 571, Wenchang Middle Road (Jianye Building), Jiansong Building, Yangzhou City, Lobby 101, 201	Ji Chunlei
158	Suzhou Sanxiang Road Securities Branch	No. 718, Sanxiang Road, Suzhou City, Jiangsu Province	Qian Chun
159	Zhenjiang Zhengdong Road Securities Branch	4th Floor, Building 4, 39 Zhengdong Road, Zhenjiang City	Zhong Sheng
160	Nanjing Jiangning Jinbo Road Securities Branch	Room 201, Building 3, 770 Jinbo Road, Dongshan Street, Jiangning District, Nanjing City	Yang Weixue
161	Nanjing Huashen Avenue Securities Branch	No. 11-14, Huashen Avenue, Yuhuatai District, Nanjing City, Jiangsu Province	Zhou Xujie
162	Nantong Gongnong Road Securities Branch	Room 101 and 201, Jintang Building, No. 198 Gongnong Road, Chongchuan District, Nantong City	Wang Wei
163	Changshu Zhujiang East Road Securities Branch	No. 93 Zhujiang East Road, Changshu City, Jiangsu Province	Wang Fuxing
164	Yancheng Yingbin South Road Securities Branch	Room 102, Block 7, Northern District, Qianjiang Fangzhou Community, No. 126 Yingbin South Road, Yancheng City	Wang Zhijian
165	Wuxi Liangxi Road Securities Branch	Zone A, 1/F, 708 Liangxi Road, Wuxi	Liu Zhongxi

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No.	Name	Securities Branch Address	Person In Charge
166	Jiangyin Hongqiao North Road Securities Branch	1st Floor of No.185 and Floor 2 of No. 181-185, Hongqiao North Road, Jiangyin City	Chen Zheng
167	Lianyungang Tongguan South Road Securities Branch	109, Jianyuanguanzhu Building, No. 102, Tongguan South Road, Haizhou District, Lianyungang City	Luo Fei
168	Rugao Jiankang Road Securities Branch	Business Room, No. 4, Block 809, Jiankang East Village, Rucheng Town, Rugao City, Jiangsu Province	Zhang Yuanchao
169	Zhangjiagang Shazhou West Road Securities Branch	No. 108, Middle Floor, 101#, No. 115, Shazhou West Road, Yangshe Town, Zhangjiagang City	Zhu Kechun
170	Changzhou North Street Securities Branch	No. 8-1, Yulong Garden, Zhonglou District, Changzhou City	Zhang Yu
171	Huai'an Hongze Dongshi Road Securities Branch	S3, S5, S6 & S7, Block 63A, 11-8 Zhongxing Mingdu, No. 11 Dongshi Road, Hongze District, Huai'an City, Jiangsu Province	Li Xun
172	Yixing Guibin South Road Securities Branch	1-2/F, No. 78 Guibin South Road, Xinjie Sub-district, Yixing City	Wang Yeke
173	Jiangyin Zhouzhuang Century South Avenue Securities Branch	No. 102 Century South Avenue, Zhouzhuang Town, Jiangyin City	Li Yuan
174	Taizhou Youth South Road Securities Branch	Room 103 & 104, No. 300 Youth South Road, Hailing District, Taizhou City	Zhang Zhan
175	Kunshan Xiaolin Road Securities Branch	No. 195-1 Xiaolin Road, Northern Yushan Town, Kunshan City	Peng Xiaowu
176	Baoying Baitian Road Securities Branch	No. 100 Commercial Street, Baitian Road, Hongsheng New Town, Baoying County	Wang Wenxiang
177	Guanyun Renmin Middle Road Securities Branch	Room 102 & 202, Block 7, Jinling Imperial Garden, Renmin Middle Road, Yishan Town, Guanyun County, Lianyungang City	Xu Zhangyi
178	Suzhou Yueliangwan Road Securities Branch	Room 101-03, Zhongxin Building, No. 15 Yueliangwan Road, Suzhou Industrial Park	Luo Tianyi
179	Taicang Shanghai East Road Securities Branch	Room 106 & 107, Block 3, No. 168 Shanghai East Road, Loudong Subdistrict, Taicang City	Jiang Dingzhu
180	Nanjing Chuangzhi Road Securities Branch	Room 101, No. 2 Chuangzhi Road, Jianye District, Nanjing City	Dai Rongming
181	Nanjing Pubin Road Securities Branch	Room 101, Block 5, CASTD Innovation Plaza, No. 150 Pubin Road, Jiangbei New Area, Nanjing City	Ding Dayu
182	Nanjing Shuanglong Avenue Securities Branch	Room 102, No. 1306, Shuanglong Avenue, Jiangning District, Nanjing, Jiangsu, China	Xu Xiaosan
183	Xuzhou Huaihai East Road Securities Branch	Facade 104-3, No. 104 Huaihai East Road, Yunlong District, Xuzhou City, Jiangsu Province	Qin Song
184	Rudong Tonghai Road Securities Branch	Shop 152 and 152, Building 8, Runtong Shangcheng, No. 9 Tonghai Road, Chengzhong Street, Rudong County, Nantong City, Jiangsu Province	Zhang Jiyi
185	Hangzhou Feng Qi Road Securities Branch	1-3/F, No.282, 3/F, No. 284, Fengqi Road, Xiacheng District, Hangzhou City, Zhejiang Province	Ma Yining
186	Hangzhou Fengqi Road Securities Branch	1/F and 3/F, 102 Stadium Road, Hangzhou City, Zhejiang Province	Chen Chuang
187	Hangzhou Shaoxing Road Securities Branch	Room 216-217, 303 Shaoxing Road, Hangzhou City, Zhejiang Province	Zhu Guowei
188	Hangzhou Gudun Road Securities Branch	Room 401, Unit 3, Building 1, Yuyingfang, Qinqinjia Yuan, Sandun, Hangzhou City, Zhejiang Province (Extension of Gudun Road)	Sun Zhuo

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No.	Name	Securities Branch Address	Person In Charge
189	Hangzhou Jingfang Securities Branch	No. 171, 173, 175, Fengqi East Road, Shangcheng District, Hangzhou City, Zhejiang Province	Ling Yong
190	Jiande Xin'an Road Securities Branch	1/F, No. 195 and 3/F, No. 193-195, Xin'an Road, Xin'anjiang Street, Jiande City, Hangzhou, Zhejiang Province	Wu Hao
191	Hangzhou Genshan West Road Securities Branch	1/F and 7-8/F 220 Genshan West Road, Hangzhou City, Zhejiang Province	Hu Jun
192	Hangzhou Yuhang Qiushan Street Securities Branch	No.611-202, Qiushan Street, Donghu Street, Yuhang District, Hangzhou, Zhejiang, China	Gong Xiaojun
193	Tonglu Yingchun South Road Securities Branch	80, 82, Yingchun South Road, Tonglu County, Zhejiang Province	Tong Xialian
194	Shaoxing Securities Branch	No.146, Luxun Middle Road, Shaoxing City, Zhejiang Province	Shi Lei
195	Deqing Securities Branch	No. 251, Zhongxing South Road, Wukang County, Deqing Town, Zhejiang Province	Wu Tao
196	Huzhou Shiyuan Road Securities Branch	No. 883-885, Shiyuan Road, Nanxun County, Huzhou City, Zhejiang Province	Jin Huan
197	Shaoxing Shangyu Citizen Avenue Securities	Business Department No. 583-589, Citizen Avenue, Baiguan Street, Shangyu District, Shaoxing City, Zhejiang Province	Wang Xiaofeng
198	Yiwu Chouzhou North Street Securities Branch	1-2/F, No. 661 and No. 663, Chouzhou, North Road, Yiwu City, Zhejiang Province	Chen Chengjue
199	Lanxi Sanjiang Street Securities Branch	No. 73, Sanjiang Road, Lanjiang Street, Lanxi city, Zhejiang Province	Ni Zhifang
200	Lishui Securities Branch No.	375, Dayang Road, Lishui city, Zhejiang Province	Xie Jianhong
201	Qingtian Longjin Road Securities Branch	2/F, No. 16, No. 18, No. 24, No. 18, Longjin Road, Hecheng Street, Qingtian County, Lishui City, Zhejiang Province	Yu Haigen
202	Longquan Hualou Street Securities Branch	No. 268, Hualou Street, Longquan city, Zhejiang Province	Yang Ye
203	Zhuchang Kaien Road Securities Branch	No. 106-113 B, Kaien Road, Miaogao Sub-district, Zhuchang County, Lishui City, Zhejiang Province	Yan Bin
204	Qingyuan Mengzhou Street Securities Branch	Shop 6, Block 7, Mengzhou Huayuan, 209 Mengzhou Street, Qingyuan County, Zhejiang Province	Zhang Yong
205	Wenzhou Danan Street Securities Branch	No. 201, 2nd Floor, Huadu Building, Danan Road, Lucheng District, Wenzhou city, Zhejiang Province	Jin Fan
206	Pingyang Renmin Street Securities Branch	The 1st and 6th Floor of No.158, Renmin Road, Kunyang Town, Pingyang County, Wenzhou City, Zhejiang Province	Zhuo Kehai
207	Cangnan Station Avenue Securities Branch	Rom 201, Block 6, Shidai Dushi Plaza, Lingxi Town Station Avenue, Cangnan County, Wenzhou City, Zhejiang Province	Lin Guanshu
208	Huzhou Securities Branch	No.128, Hongqi Road, Huzhou City, Zhejiang Province	Fang Kai
209	Quzhou Xujiang Road Securities Branch	No. 65, 67, 69, Xujiang Road, Kecheng District, Quzhou City, Zhejiang Province	Wang Yijie
210	Changxing Jinling North Road Securities Branch	1st Floor, 2nd Floor, 310-312 Jinling North Road, Longshan Street, Changxing County, Huzhou City, Zhejiang Province	Zhu Zhengyi
211	Jiaxing Huancheng South Road Securities Business	Department No. 281, Huancheng South Road, Nanhu District, Jiaxing City, Zhejiang Province	Yang Jianmin
212	Pinghu Jiefang West Street Securities Branch	The 1st and 2nd Floor, No. 62, Jiefang West Road, Danghu Street, Pinghu city, Zhejiang Province	Sun Hangping
213	Jinhua Securities Branch	No. 393, Bayi South Road, Wucheng District, Jinhua city, Zhejiang Province	Zhong Xiaojun

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No.	Name	Securities Branch Address	Person In Charge
214	Taizhou Yinzuo North Street Securities Branch	Lane 965, No.20-1 – 38-1 (even number), Lane 967 No. 23-1 – 43.1 (odd number), Lane 967 No. 41, Yinzuo North Street, Lubei Street, Luqiao District, Taizhou City, Zhejiang Province	Yu Wei
215	Wenzhou Station Avenue Securities Branch	No. 10-11, 1/F, Buildings 1 and 2, Jinglong Building, Chezhan Avenue, Lucheng District, Wenzhou, Zhejiang Province	Tu Fenfang
216	Hangzhou Jiangbin West Avenue Securities Branch	16-1 to 16-2, Jiangbin West Avenue, Fuchun Street, Fuyang District, Hangzhou City, Zhejiang Province	Yu Heguo
217	Zhoushan Qiandao Road Securities Branch	1/F, Block A, Jianshe Building, No. 167 Qiandao Road, Lincheng Streets, Dinghai District, Zhoushan City, Zhejiang Province	Zhang Honglei
218	Linhai Duqiao Huancheng South Road Securities Branch	No. 367 Huancheng South Road, Duqiao Town, Linhai, Zhejiang Province	Ren Liqing
219	Taizhou Huangyan Weiyu Street Securities Branch	No. 328, 330 and 332, Weiyu Street, Xicheng Street Office, Huangyan District, Taizhou, Zhejiang Province	Mou Peng
220	Shaoxing Keqiao Jianhu Road Securities Branch	1-2/F, Block A, 27 Keqiao Jianhu Road, Keqiao District, Shaoxing, Zhejiang Province	Xu Jianguo
221	Chun'an Nanjing Road Securities Branch	No. 332 Nanjing Road, Qiandaohu Town, Chunan County, Hangzhou City, Zhejiang Province	Xu Xinri
222	Hangzhou Tiancheng East Road Securities Branch	No. 246-234, Tiancheng East Road, Hangzhou Economic and Technological Development Zone, (Block 1, Shangsha Yongyu Building) Zhejiang Province	Jin Xinjian
223	Taizhou Donghai Avenue Securities Branch	Securities Branch No. 680 & 682, Donghai Avenue, Taizhou City, Zhejiang Province	Huang Li
224	Zhuji Dongyi Road Securities Branch	No. 90 Dongyi Road, Huandong Subdistrict, Zhuji City, Shaoxing, Zhejiang Province	Zhou Jianzhi
225	Tongxiang Century Avenue Securities Branch	No. 1149, 1151, 1153, Century Avenue, Wutong Street, Tongxiang City, Jiaxing City, Zhejiang Province	Shen Danxia
226	Hangzhou Shixinzhong Road Securities Branch	No. 651 Shixinzhong Road, Beigan Subdistrict, Xiaoshan District, Hangzhou City, Zhejiang Province	Zhang Yong
227	Yongkang Wuzhou Road Securities Branch	1/F, Jinzhou Building, Yongkang Municipal Headquarters, Jinhua City, Zhejiang Province	Wu Jingyan
228	Wenzhou Yongzhong West Road Securities Branch	Room 125-1 & 125-2, Block 1-6, Wanxinjin Garden, Yongzhong West Road, Longwan District, Wenzhou City, Zhejiang Province	Chen Xiao
229	Linhai Chonghe Road Securities Branch	No. 7-5, 7-6 & 7-7, Chonghe Road, Yongyi Plaza, Gucheng Sub-district, Linhai City, Taizhou City, Zhejiang Province	Zhang Lingjiao
230	Cangnan Longgang Avenue Securities Branch	2/F, Kangxin Building, Longgang Avenue, Longgang Town, Cangnan County, Wenzhou City, Zhejiang Province	Yu Qianqian
231	Wenling Sanxing Avenue Securities Branch	No. 297 & 297-1 Sanxing Avenue, Taiping Sub-district, Wenling City, Taizhou City, Zhejiang Province	Chen Chao
232	Anji Shengli West Road Securities Branch	No. 135-137 Shengli West Road, Changshuo Sub-district, Anji County, Huzhou City, Zhejiang Province	Wang Zhiwei
233	Haining Qianjiang West Road Securities Branch	No. 239,241, Qianjiang West Road, Haizhou Subdistrict, Haining City, Jiaxing City, Zhejiang Province	You Faqiang
234	Hangzhou Shipping International Building Securities Branch	Room 120, 216 and 218, Block 2, Shipping International Building, Shangcheng District, Hangzhou City	Bao Sheng
235	Dongyang Shizi Street Securities Branch	No. 13 Shizi Street, Wuning Sub-district, Dongyang City, Zhejiang Province	Jin Kuang

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No.	Name	Securities Branch Address	Person In Charge
236	Hangzhou Wenyi West Road Securities Branch	Shop 107, 1/F, Block 2, Xixi Center, No. 588 Wenyi West Road, Xihu District, Hangzhou City, Zhejiang Province	Li Bo
237	Hangzhou Dengyun Road Securities Branch	No. 118-1 & 120 Dengyun Road, Gongshu District, Hangzhou City, Zhejiang Province	Yu Weidi
238	Hangzhou Future Science and Technology City Shuxin Road Securities Branch	Room 103 and 104, Block C, Zhengyuan Wisdom Building, No. 359, Shuxin Road, Cangqian Street Office, Yuhang District, Hangzhou City, Zhejiang Province	Wang Jianping
239	Xinchang Lijiang Road Securities Branch	No. 111, Jingxin Building, Lijiang Road, Qixing Street, Xinchang County, Zhejiang Province	Yang Ting
240	Pujiang Renmin East Road Securities Branch	No.42, No.42-1, Renmin East Road, Puyang Street, Pujiang County, Zhejiang Province	Lou Jiani
241	Tiantai Chicheng Road Securities Branch	No. 267,269 Chicheng Road, Chicheng Street, Tiantai County, Taizhou City, Zhejiang Province	Chen Jinzhen
242	Ningbo Ningchuan Road Securities Branch	1-5-4 of No.1713, 1719, 1721, 1733 Ningchuan Road, No. 30 Anbo Road, No.32-2 Jianning Street, Yinzhou District, Ningbo City, Zhejiang Province	Zhou Hongliang
243	Ningbo Liuting Street Securities Branch	Room 1607-1610, 16/F, No.225 Liuting Street, Haishu District	Wang Yunguo
244	Ningbo Dazha South Road Securities Branch	9-1 and 9-2 of No.218 Xinyi Road, 1-2 of No.507 Dazha South Road, Jiangbei District, Ningbo City, Zhejiang Province	Chen Cheng
245	Ningbo Junzi Street Securities Branch	Room (2-8) (2-9), No. 19, Lane 88, Junzi Street, Haishu District, Ningbo	Li Hui
246	Ningbo Ningnan North Road Securities Branch	No. 1049 Ningnan North Road, Zhonggong Temple Street, Yinzhou District, Ningbo City	Zhou Yu
247	Fenghua Yuelin Road Securities Branch	No. 1-1, 1-2, 1-3, Yuelin Road, Jinpin Street, Fenghua District, Ningbo City, Zhejiang Province	Ren Xiaodong
248	Yuyao Yangming West Road Securities Branch	No. 348, Yangming West Road, Yuyao City, Zhejiang Province	Xu Yan
249	Ningbo Daxie Xinchuang Road Securities Branch	61 Xinchuang Road, Daxie Development Zone, Ningbo	Hu Ting
250	Ningbo Baizhang East Road Securities Branch	899, Baizhang East Road, Ningbo City, Zhejiang Province	Feng Yi
251	Cixi Ciyong Road Securities Branch	No. 314-318 Ciyong Road, Hushan Sub-district, Cixi City, Zhejiang Province	Yu Xiaolan
252	Hefei Jincheng Securities Branch	1/F and 10/F, No. 436, Changjiang Middle Road, Luyang District, Hefei City, Anhui Province	Wu Kan
253	Hefei Linqan Road Securities Branch	1/F and 5/F, Block B Xinguanghe Building, No.7377 Linqan Road, Luyang District, Hefei City, Anhui Province	Chen Jun
254	Ma'anshan Hudong Central Road Securities Branch	Block 2, Jufengyuan, 777 Hudong Central Road, Huashan District, Ma'anshan	Wang Gongman
255	Huangshan Xianrendong South Road Securities Branch	No. 2-40, Xianrendong South Road, Tunxi District, Huangshan, Anhui Province	Lu Wenbin
256	Hefei Tunxi Street Securities Branch	1-2/F, East Podium, Xueyuan Building, No. 525 Huizhou Avenue, Baohe District, Hefei City	Wang Wei
257	Hefei Qimen Street Securities Branch	Office 1301, 1310, Block A, Xindi Center, No. 333 Qimen Road, Hefei City, Anhui Province	Kong Jun
258	Wuhu Limin West Street Securities Branch	Taixin Business Center (Huarun Suguo Limin Shopping Mall), Yijiang District, Wuhu city, Anhui Province	Gao Xuemin

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No.	Name	Securities Branch Address	Person In Charge
259	Bengbu Donghai Street Securities Branch	No. 5183 (1/F, East of Business Building, South of Zhanggongshan Park), Donghai Road, Bengbu City, Anhui Province	Zhou Yingyu
260	Anqing Jixian South Road Securities Branch	No. 2 Jixian South Road, Dagan District, Anqing City, Anhui Province	Ji Xiong
261	Huainan Guangchang Road Securities Branch	Shop No. 116, 215, 216, Lucheng Garden, Plaza Road, Tianjian District, Huainan City, Anhui Province	Wang Tao
262	Hefei Yungu Road Securities Branch	Shop 105/105 Central, Block C03, Lakeside Mansion, Intersection of Yungu Road and Jindou Road, Baohe District, Hefei City	Huang Weiyong
263	Tongling Yi'an Avenue Securities Branch	Room C102, Fortune Plaza, No. 1287 Yi'an Avenue North, Tongling City, Anhui Province	Han Hong
264	Fuyang Huaihe Road Securities Branch	Room 7#111, Zone A-3, Wanda Plaza, No. 789 Huaihe Road, Qinghe Subdistrict Office, Yingzhou District, Fuyang City	Deng Guxia
265	Chizhou Shicheng Avenue Securities Branch	Room 102, Block 1, Kaixuanmen, Shicheng Avenue, Chizhou City, Anhui Province	Xu Xiaolong
266	Fuzhou Securities Branch	Storefront 01, 2nd Floor and Storefront 12 and 13, 1st Floor, Building 1, Fuzhou Jiyou Square, No.39, Fuma Road, Gulou District, Fuzhou City, Fujian Province	Chen Qing
267	Fuzhou Dongshui Street Securities Branch	3rd Floor, No. 55, Design Building Dongshui Road, Gulou District, Fuzhou City	Zheng Qingyu
268	Zhangzhou Shuixian Street Securities Branch	Room D3, Building D-E, Rongchang Square, Rongchang Garden, Shuixian Street, Longwen District, Zhangzhou City, Fujian Province	Lei Jintao
269	Fuzhou Yeshan Road Securities Branch	4th Floor, Zonghe Building, No. 105 Yeshan Road, Gulou District, Fuzhou City, Fujian Province	Lin Jiqing
270	Quanzhou Nanjun Road Securities Branch	No. 132, Nanjun North Road, Dongsheng Community, Kaiyuan Subdistrict, Licheng District, Quanzhou City, Fujian Province	Wu Xingjin
271	Sanming Liedong Street Securities Branch	Shop 6,7,8, 1/F, Block 362, Gan Long New Village, Sanyuan District, Sanming City	Peng Dezhaohao
272	Wanda Palaza Securities Branch	Duplex shop 06, Floors 1 & 2, & Duplex Shop 07, 2/F No. B3-B6, B9-B13, Fuqing Wanda Palaza, Yinxi Street, Fuqing City, Fuzhou City, Fujian Province	Chen Feng
273	Putian Yanshou Zhongjie Securities Branch	Room 104, Room 105, Room 106, Level 1, Building E, Liyuan Community, No. 1786, Yanshou Middle Street, Gongchen Street, Wucheng District, Putian City, Fujian Province	Ke Longcai
274	Ningde Securities Branch	Room 101 & 201, Block 1, Qinghua Court, No. 39 Jiaocheng South Road, Jiaocheng District, Ningde City, Fujian Province	Chen Gang
275	Yunxiao Jiangjun Avenue Securities Branch	No. 101-103, Block 7, Yijing Sunshine, Jiangjun Avenue, Yunxiao County, Fujian Province	Fang Zhongzhong
276	Fuzhou Baima Road Securities Branch	Shop 01, 1/F, Block 1#, Qunsheng – Baima Shire, No. 10 Pudong Road, Yizhou Sub-district, Taijiang District, Fuzhou City, Fujian Province	Wei Min
277	Fuzhou Qunzhong Road Securities Branch	2/F, Jincheng International Building, East Wing, No. 49 Qunzhong Road, Chating Sub-district, Taijiang District, Fuzhou City, Fujian Province	Chen Dongqin

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No.	Name	Securities Branch Address	Person In Charge
278	Longyan Shuanglong Road Securities Branch	Shop F24, F25 & F26, Wanda Plaza, No. 1 Shuanglong Road, Caoxi Subdistrict, Xinluo District, Longyan City, Fujian Province	Gu Weidong
279	Nanping Binjiang West Road Securities Branch	112#, Building 16, Wanda Central Huacheng, Binjiang West Road, Tongyou Group, Wuyi New District, Nanping City	You Zhifeng
280	Xiamen Meihu Street Securities Branch	No. 75-87, Meihu Road, Xiamen City	Chen Huashu
281	Xiamen Minzu Road Securities Branch	Unit 1702 & 1703, Century Center, No. 50 Minzu Road, Siming District, Xiamen City	Ding Fuyun
282	Xiamen Jiahe Street Securities Branch	The 5th Floor, Block C New Jingyuan Center, No. 25, Jiahe Road, Siming District, Xiamen City	Liao Xinyan
283	Xiamen Tongan Xiangping Securities Branch	Block 6, No. 72, Xiqiao Road, Xiangping Street, Tongan District, Xiamen City	Wei Xiangfei
284	Xiamen Haitian Road Securities Branch	Unit 39-5, 39-6, No. 39 Haitian Road, Huli District, Xiamen City	Chen Sunkai
285	Xiamen Tapu East Road Securities Branch	Room 102, No. 171 Tapu East Road, Siming District, Xiamen City	Wang Junzhao
286	Xiamen Honglian Road Securities Branch	Unit 102, No. 17 Honglian Road, Siming District, Xiamen City	Yan Dongsheng
287	Nanchang Yangming Road Securities Branch	1/F, 3/F and Room 411-412 of 4/F, Jiangxi Raobo News Building, No.190 Yangming Road, Donghu District, Nanchang City, Jiangxi Province	Jin Zicheng
288	Nanchang Honggutan New Area Securities Branch	Room 101-104, 201-204, 301-304, Commercial Building, 1# Commercial House, Shimao Tiancheng, 1850 Honggu Middle Road, Honggutan New District, Nanchang, Jiangxi, China	Gong Mingqing
289	Ganzhou Dengfeng Avenue Securities Branch	Shops 7#, 8# and 9#, Block 5, Qidian New World, No. 19 Dengfeng Avenue, Zhanggong District, Ganzhou City, Jiangxi Province	Li Zhixue
290	Shangrao Daihu Road Securities Branch	No.1-1, Block 2, No. 50 Daihu Road, Xinzhou District, Shangrao City, Jiangxi Province	Wang Jianhong
291	Nanchang Hongguzhong Avenue Securities Branch	Room 105, Storefront, Block 2, District 1, Wan Da Xing Cheng Phase 3, Honggutan New District, Nanchang City, Jiangxi Province	Zhang Guoqing
292	Yudu Lianxi Road Securities Branch	12-1#109, Xuefu Commercial Street, Lianxi Road, Gongjiang Town, Yudu County Xie Jian	Xie Jian
293	Nanchang Liantang Securities Branch	Shop 103 and 104, Chenghu Qianbaiwei Commercial and Residential Building, Chenghu Middle Road, Nanchang County, Nanchang City, Jiangxi Province	Sun Jia
294	Pingxiang Shaoshandong Road Securities Branch	Room 109-112, Block 1, Kaixuan Shangri, No. 789 Shaoshandong Road, Anyuan District, Pingxiang City, Jiangxi Province	Li Jin
295	Yantai Securities Branch	No.175, Xinanhe Road, Zhifu District, Yantai City, Shandong Province	Zhang Huasheng
296	Weifang Beihai Road Securities Branch	North side of 1F, Fortune International Business Building, No. 4931 Beihai Road, Kuiwen District, Weifang City, Shandong Province	Zhong Jian
297	Zibo Linzi Street Securities Branch	No. 698, Linzi Street, Linzi District, Zibo City Shandong Province	Wu Tao

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No.	Name	Securities Branch Address	Person In Charge
298	Jinan Wuyuan Street Securities Branch	Room 05, 06, 13th Floor, No. 102, Wuyuan Street, Lixia District, Jinan City (Business Venue: Unit L112-2, No. 106 Lixia Avenue)	Wu Yunpeng
299	Weihai Tongyi Road Securities Branch	1-2/F North Wing, No.57 Tongyi Road, Huancui District, Weihai City, Shandong Province	Shao Renhang
300	Jining Guanghe Road Securities Branch	Yinhe Building, No. 18 Guanghe Road, Jining City	Tu Fangan
301	Dongying Fuqian Avenue Securities Branch	Shops No. 110-210,111-211, Building No. 8, South of the intersection of Yimeng Road and Yinqishan Road, Lanshan District, Linyi City, Shandong Province	Wang Gang
302	Linyi Yimeng Road Securities Branch	Room 103, 203, 303, Building 22, Shifu Community, No. 108 Yimeng Road, Lanshan District, Linyi City (Opposite of Xizhi Hotel)	Xu Yingying
303	Rizhao Weihai Road Securities Branch	Room 102, 01 Unit, Block 1AB, B District, Xinyinghuafu, Weihai Road, Donggang District, Rizhao City, Shandong Province	Miao Mingyuan
304	Liaocheng Dongchang West Road Securities Branch	No.111 Dongchang West Road, Dongchangfu District, Liaocheng City, Shandong Province	Wang Yongmei
305	Tai'an Changcheng Road Securities Branch	No. 09, Block 1, Dazhan Xincheng Guoji, West side of Beishou, Changcheng Road, Tai'an City	Lv Huawei
306	Dezhou University West Road Securities Branch	1-2/F, No. 2, Block 2, Huajin Garden, University West Road, Tianqu Subdistrict Office, Decheng District, Dezhou City, Shandong Province	Zhang Bin
307	Binzhou Huanghe Fifth Road Securities Branch	No. 356 Huanghe Fifth Road, Bincheng District, Binzhou City, Shandong Province	Fu Huizhe
308	Qingdao Nanjing Road Securities Branch	No. 100-E, Nanjing Road, Shinan District, Qingdao City, Shandong Province	Cui Ning
309	Qingdao Hong Kong West Road Securities Branch	Block 1-5, No. 22, Xianggang West Road, Shinan District, Qingdao City	Liu Zhangyang
310	Qingdao Development Zone Securities Branch	Room 201, Building No. 1, Block 27, No. 157 Dongjiang Road, Huangdao District, Qingdao City, Shandong Province	Zou Haimiao
311	Qingdao Qinling Road Securities Branch	No. 107 and 101, Tower House, Haiyun Dongfang Building, No. 15, Qinling Road, Laoshan District, Qingdao City, Shandong Province	Hou Yang
312	Qingdao Harbin Road Securities Branch	No. 204, Block 2, Commercial Building, No. 52 Harbin Road, Shibei District, Qingdao City, Shandong Province	Duan Zhiqiang
313	Qingdao Jimo City Yanqing Road Securities Branch	No. 510 Yanqing Road, Jimo City, Qingdao City, Shandong Province	Du Weichao
314	Zhengzhou Wisdom Island Securities Branch	202-206, 2/F, Lifeng International Building, No.6, Shangxian Street, Longzihu, Zhengdong New District, Zhengzhou City	Wang Junzhao
315	Zhengzhou Longhai Street Securities Branch	No. 03, 1/F, North Side, No. 19, Songshan South Road, Erqi District, Zhengzhou City	Ren Jianfeng
316	Zhengzhou Dongfeng Road Securities Branch	103, Block 3, No.217 Dongfeng Road, Jinshui District, Zhengzhou City	Wang Chunxia
317	Zhengzhou Nanyang Street Securities Branch	Heli Building, Annex No. 16, No. 76 Huanghe Road, Jinshui District, Zhengzhou City	Zhang Qingjun
318	Zhengzhou Shanhe Securities Branch	No. 39, Weiwu Road, Jinshui District, Zhengzhou City	Ma Chaoqun
319	Xuchang Wenfeng Road Securities Branch	1732 Wenfeng Middle Road, Weidu District, Xuchang City, Henan Province	Wang Nan

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No.	Name	Securities Branch Address	Person In Charge
320	Xinxiang Youyi Road Securities Branch	R106 and 107, 1/F, Building 28, 103 Factory Residential Community, No. 1 Youyi Road, Xinxiang City	Wang Qingfeng
321	Luoyang Taikang Road Securities Branch	105, Building 3, Yuanhua International City Apartment, 30 Taikang Road, Luolong District, Luoyang City, Henan Province	Li Minghe
322	Ruzhou Securities Branch	No. 54 Chengyuan North Road, Ruzhou City	Fu Wei
323	Zhumadian Zhidi Plaza Securities Branch	Shop 118, Building 2, Zhidi International Plaza, Northwest Corner of the Intersection of Huaihe Avenue and Tongshan Avenue, Municipal District of Zhumadian City, Henan Province	Niu Chang
324	Xinyang Beijing Road Securities Branch	Shop 108, 208 & 209, Block 9, Zhengtong Guihua Court, No.187 Beijing Road, Shihe District, Xinyang City	Jiang Bo
325	Kaifeng Hanxing Road Securities Branch	Kaifeng City, Hanxing Road and Huanghe Road intersection, Sena left bank, Building 8, Shop No. 3	Wang Dong
326	Wuhan Aomen Street Securities Branch	No.123, Aomen Road, Jiangnan District, Wuhan City, Hubei Province	Zhang Baohe
327	Wuhan Hanyang Securities Branch	No.155, Yingwu Avenue, Hanyang District, Wuhan	Wang Xuan
328	Wuhan Zhongnan Road Securities Branch	3, Business Conference Center, No.1, Hongshan Road, Wuchang District, Wuhan City, Hubei Province	Gu Xiongfei
329	Wuhan Xinhua Road Securities Branch	Room 2, 3/F and Room 2, 1/F, Building C, Huainan Building, No. 222, Development Avenue, Jiangnan District, Wuhan City, Hubei Province	Liu Hao
330	Wuhan Jiyuqiao Securities Branch	Room 12, 13, 14, 15, 1-2/F, Block 12,13, Wuhan Jiyuqiao Wanda Plaza (Phase II), No.98 Linjiang Avenue, Wuchang District, Wuhan City	Ye Jun
331	Wuhan Wuluo Street Securities Branch	No. 2-3, 4/F, & No. 105, 1/F, Future Apartment, No. 668 Wuluo Road, Hongshan District, Wuhan City	Wu Zhonghao
332	Wuhan Hanyang Securities Branch	13/F, Building No. 9 (Times Center), Block 9, 10 & 11, Lot B, Hanyang Renxinhui, No. 56 Longyang Avenue, Hanyang District, Wuhan City	Dong Lintao
333	Wuhan Zhuankou Ningkan Street Securities Branch	No. 262-267, Shenlong Commercial Street, No. 69 Ningkan Road, Wuhan Economical and Technical Development Zone	Dai Dongchen
334	Yichang New Century Securities Branch	6th Floor, Xingguangtiandi Office Building, No. 121, Yiling Avenue, Yichang City, Hubei Province	Gong Aimin
335	Jingmen Securities Branch	No.118, Xiangshan Street, Dongbo District, Jingmen City, Hubei Province	Wang Wei
336	Shayang Hanjin Street Securities Branch	No. 53, Hanjin Road, Shayang County, Jingmen City, Hubei Province	Tong Dehong
337	Xiangyang Securities Branch	No. 301, 302, 3/F, Block 5, Minfa Century New Town, Changhong Road, Fancheng District, Xiangyang City	Xiong Feng
338	Zaoyang Securities Branch	2nd Floor, Yulongju Office Building, Middle Section of Renmin Road, Zaoyang City	Tian Guosheng
339	Wuhan Guanggu Securities Branch	No. 01, 2/F, Unit 1, Building 10 (formerly 3), Guanggu Venture Street, Dongxin Road, Donghu New Technology Development Zone, Wuhan City	Zhang Renfei
340	Jingzhou Securities Branch	No. 101B, S5 Commercial Street, Hengxin Chunqiu Mansion, No.192, Jiangjin West Road, Shashi District, Jingzhou City, Hubei Province	Chen Chen
341	Changsha Furong Middle Street Securities Branch	No. 275, 2nd of Furong Middle Road, Yuhua District, Changsha City	Jiang Jianjun

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No.	Name	Securities Branch Address	Person In Charge
342	Loudi Leping Avenue Securities Branch	The eighth and ninth floors of No. 266, Leping Avenue East, Louxing District, Loudi City, Hunan Province	Zhang Tao
343	Changsha Jiefang Middle Road Securities Branch	5th Floor, Huaqiao Building, No. 18 Jiefang Middle Road, Furong District, Changsha City	He Boyuan
344	Xiangtan Furong Central Road Securities Branch	No. 0101004 Zhongyi International, No. 52 Furong Central Road, Baota Streets, Yuetang District, Xiangtan City	Feng Jun
345	Zhuzhou Lushan Road Securities Branch	1424, Zhongxin Lushan No.1, No.188, Lushan Road, Tianyuan District, Zhuzhou City, Hunan Province	Xue Shan
346	Shaoyang Hongqi Road Securities Branch	No. 460 Hongqi Road, Daxiang District, Shaoyang City	Li Yalin
347	Huaihua Yingfeng West Road Securities Branch	No. 152 Yingfeng West Road, Hecheng District, Huaihua City, Hunan Province	Tan Gongxian
348	Changde Jianshe Road Securities Branch	Block 6, Hongxin Mingdu Taolin, No. 800 Jianshe Road, Jianmin Lane Community, Danyang Sub-district Office, Wuling District, Changde City, Hunan Province	Li Zhengjun
349	Hengyang Jiefang Avenue Securities Branch	1/F, Zijin Garden, No. 4 Jiefang Avenue, Hengyang High-tech Zone, Hunan Province	Feng Ling
350	Yueyang Jianxiang Road Securities Branch	Shop 1102, Tianlun International, No. 599 Jianxiang Road, Yueyanglou District, Yueyang City	Wei Hua
351	Zhangzhou Renmin East Road Securities Branch	No. 201, No. 11, Renmin East Road, Beihu District, Chenzhou City, Hunan Province	Yan Xin
352	Changsha Furong Road Securities Branch	32002-32004, Office Building, T6 Building, Fuxing • World Financial Center, No. 303, Section 1, Furong Middle Road, Dongfeng Road, Kaifu District, Changsha City	Liu Te
353	Guangzhou Tianhe North Road Securities Branch	Part of the 1st to 3rd Floors, Guangzhou Building, No. 90-108, Tianhe North Road, Tianhe District, Guangzhou City	Chen Yiang
354	Guangzhou Dongfeng Middle Road Securities Branch	Shop 401, 402, 403-1, 4/F, Zhujiang Yide Building, No. 362 Dongfeng Middle Road, Yuexiu District, Guangzhou City	Zeng Jun
355	Guangzhou Zhongshan 2nd Street Securities Branch	Unit 0, 1/F and Units 203-206/209-211, 2/F, Dianxin Square, No. 18, Zhoangshan 2nd Road, Yuexiu District, Guangzhou City	Pan Xiang
356	Guangzhou Huanshi East Road Securities Branch	Units 701, 702 and 707-709, 7/F, No. 334, Huanshi East Road, Yuexiu District, Guangzhou City	Xu Bier
357	Guangzhou Huaxia Road Securities Branch	Units 02-04A (self-made number), 24/F, Yajule Centre, 26 Huaxia Road, Tianhe District, Guangzhou	Xiong Wenfeng
358	Zhongshan Guzhen Securities Branch	The 1st and 2nd Floor, No.17 and 18, Dengdu New Field C District, Sports Road, Guzhen Town, Zhongshan City, Guangdong Province	Kuang Luqian
359	Zhongshan Huangpu Xinfeng North Road Securities Branch	Shop 02, 03, 09, 10, 11, Building 7 Lantian Jindi Garden, No. 63 Xinfeng North Road, Huangpu Town, Zhongshan City, Guangdong Province	Yang Xinsheng
360	Zhongshan Xiaolan Shengping East Road Securities Branch	Shop 223-224, Harbour City Commercial Center, No. 1 Shengping East Road, Xiaolan Town, Zhongshan City, Guangdong Province	Ye Shaowen
361	Foshan Shunde Daliang Securities Branch	Zone A, Floor 4, Xindeye Business Center, Jincheng Garden, No. 11 Dongle Road, Yun Road, Shunde District, Foshan City, Guangdong Province	Tian Dongmei
362	Foshan Shunde Ronggui Securities Branch	Shop No. 102C, 1/F, and Unit 1 of 4001, Block 1, Haijunda Plaza, No. 33 Guizhou Avenue Middle, Zhenhua Community, Ronggui Street Office, Shunde District, Foshan City, Guangdong Province	Shao Xinglu

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No.	Name	Securities Branch Address	Person In Charge
363	Foshan Shunde Lecong Securities Branch	No. 305, No. 306, Steel Trade Building, No. A1, Xinhua Road, Lecong Community Committee, Lecong Town, Shunde District, Foshan City, Guangdong Province	Qi Xixia
364	Foshan Lvjing 1st Road Securities Branch	(Residential address declaration) 3rd Floor, No. 8, Lvjing 1st Road, Chancheng District, Foshan City	Wu Hui
365	Foshan Nanhai Guiping West Street Securities Branch	No. 106 Shop, Block 1, Unit 1, 2, Office, 12/F, Block 2, Yineng International Plaza, No.2 Guilian North Road, Guicheng Street, Nanhai District, Foshan City, Guangdong	Cao Wuquan
366	Zhanjiang Lu Hua Street Securities Branch	Office 1004-1008, 10th Floor, No.7 Amenity Building, No. 48, Lu Hua Street, Zhanjiang Development Zone and 1022A Shop, 1st Floor, No. 8 Commercial Podium, Lu Hua Street, Zhanjiang Development Zone	Lin Wenqing
367	Huizhou Wenming 1st Street Securities Branch	908-912 Unit, Floor 9, Fushen Building, No. 9, Jiangbei Wenming Road, Huicheng District, Huizhou City, Guangdong Province	Chen Zhenfang
368	Zhuhai Ji Da Street Securities Branch	District B, 1st Floor, No.99, Ji Da Street, Xiangzhou District, Zhuhai City, Guangdong Province	Rong Zhifeng
369	Dongguan Dongcheng Central Road Securities Branch	701 and 702, Junhao Business Centre, Dongcheng Central Road, Gangbei, Dongcheng Street, Dongguan, Guangdong Province	Sun Bao
370	Shantou Songshan Road Securities Branch	Room 504, 505, 506, Block 7, Fengzezhuang West District, Songshan Road, Longhu District, Shantou City, Guangdong Province	Chen Chengtong
371	Shantou Chenghai Securities Branch	Floors 1 to 4, Jingtai Plaza, Block C21, Huijing Garden, Chenghai District, Shantou City, Guangdong Province	Chen Zhihua
372	Shantou Chaoyang Securities Branch	No. 36, Dongshan Street, Chaoyang District, Shantou City, Guangdong Province	Cai Baodong
373	Shantou Jinsha Road Securities Branch	10/F, No. 97, Jinsha Road, Shantou City, Guangdong Province	Huang Shaoyong
374	Shantou Jinsha Road Second Securities Branch	Shop No. 1, 2 (101 with 201, 102 with 202) and Shop No. 1, 2, 3 (201, 202, 203) of Building 7, Fenghua Garden, No. 192, Jinsha Road, Longhu District, Shantou City, Guangdong Province	Lan Jiekai
375	Guangzhou Panyu Wanbo 1st Road Securities Branch	Shop 216, No. 25, Huizhi 3rd Road, No. 01, Shop 101, No. 141, Wanbo 1st Road, Shop 101, No. 143, Wanbo 1st Road, Nancun Town, Panyu District, Guangzhou City	Liang Jian
376	Jiangmen Development Avenue Securities Branch	Room 1201-1204, Block 1, Jiangmen Wanda Plaza, Pengjiang District, Jiangmen City, Guangdong Province	Chen Gang
377	Jieyang Wangjiang North Street Securities Branch	No.16, The 1st and 2nd Floor, Hemeiyuan Wangjiang North Road, Rongcheng District, Jieyang City, Guangdong Province	Cai Zelin
378	Zhanjiang Lianjiang Nan Bei Road Securities Branch	No. 18 New District of Nan Bei Road, Lianjiang, Zhanjiang, Guangdong Province	Luo Yufeng
379	Dongguan Humen Avenue Securities Branch	Shop 102, West, Top Floor, No. 9 Building C5 Hengyu Bay, Xinghu Avenue, Zhaoqing City, Guangdong Province	Zhu Jiankun
380	Guangzhou Nansha Haibin Road Securities Branch	115, 116, 117, 126 & 127, No. 169, Haibin Road, Nansha Street, Nansha District, Guangzhou	Wang Yan
381	Zhongshan Sanxiang Jingguan Avenue Securities Branch	Cart 48, Jing Guan Hao Ting, No. 2 Jingguan Avenue, Sanxiang Town, Zhongshan City, Guangdong Province	Ning Shaojun
382	Foshan Nanzhuang Dijing North Road Securities Branch	P1, 1/F, District 3, No. 16 Dijing North Road, Shichian Town, Foshan City, Guangdong Province	Chen Wenfeng

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No.	Name	Securities Branch Address	Person In Charge
383	Foshan Shunde Longjiang Donghua Road Securities Branch	Shop 76-77, Bao Li Jia Yuan, No. 23 Donghua Road, Xixi Community Residence Committee, Longjiang Town, Shunde District, Foshan City, Guangdong Province	Chen Shaoyu
384	Zhongshan Cuiling Road Securities Branch	Cart 17, 2/F, Block 1, Tian Qing Hui Fu, No. 2 Cuiling Road, Huoju Development Zone, Zhongshan City, Guangdong Province	Lin Junbin
385	Zhanjiang Guanhai North Road Securities Branch	House 21, 1/F, Block 2, 3, 4, 5, Zhanjiang Bin Hai Yuan, No. 1 Guanhai North, Chikan District, Zhanjiang City, Guangdong Province	Guan Shaoxia
386	Dongguan Humen Avenue Securities Branch	No. 12, Jinyue Court North, Block D, Huang Jin Zhou Gao Ke Building (Jin Se Jia Yuan), Humen Town, Dongguan City, Guangdong Province	Ning Ximing
387	Foshan Nanhai Dali Securities Branch	Room 605, 6th Floor, Rui Bao Commercial Building, No. 11 Xin Cheng Road, Dali Town, Nanhai District, Foshan City, Guangdong Province	Wu Riwen
388	Zhanjiang Haibei Road Securities Branch	Shop 12, 1st Floor, Building 1, Country Garden House, No. 35, Haibei Road, Chikan District, Zhanjiang City, Guangdong Province	Qiu Meiyang
389	Guangzhou Zengcheng Licheng Street Securities Branch	Room 1001, No. 20-1, Minle Road, Licheng Street, Zengcheng, Guangzhou City	Yang Ruizhen
390	Guangzhou Yuejiang Central Road Securities Branch	Room 106, 301 No. 686, Yuejiang Central Road, Haizhu District, Guangzhou City	Cheng Shixuan
391	Zhanjiang Leizhou Xihu Avenue Securities Branch	Shop 103, Block C1, Long Jing Ming Ju, 99C Xihu Avenue, Leizhou City, Guangdong Province (inside the former Light Machinery Factory)	Zhuang Qing
392	Guangzhou Fangcun Avenue West Securities Branch	1/F, 2/F, No. 295 Fangcun Avenue West, Liwan District, Guangzhou City	Li Lijun
393	Guangzhou Guanhong Road Securities Branch	Room 201-205, 207 and 208, 2/F, No. 12 Guanhong Road, Luogang District, Guangzhou City	Long Ming
394	Guangzhou Airport Road Securities Branch	Room 106A, No. 585 Airport Road, Baiyun District, Guangzhou City	Dong Siyi
395	Meizhou Yanjiang West Road Securities Branch	No. 32, Yanjiang West Road, Meizhou City, Guangzhou Province	Sima Wanxia
396	Qingyuan Yinquan South Road Securities Branch	105 and 106, Commercial Building 7, Wanke Huafu, 31 Yinquan South Road, Xincheng, Qingyuan, Guangdong Province	Cao Yang
397	Guangzhou Dasha East Road Securities Branch	Shops 101 and 102, 205 Dasha East Road, Huangpu District, Guangzhou	Yang Haiyan
398	Chaozhou Chaofeng Road Securities Branch	Shops No. 9-10 and Office No. 3 at mezzanine and 2/F, Block A, Chaofa Garden, Chaofeng Road, Chaozhou, Guangdong Province	Li Hao
399	Foshan Shunde Outer Ring Road Securities Branch	Shop 17, Block 6, Baoli Bund Garden, No. 2 Rong Gui Xiao Huang Pu Residents Committee Outer Ring Road, Shunde District, Foshan City, Guangdong Province	Liu Wenyi
400	Guangzhou Huacheng Avenue Securities Branch	1/F (Portion: a unit of Room 103 (self-numbered)), No. 665 Huacheng Avenue, Tianhe District, Guangzhou City	Huang Kengrui
401	Guangzhou Huadu Fenghuang North Road Securities Branch	Shop 1-2, Fengshang Commercial Building, 10 Fenghuang North Road, Xinhua Street, Huadu District, Guangzhou City	Bi Yanhui
402	Foshan Shunde Guotai South Road Securities Branch	Shop 13 and 14 of Poly Zhonghui Garden, No. 2, Guo Tai South Road, Daliang De He Neighbourhood Committee, Shunde District, Foshan, Guangdong Province	Shen Chun

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No.	Name	Securities Branch Address	Person In Charge
403	Guangzhou Binjiang East Road Securities Branch	Room 101, No. 554-3, Binjiangdong Road, Haizhu District, Guangzhou City	Chen Xiongwen
404	Heyuan Yuewang Avenue Securities Branch	Shops 45 & 46, Huayi Court, Guangcheng Zhongyuan Square, No. 102 Yuewang Avenue, Yuancheng District, Heyuan City, Guangdong Province	Huang Weitian
405	Huizhou Danshui Securities Branch	Shops 11, 12 & 13, 2/F, Block 3, Enswan Business Culture Center, Danshui Tuhu Liuwubei, Huiyang District, Huizhou City, Guangdong Province	Zhou Xijin
406	Zhongshan Xingwen Road Securities Branch	Unit 50, 1/F, Block 7-12, Dijing Dongfang Garden, 13 Xingwen Road, East District, Zhongshan City, Guangdong Province	Wan Canrong
407	Dongguan Dongjun Road Securities Branch	Shops A102 & A103, Dongjun Haoyuan Phase I, No. 28 Dongjun Road, Hongtu Community, Nancheng Subdistrict, Dongguan City, Guangdong Province	Jiang Lili
408	Shaoguan Jiaoyu Road Securities Branch	Shops 14-18, Hongye Youshan Meidi Garden, No. 279 Kangle Village, Jiaoyu Road, Wujiang District, Shaoguan City, Guangdong Province	Zhou Qinghua
409	Foshan Shunde Yixing Road Securities Branch	(Residential address declaration) Shop Area A10, First Floor, and Area A, 87th Floor, Yingfeng Center, No.8, Yixing Road, Junlan Community, Beijiao Town, Shunde District, Foshan City, Guangdong Province	Wang Xiang
410	Zhuhai Hengqin Securities Branch	Block B, Level 6, Building 6, Hengqin Financial Industry Development Base, Hengqin New District, Zhuhai City	Liang Yuhua
411	Shenzhen Shennan Avenue Securities Branch	Unit 4501, Block A, Caiwuwei Jingji 100 Building, No. 5016 Shennan East Road, Luohu District, Shenzhen City	Lin Jianmin
412	Shenzhen First High-Tech New South Avenue Securities Branch	Room 301, No. 3 Annex Building, Science Development Institute of China, No. 009 First High-Tech New South Avenue, Nanshan District, Shenzhen	Tang Zhigang
413	Shenzhen Luohu Securities Branch	1301-1302 13/F and 1501-1506 15/F, East Financial Building, No. 2020, Dongmen Middle Road, Luohu District, Shenzhen	Fang Peng
414	Shenzhen Shenye Shangcheng Securities Branch	Units 5301 and 5302 of T2 Building, Shenye Shangcheng (South District), No. 5001 Huanggang Road, Huancheng Village, Huaifu Street, Futian District, Shenzhen	He Qiang
415	Shenzhen Jingtian Securities Branch	2/F, Saigejingyuan Building, 17 West Jingtian Road, Futian District, Shenzhen City	Lin Yibin
416	Shenzhen Xianglin Road Securities Branch	701-705 Fuchun Oriental Building, Xianglin Road, Futian District, Shenzhen City	Jiang Mankun
417	Shenzhen Fuhua First Road Securities Branch	Unit 05, 06, 27th Floor, China Life Building, 123 Fuhua 1st Road, Fu'an Community, Futian District, Shenzhen, China	Hu Xuemei
418	Shenzhen Longxiang Avenue Securities Branch	Room 0211-0214, Ziwei Court Clubhouse, Ziwei Garden, No. 7097 Longxiang Avenue, Longcheng Subdistrict, Longgang District, Shenzhen City	Zhou Lijun
419	Shenzhen Minzhi Securities Branch	Building 145, Building 7, Qilixiang, Daling Community, Minzhi Street, Longhua District, Shenzhen, China	Shen Dan
420	Shenzhen Pingshan Xinfu	810, 811, 812, Touxin Times Building, No. 2009 Pingshan Avenue, Liulian Community, Pingshan Street, Pingshan District, Shenzhen	Duan Li
421	Shenzhen OCT Securities Branch	604, Hantang Building, Overseas Chinese Town, Nanshan District, Shenzhen City	Tang Haiyan
422	Shenzhen Longhua Securities Branch	305 and 306, Henghe International Building, Donghuan 1st Road, Longhua Street, Longhua New District, Shenzhen	Yin Xinmin

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No.	Name	Securities Branch Address	Person In Charge
423	Shenzhen Shuibei Securities Branch	1101A, Block A, Shui Pei Zhu Bao Headquarters Building, No. 3008 Xin Road, Dong Xiao Street, Luohu District, Shenzhen, Guangdong Province	Xie Yanfeng
424	Shenzhen Jintian Road Securities Branch	2004, Zhongzhou Building, No. 3088 Jintian Road, Gangxia Community, Futian Street, Futian District, Shenzhen	Dong Xinxing
425	Shenzhen Qianhai Securities Branch	Unit 605, 6/F, Block 8, One Excellence, No. 5033 Monheit Avenue, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen	Mo Guiyong
426	Shenzhen Bao'an Haixiu Road Securities Branch	No. 3-49, Block 2, Tower B, Logan Century Center, No. 23 Haixiu Road, Xin'an Sub-district, Bao'an District, Shenzhen	Zhang Yan
427	Shenzhen Guangming Securities Branch	No. A25 & A26, Block 1, North Zone, Fuying Zhongyang Mountain Garden, Zhenming Road, Gongming Subdistrict, Guangming New Area, Shenzhen	Huang Huican
428	Shenzhen Bantian Securities Branch	No. 201, 2/F, Tower D, Galaxy WORLD, No. 1 Yabao Road, Bantian Subdistrict, Longgang District, Shenzhen	Li Kaien
429	Shenzhen Nanshan Coastal City Securities Branch	Unit 1111, East Block, Coast Building, No. 15 Haide 3rd Road, Yuehai Street, Nanshan District, Shenzhen	Hu Yuehang
430	Shenzhen Tianan Yungu Securities Branch	Building 106, Phase 1, Tian'an Yungu Industrial Park, Gangtou Community, Bantian Street, Longgang District, Shenzhen, China	Zhang Haiyu
431	Nanning Yuan, Hunan Road Securities Branch	No.12-2 Yuanhu South Road, Qingxiu District, Nanning City	Wei Hanyong
432	Guilin Zhongshan Middle Road Securities Branch	403-1, 4/F, Bagui Building, No. 29, Zhongshan Middle Road, Xiufeng District, Guilin City, Guangxi Zhuang Autonomous Region	Li Jiaping
433	Liuzhou Youyi Road Securities Branch	Room 2-2, Youyiguoji, 11th Building, No. 4 Youyi Road, Liuzhou City	An Ran
434	Hezhou Jianshe Middle Road Securities Branch	Shop on 1/F, Block A, No. 31, Middle Jianshe Road, Babu District, Hezhou City, Guangxi	Chen Zibiao
435	Yulin Guangchang East Road Securities Branch	No. 139, Guangchang East Road, Yuzhou District, Yulin City, Guangxi	Yang Zhenghao
436	Nanning Jinhua South Road Securities Branch	No. 1, Shop C1, Building C, Shengzhan Independent Commune, Jinhua South Road, Qingxiu District, Nanning City	Li Zhong
437	Haikou Guoxing Avenue Securities Branch	Room C408, C409, C410, C411, 4th Floor, East Building, Block B, Plot S5, Guorui City, No. 11 Guoxing Avenue, Meilan District, Haikou, Hainan Province	Chen Weihong
438	Sanya Yingbin Road Securities Branch	2/F, Shop 3, Zone 5, Shanshui Tianyu community, Yinbin Road, Jiyang District, Sanya, Hainan Province	Shen Yongzhi
439	Danzhou Zhongxing Street Securities Branch	West side of the 1st Floor, No. 112-1, Zhongxing Street, Nada, Danzhou City, Hainan Province	Zhao Yun
440	Chongqing Minzu Road Securities Branch	3/F, Block B, 108 Minzu Road, Yuzhong District, Chongqing City	Yan Huaqiao
441	Chongqing Jiangnan Avenue Securities Branch	Room 5-1, Chengshizhiguang Building, No.19 Jiangnan Avenue, Nanping Subdistrict, Nan'an District Chongqing City	Tang Hewen
442	Chongqing Mixc Securities Branch	No. 2-1, Block 26, No. 55 Xiejiaowan Main Street, Jiulongpo District, Chongqing City	Xiao Yang
443	Chongqing East Jianxin Road Securities Branch	2/F, Baiyexing Building, No. 3 East Jianxin Road, Jiangbei District, Chongqing City	Liu Yu

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No.	Name	Securities Branch Address	Person In Charge
444	Chongqing Yinhua Road Securities Branch	1/F, Qinyanyuecheng 7th Building, No. 166 Yinhua Road, Longshan Subdistrict, Yubei District, Chongqing City	Chen Yu
445	Chongqing Jiangjin Securities Branch	Unit 3-1 Block 1, Xiangrui Building, No. 518 Dingshan Road, Dingshan Subdistrict, Jiangjin District, Chongqing City	Liu Yu
446	Chongqing Shanan Street Securities Branch	Annex No. 1, No.3 South Park, Shapingba District, Chongqing	Xiong Feng
447	Chongqing Danzishi Securities Branch	Annex No.32, Annex No.33, Annex No.34, No.17, Qunhui Road, Nanan District, Chongqing	Li Guipeng
448	Chongqing Ruitian Road Securities Branch	No. 56-7, Ruitian Road, Yuzhong Road, Chongqing City	Liu Yi
449	Chongqing Banan District Securities Branch	Annex No. 4-6, No. 241 Yunan Avenue, Banan District, Chongqing City	She Kaiyong
450	Chongqing Wanzhou Securities Branch	No. 83 Gaosuntang, Wanzhou District, Chongqing City	Fu Xiangyang
451	Chongqing Fengtian Avenue Securities Branch	No. 122, 123, No. 136, Fengtian Avenue, Shapingba District, Chongqing	Nie Yong
452	Chongqing Jiangbeizui Securities Branch	(Self-made No. A1-1) 2-1, Annex No. 2, No. 16, Financial Street, Jiangbei District, Chongqing City	Wang Yuanyuan
453	Chengdu Yizhou Avenue Securities Branch	No. 201, 2/F, Unit 1, Block 1, No. 555 Yizhou Avenue Middle Section, Hitech Zone, Chengdu City, China (Sichuan) Pilot Free Trade Zone	Li Shuxue
454	Chengdu North 2nd Huan Road Securities Branch	No.8, North Section 1, 2nd Huan Road, Chengdu City	Fan Jungang
455	Chengdu Chengfei Avenue Securities Branch	2/F, No. 123 Jingyi Road, Chengfei Avenue, Jingyi Road, Qingyang District, Chengdu City	Xu Cheng
456	Chengdu Jianshe Road Securities Branch	No. 9 Jianshe Road, Chenghua District, Chengdu City	Li Yun
457	Chengdu North Kehua Road Securities Branch	No.139, North Kehua Road, Chengdu City, Sichuan Province	Wang Hong
458	Meishan Renshou Guangming Road Securities Branch	No. 389, Section 2 of Guangming Road, Wenlin Town, Renshou County	Liu Xiaobin
459	Leshan Renmin South Road Securities Branch	No. 210, No. 212 Renmin South Road, Shizhong District, Leshan City	Chen Jun
460	Bazhong Yuntai Street Securities Branch	Shop 1-6, 1-7, Shizhongxing Complex, Jiangbei Avenue, Bazhong City, Sichuan Province	Lin Hai
461	Mianyang Anchang Road Securities Branch	1st Floor, No. 33, Anchang Road, Fucheng District, Mianyang City, Sichuan Province	Xia Yun
462	Neijiang Yuxi Road Securities Branch	No. 147, No. 149, No. 151, Yuxi Road, Shizhong District, Neijiang City, Sichuan Province	Lin Hong
463	Chengdu Shuangliu Yingchun Road Securities Branch	No. 66, Section 4 of Yingchun Road, Dongsheng Street, Shuangliu District, Chengdu City, Sichuan Province	Chen Qiang
464	Deyang Kaijiang Road Securities Branch	No. 1-6, Block A, Kaijiangxincheng, No. 336, Section 1, Kaijiang Road, Jingyang District, Deyang City, Sichuan Province	Kuang Yuwei
465	Chengdu Wenjiang Wenhua Road Securities Branch	No. 22, 1/F, Block 15, No. 1 Wenhua Road, Liucheng, Wenjiang District, Chengdu	Wang Wei
466	Chengdu Longquanyi Longdu South Road Securities Branch	No. 1,2 & 3, 2/F, No. 4 Longdu South Road, Longquan Sub-district, Longquanyi District, Chengdu City, Sichuan Province	Zheng Junxia

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No.	Name	Securities Branch Address	Person In Charge
467	Chengdu Wuyang Avenue Securities Branch	1/F, No. 65 & 67 Wuyang Avenue Section 3, Wuhou District, Chengdu	Hu Ke
468	Guiyang Changling North Road Securities Branch	12, 13, 14 and 15, 20/F, Block 5, Commercial Area, Guiyang International Financial Centre, Northwest corner of Lincheng Road and Changling Road, Guanshanhu District, Guiyang City, Guizhou Province	Shang Chao
469	Guiyang Beijing Road Securities Branch	No. 4, 1st Floor, Xindou Wealth Building, No. 27, Beijing Road, Yunyan District, Guiyang City, Guizhou Province	Li Cheng
470	Zunyi Kunming Road Securities Branch	D2/F, Yinggang Tower, Xianggang Road, Huichuan District, Zunyi City, Guizhou Province	Wang Jiayong
471	Kunming West Dongfeng Road Securities Branch	9/F, Shunchengdongta Building, 11 West Dongfeng Road, Kunming City, Yunnan Province	Qi Wei
472	Kunming Baita Road Securities Branch	Xingyao Building, 393, Baita Road, Panlong District, Kunming City, Yunnan Province	Wang Anyuan
473	Kunming Minhang Road Securities Branch	Unit 7-A, Tower A, Yunnan Chengtou Building, 400 Minhang Road, Guandu District, Kunming City	Shen Yanbin
474	Yiliang Huayuan Street Securities Branch	2/F, Block 6, Vision City Plaza, Huayuan Street, Yiliang County, Kunming City, Yunnan Province	Yang Shuangyi
475	Chuxiong Lucheng South Road Securities Branch	No. 154, Lucheng South Road, Chuxiong, Chuxiong Prefecture, Yunnan Province	Wei Heming
476	Mojiang Twins Avenue Securities Branch	Shop 4-e, 1/F, Unit 3, Xingyu Jinyue Garden, Twins Avenue, Moon Plaza, Mojiang County, Pu'er City, Yunnan Province	Wu Ying
477	Qujing Jiaotong Road Securities Branch	No. 50, Traffic Road, Qilin District, Qujing City, Yunnan Province	Tian Feng
478	Xi'an East Youyi Road Securities Branch	No. 51, East Youyi Road, Xi'an City, Shaanxi Province	Huang Yaguang
479	Xi'an Heping Road Securities Branch	Jiateng Building, No. 112, Heping Road, Beilin District, Xi'an City, Shaanxi Province	Wang Juan
480	Baoji Gaoxin Avenue Securities Branch	No. 59, High New Development Zone Avenue, Baoji City, Shaanxi Province	Zhao Liang
481	Yannan Third Road Securities Branch	Room 20101, Unit 2, Block 11, Qu Chi Fang, No. 89 Furong West Road, Qujiang New District, Xian	Li Xudong
482	Weinan Duhua Road Securities Branch	Shop 103, Building 10, Suyan Fengjing, Southeast Corner of the Intersection of Chelei Street and Duhua Road, Linwei District, Weinan City, Shaanxi Province	Zhang Yong
483	Xi'an Jinye Road Securities Branch	Commercial B1-101, Jinye Times Project, No. 32 Jinye Road, High-tech Zone, Xi'an	Zhao Chuang
484	Lanzhou Donggangxi Road Securities Branch	3/F-2, Changye Gold Tower, No.621 Donggang West Road, Chengguan District, Lanzhou City, Gansu Province	Zhao Gong
485	Baiyin Hongxing Road Securities Branch	Room 5-01, Block 7, No. 280 Hongxing Road, Baiyin District, Baiyin City, Gansu Province	Zhou Fei
486	Pingliang East Main Street Securities Branch	No. 24 East Main Street, Kongdong District, Pingliang City, Gansu Province	Sun Xiaoming
487	Jiuquan Xiuyuan Road Securities Branch	Block 4, North Zone, Xinxin Garden, No. 1 Xiuyuan Road, Suzhou District, Jiuquan City, Gansu Province	Wang Jian
488	Xining West Street Securities Branch	4/F, Xingwang Building, No. 30 West Street, Chengzhong District, Xining, Qinghai Province	Tang Haiying
489	Golmud South Kunlun Road Securities Branch	No. 20, South Kunlun Road, Dongcheng District, Golmud, Qinghai Province	Zhang Longlong

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No.	Name	Securities Branch Address	Person In Charge
490	Xining Changjiang Road Securities Branch	No. 106-26 Changjiang Road, Xining City, Qinghai Province	Feng Qing
491	Xining Xiadu Avenue Securities Branch	No. 220 Xiadu Avenue, Chengdong District, Xining City, Qinghai Province	Cao Li
492	Yinchuan Jiefang West Securities Branch	No. 126, West Jiefang Road, Xingqing District, Yinchuan City	Zhao Zhihao
493	Shizuishan Chaoyang West Street Securities Branch	No. 1, Chaoyang West Street, Shizuishan, Ningxia	Chen Guang
494	Wuzhong Wuling West Road Securities Branch	No. 231 & 233 Wuling West Road, Litong District, Wuzhong City, Ningxia	Guo Ruihua
495	Zhongwei Gulou East Street Securities Branch	No. 25, 2/F, Block C, National Entrepreneurship City, No. 280 Gulou East Street, Shapotou District, Zhongwei City	Sun Yuejiao
496	Urumqi Jiefang North Road Securities Branch	No. 90&112, North Jiefang Road, Tianshan District, Urumqi City, Xinjiang	Kong Lingguo
497	Changji Securities Branch	2/F, Changji Post Branch Office Building Attached Building, No.2 Yan'an North Road, Changji City, Xinjiang (Zone 1 Hill 2 Tower 1)	Jiang Yuliang
498	Hami Securities Branch	No. 1, 1st Floor, Jinglong Building, No. 35, Tianshan North Road, Yizhou District, Hami City, Xinjiang	Zhang Jun
499	Yining City Shandong Road Securities Branch	Room 202, Block 3, Zone D, Yingjian Wutong Lijing, No. 219 Shandong Road, Yining Economic Cooperation Zone, Ili Prefecture, Xinjiang	Liu Junzheng
500	Aksu South Avenue Securities Branch	7/F, No. 2 South Avenue, Aksu City, Aksu Prefecture, Xinjiang	Luo Yi
501	Lhasa Chaoyang Road Securities Branch	No. 2, Chaoyang Road, Taiyang Island, Lhasa City	Liu Wei



For more information, please refer to :

